

**THE REGULAR MEETING OF THE PRINCETON EDA BOARD HELD ON NOVEMBER 19, 2009,
AT 6:00 P.M., AT THE CITY HALL COUNCIL CHAMBERS**

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

Absent were Victoria Hallin and Ken Haskamp.

APPROVAL OF MINUTES FROM REGULAR MEETING ON OCTOBER 29, 2009

WALKER MOVED, SECOND BY RIDDLE TO APPROVE THE MINUTES OF THE REGULAR MEETING OCTOBER 29, 2009. UPON THE VOTE, THERE WERE 5 AYES, 0 NAYS. MOTION CARRIED.

UNFINISHED BUSINESS:

A. NSP UPDATE

1. 316 10th Avenue North

The asbestos and lead abatement bids are due on November 30th. Staff expects the work will be done by December. The City Attorney Dick Schieffer has been reviewing the best process to sell the lots to Habitat for Humanity. The Statutes are simpler for the disposition of the property if it is actually done by the City's Housing and Redevelopment Authority. Princeton's HRA has not been active in the development arena for a while.

Dick Schieffer was present to discuss the statues on how the City can sell this property to a nonprofit. Schieffer said under the statue for the Housing and Redevelopment Authority they can transfer the property without accounting for what the City has paid for it. Since the City's HRA Board is not an active Board, Schieffer found a provision that the City Council can exercise certain powers and one which is transferring different projects from the HRA. The City Council can designate the transfer of this sale of properties to a nonprofit group to the EDA Board. A Public Hearing is required for the City Council to hold on this action. Schieffer suggest that at tonight's City Council meeting a motion be made to hold a Public Hearing at the December 10, 2009, Council meeting.

The EDA Board is in favor of this and Schieffer will put this on the Council's agenda for tonight since their meeting has been moved with Thanksgiving.

2. 609 Old Highway 18 South

The Princeton Fire & Rescue Department has submitted applications for burning the structure.

3. 1317 15th Avenue North

The City closed on this property at the end of October. Staff met with the future owner onsite to narrow the scope of the remodeling project. The bid package should be completed in the next week or so. Offer is 5% and closing should be end of December.

4. 611 5th Avenue North

This property is in the remodeling process. A local contractor has been selected and has met with the future owner on site. The Federal Tax Credit was extended until April of 2010. It was discussed at October's EDA meeting on reducing the asking price if the Federal Tax Credit was not extended, but now that it is, Staff recommends the \$60,000 amount originally agreed on by the parties remain the selling price. The remodeling costs came in slightly higher than estimated. Staff is requesting authority to sell the property upon the completion of the remodeling for \$60,000. The funds from the sale will be reimbursed to the Princeton NSP account at the Minnesota Housing Finance Agency.

Blake said that there are more revisions to the home that need to be completed before the sale to the potential owner. This will delay the November 30th deadline and now moved back to the middle of December. Blake is asking the EDA Board to offer \$4,000 towards purchase assistance because of the delays where the intended buyer has to find somewhere to live until the closing which will increase his expenses.

Hanson commented that the City paid \$61,000 and we plan to sell it to the party for \$60,000 and then it will cost \$36,000 for renovating, plus the now added \$4,000 in assistance because of the delays. The overall hit on this property will be \$41,000.

Walker asked if this is going to start setting precedent in other sales in the future.

Blake said he understands he was approved for \$61,000 and we are selling for \$60,000.

Riddle is concerned with the amount of \$4,000 for the assistance pay for the delay. It should not be that much to help him.

Hanson agrees the \$4,000 is high, but the benefit still stays in the community.

Whitcomb said how about 5% of the \$60,000 which would be \$3,000 instead of \$4,000.

Riddle said the total closing cost will be about \$4,200 for him. Sellers are still paying the closing cost in today's market.

RIDDLE MOVED, SECOND BY SNUSTEAD TO OFFER \$3,000 TO THE BUYER FOR CLOSING COST. UPON THE VOTE, THERE WERE 5 AYES, 0 NAYS. MOTION CARRIED.

5. Arcadian Homes

The City Attorney Dick Schieffer and Blake met with the Attorney representing Chase Mortgage last week. The City has to solicit a second appraisal as the first appraisal only addressed one of the three buildings.

NEW BUSINESS:

A. Carla Vita Economic Development Projects

Carla Vita, who has a degree in Planning/Economic Dev., is willing to volunteer to do some help on EDA items. Carla was present and said she would be interested in helping follow-up on the BR&E Program. Carla and Blake will talk more about what projects she would like to help with. There would be no compensation except for office items would be reimbursed.

B. Assisted Living Project Update

Roger Fink, Assisted Living Facility has completed an application for Economic Assistance Form for their proposed elderly housing development. This project is located on the north side of the hospital. Included with this application are preliminary financial projections estimating the development costs, the preliminary rental schedule and the operating proforma with financial assistance and with out assistance. They have also enclosed a tax increment projection based on property tax estimates provided by the Mille Lacs County Assessor.

They are requesting a financial assistance in the form of a tax increment housing district. The proposed terms are 25 years on a "pay-as-you-go" basis, generating approximately \$485,000 in net present value. Pursuant to MN Statute 469, the property will designate no less than 20% of its housing units to households who make 50% or less of the area median income as determined by HUD. Ten of the 50 units will be rented to single person households making \$20,600 or less, per year.

Roger Fink was present along with Scott O'Brien to discuss what they are asking for on this TIF Plan. Multiple family housing with emphasis on senior housing. Little Falls is currently where they are building one. They are operating one in Sauk Center. This will be what is proposed in Princeton. They have entered into a purchase agreement with the dunkleys for a portion of their land. Will propose to remove the curve where it will be a 30 mile curve in a road so much better. 50 unit complex, 39 elderly assisted living, and the remaining memory care units. Total cost with financial assistance will help make this project more feasible. Interest rate 6.5 % and will be about 480,000 would capture in the TIF district. Available revenue would be back to the property as taxes would be about 43,000 a year. TIF agreement the city would sign a promisory not of 480,000 which would be 43,000 a year paid back by the city to the project. Fink said they need to see better returns on the project to be able to make it happen and that is where the TIF Plan comes in. Cost List could be for additional assisting would for the land. They are buying more land then they need for the project. They are buying 3.5 acres and only need 2.5 but are buying the extra acre because of the improvements for the street.

Blake said tonight's action is limited to authorizing the consultant to begin the TIF Plan. No commitments. Reduction in SAC and WAC and park dedication fees is something in the future that will be looked at. There will be jobs from this project that would be brought in the area.

There will be renaming of a couple streets in the process, Old Hwy. #18 and Smith System Road. Also improve the curve in the road to allow a 30 mile an hour speed limit.

Hanson asked on the land being purchased on the corner is going to be developed and Blake said no. It would cost too much to buy this property. Once the curve goes in maybe that house and the one across the street would be a nice developable piece of properties.

Blake said TIF compensates the cost of the project. There will be reconstruction of the sewer under Smith System Road. This will provide public benefit along with having the road fixed. The City Council has to decide how much of this is an accessible project. Next month we would have the preliminary findings on this.

Fink said to hire a financial consultant is what is on the agenda for tonight only. They have used TIF on other projects.

WALKER MOVED, SECOND BY HANSON TO HAVE STAFF HIRE A FINANCIAL CONSULTANT FOR THIS PROJECT FOR THE TIF PLAN. UPON THE VOTE, THERE WERE 5 AYES, 0 NAYS. MOTION CARRIED.

Blake will have updates on this next month.

OLD BUSINESS: None

MISCELLANEOUS:

A. EDA Balance Sheet

The EDA Board had no comments.

B. Verbal Report: None

C. City Council and Planning Commission Minutes for October, 2009

The EDA Board had no comments.

RIDDLE MOVED, SECOND BY SNUSTEAD TO ADJOURN THE MEETING. UPON THE VOTE, THERE WERE 5 AYES, 0 NAYS. MOTION CARRIED. THE MEETING ADJOURNED AT 6:56 P.M.