

**THE REGULAR MEETING OF THE PRINCETON EDA BOARD HELD ON
FEBRUARY 18, 2010, 6:00 P.M., AT THE CITY HALL COUNCIL CHAMBERS**

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The meeting was called to order at 6:00 P.M. Members present were Paul Whitcomb, Thom Walker, Ben Hanson, Victoria Hallin, Cindy Riddle, Charles Snustead, and Jeff Holm. Staff present were Jay Blake and Mary Lou DeWitt.

APPROVAL OF MINUTES FROM REGULAR MEETING ON JANUARY 21, 2010

WALKER MOVED, SECOND BY RIDDLE TO APPROVE THE MINUTES OF THE REGULAR MEETING ON JANUARY 21, 2010. UPON THE VOTE, THERE WERE 7 AYES, 0 NAYS. MOTION CARRIED.

UNFINISHED BUSINESS:

A. Sterling Pointe TIF Plan Update

This item was discussed after the Paradigm Research Corp./Sylva Corp. Biomass Project.

Trident Dev. Corp. has submitted a request to the City to establish Tax Increment Financing District 3-7 to allow the development of a 57 unit Assisted Living Project on the former Smith Systems property north of Fairview Medical Center. This request follows the Rezoning to Medical Office Residential (pending approval by the City Council), the Preliminary Plat application, and Site Plan.

The Housing TIF proposal would compensate the Developer for additional costs associated with the acquisition of additional land for road right-of-way, higher development costs, utility improvement necessitated by the Development. The plan is for twenty years and has a constant payment level over the course of the plan. It allows the Developer to get a TIF not to assist them with up-front costs with no bonding by the City.

The City is utilizing Mark Ruff from Ehlers and Associates and Mary Ippel from Briggs and Morgan for the planning process. The required public hearing for the plan is scheduled for the March 11, 2010, City Council meeting.

The Tax Increment Financing District is proposing a 90% rebate of the growth on their taxes. \$71,097 a year and 10 % of that would be for Administration fees. As the building growth increments in value for the building in that 20 year period, the City would get that increase. This would offset the cost of the City assessments for the road conversion cost. The School District and County will be meeting in the next few weeks on this. Approximately 25 jobs would be created with this project. This does not guarantee tax increment on the remaining Dunkley property of this site. This is only the ten acre track of Dunkley's land and this development is on just a portion of this site. The increment is only at the Sterling Pointe Senior Assisted Living site.

The Planning Commission at their February 16, 2010, meeting approved the resolution to declare that this project of Sterling Pointe Assistant Living is consistent with the City's Comprehensive Plan and Zoning Ordinance. Now the EDA Board is asked to approve

the resolution recommending the City Council modify Development District No.3, establish Tax Increment Financing District No. 3-7 therein and adopt a modification to the Development Program and adopt the Tax Increment Financing Plan there for.

Whitcomb asked if they are asking for any reduction in SAC and WAC charges.

Blake said no.

Walker asked if what if the Developer builds something that is not what they proposed to build. Can the project be stopped.

Blake said that we could stop it or if they build a smaller dollar amount project, they only get 90% of what they build. The first year is from what they build and what they then pay the City.

Whitcomb suggested that in the agreement with the City the Developer can not sell this property within that twenty year period to a tax exempt party. Blake will have that put in.

WALKER MOVED, SECOND BY RIDDLE TO APPROVE RESOLUTION #03-10 TO ESTABLISH A TAX INCREMENT FINANCING DISTRICT NO 3-7 AND FORWARD TO THE CITY COUNCIL. UPON THE VOTE, THERE WERE 7 AYES, 0 NAYS. MOTION CARRIED.

HANSON MOVED, SECOND BY RIDDLE TO DIRECT STAFF TO PROVIDE AN ADDENDUM TO THE CONTRACT BETWEEN THE DEVELOPER AND CITY OF PRINCETON THAT A NONPROFIT ORGANIZATION CAN NOT PURCHASE THIS PROPERTY IN THE NEXT TWENTY YEARS. UPON THE VOTE, THERE WERE 7 AYES, 0 NAYS. MOTION CARRIED.

B. NSP Program Update

Blake informed the EDA Board that he has tried purchasing two other homes with this NSP Program, but they were already purchased. An appraisal came back for Arcadian Homes in the amount of \$360,000. Lenzmeier Real Estate Services was contacted by Blake to complete an appraisal and that estimate came back at \$240,000.

Riddle said that she is concerned that they did not go into some of the other units. They went in one unit that has been fixed to look more presentable and just looked into the windows of a few others, so they did not get to see how bad the property site is.

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Blake has not talked to Chase or Fanny Mae regarding this property. \$65,000 needs to be taken off for the sewer cost. Blake suggested \$150,000 be the most the City should offer for the site.

Walker said if Fanny Mae does not take this amount we offer, and then the grant is done, what happens to this property.

Blake said \$450,000 will be left after we recoup the sales of the two homes that the City purchased with the NSP Program. Blake has not had the opportunities to buy homes much and would like to use these funds on this. The City would also recoup \$37,000 for the assessments levied on this property.

Riddle said the appraisal does reflect the special assessments for the sewer cost.

Blake said if we got all the cities money back from the assessments then paying the \$200,000 would be fine. We have till September 20th on this program. Blake has a call tomorrow morning on this to prove how the City is doing with this project.

Walker commented that the City could offer \$240,000 if the Seller pays the assessments.

Blake will talk with the City Attorney tomorrow and have this moved forward.

HALLIN MOVED, SECOND BY HANSON TO HAVE STAFF MOVE FORWARD ON NEGOTIATING ON PURCHASING THE ARCADIAN HOMES SITE. UPON THE VOTE, THERE WERE 7 AYES, 0 NAYS. MOTION CARRIED.

NEW BUSINESS:

A. Paradigm Research Corp./Sylva Corp. Biomass Project

This item was moved forward after the approval of Minutes for the convenience of those present for presentation.

Dave McNertney, Paradigm Research Corp., was present and gave the presentation. McNertney explained that Sylva Corp. and Paradigm Research Corp. are reviewing the options on a biomass to energy project within the Princeton Industrial Park. The presentation was on biomass energy and the possibility of establishing a regional heat system for this area within the community. Paradigm represents a European Company with extensive experience in establishing heating systems for businesses. The biomass from Sylva Corp. would be used in the plant for heat and cooling in this region.

Representatives from United States Distilled Products were in the audience to listen to the presentation.

Larry Doose, Sylva Corp., was present and said that USDP is expanding and will need thermal energy and are seeing if this would benefit their needs for their plant.

McNertney said that AFAB USA is a company he is representing today. This plant is also looking for a site to use as a demo site to present it to other companies. The headquarters for this company is located in Minnesota. They also have a company in Delaware since 2008. This company was established in Sweden many years ago and is worldly known. The next step for this project would be a feasibility study and what is the demand for this type of plant for Princeton.

Blake asked who would do the feasibility study.

McNertney said as a Project Developer his company would do an informal 10,000 square foot view of the situation. They would look at who would be part of this and the EDA Board would be involved and some businesses who might be interested in this type of plant. This informal survey would gauge what the interest would be.

Blake asked what type of land and building would be needed.

McNertney said it depends on how large the plant would be. There would be a need for fuel storage where it would have to be close enough to Sylva to be brought over by conveyer.

Blake asked on the demonstration site.

McNertney said that there is a potential building in Princeton that is available and would work well for this demo site. It is located on Hwy #169 that would work well for advertising and as a showroom.

Snustead asked what type of increase would be involved with utilities.

McNertney said it would save money for the businesses.

Doose said with the C.H.P., combined heat and power, it would create steam and then creates electricity and then becomes thermal energy. The Power Plant in Shakopee is using this energy source and are selling power and is also is a green concept. This type of energy should be more cost effective.

Riddle said who would manage the plant.

McNertney said it could be a private or a utility plant. Just depends on the people involved in this. The price of natural gas compared to biomass is less over a longer period of time once the equipment cost is paid for. This energy is more consistent, reliable, and dependable. The maintenance is very good on this. This type of energy is more for businesses, not really for homes in this area.

Doose said he is looking at the larger businesses and schools. Aitkin shut theirs down because they were getting natural gas cheaper. Now they probably wish it were back. Doose said he is not sure if this project would fall in the time period with U.S.D.P addition. He is not sure how quickly the project would come together.

Hallin asked what the height would be on smoke stacks.

Blake said in the Industrial area it should be ok.

Doose handed out a brochure that they put together and gives more of a breakdown on this project. Home grown energy dollars will stay in the local economy.

McNertney said he would do the 10,000 square foot study and he would like the City to contact businesses to see if they are interested in this plant to provide them energy.

Walker asked if there is a party who wants to own this plant.

Doose said he is not sure. His company would provide the materials.

McNertney said that he is not sure who would own this company. He knows he would have to demonstrate what this would provide and save for the businesses who would use this plant. It would be hot water heat. For a smaller size single business it takes approximately nine months to build a plant. This is a larger project so he is not sure what the time frame would be. You can add on to this as the need grows. McNertney needs to see what the interest from the companies would be first.

OLD BUSINESS: None

MISCELLANEOUS:

A. EDA Balance Sheet

The EDA Board had no comments.

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A. Verbal Report

Rum River Health Services has a purchase agreement on the First Love building. The party interested in bringing a Sears Store to Princeton will not be. Coborns is looking at tearing their old building and selling the land.

B. City Council and Planning Commission Minutes for January, 2010

The EDA Board had no comments.

HALLIN MOVED, SECOND BY HOLM TO ADJOURN THE MEETING. UPON THE VOTE, THE WERE 7 AYES, 0 NAYS. THE MEETING ADJOURNED AT 8:25 P.M.

ATTEST:

Paul Whitcomb, President

Mary Lou DeWitt, Comm. Dev. Assistant