

**THE REGULAR MEETING OF THE EDA BOARD HELD ON APRIL 17, 2014, AT 6:04 P.M.,
AT THE CITY HALL COUNCIL CHAMBERS**

The meeting was called to order by Thom Walker. Members present were Grady Clark, Victoria Hallin, Charles Snustead, and Cindy Riddle. Staff present were Carie Fuhrman (Comm. Dev. Director) and Mary Lou DeWitt (Comm. Dev. Assistant).

Absent were Genny Reynolds and Mary Chapman.

AGENDA ADDITIONS/DELETIONS:

Added to the Agenda under Miscellaneous:

D. Terry & Andy's Second Chance Pet Store

E. Rum River Health Services

F. Paws Up 4 You

APPROVAL OF MINUTES FROM REGULAR MEETING ON MARCH 20, 2014

HALLIN MOVED, SECOND BY CLARK, TO APPROVE THE MINUTES OF MARCH 20, 2014. UPON THE VOTE, THERE WERE 5 AYES, 0 NAYS. MOTION CARRIED.

UNFINISHED / OLD BUSINESS: None

NEW BUSINESS:

A. MN Industrial Coatings Expansion

1) Tax Increment Financing Application (TIF District No. 6-1)

Fuhrman outlined the Tax Increment Financing Application process in her memo dated April 10, 2014:

Project Background: Minnesota Industrial Coatings (MIC), owned by Joe Glenn, provides coating on industrial parts – utilizing powder, electrcoting, and liquid. Currently, they are located within the same building as Glenn Metalcraft, Inc. (1502 South 14th Street), but are seeking the construction of a new facility on a vacant lot in the Princeton Industrial Park (Lot 2, Block 5, Princeton Industrial Park).

The new building is proposed to be just under 29,000 square feet in size. MIC currently has five employees; the project is expected to add 20-25 jobs in the next two years, paying approximately \$12-20 per hour with full benefits. Further projections indicate 30 employees in 5 years, and 45 in 10 years.

In order to facilitate the development of this new manufacturing facility, MIC is requesting the use of Tax Increment Financing (TIF). TIF is a financial incentive tool for communities to use to encourage economic development and essentially uses future gains in taxes that result from the development to subsidize current improvements. Not only will this project add to the tax base and add jobs to the area, it will allow room for future expansion possibilities for Glenn Metalcraft.

TIF Details: The note is estimated at \$225,000 with a 3% interest rate, meaning the city will use tax increment to reimburse the developer for project costs in an amount not to exceed \$225,000. Costs eligible for reimbursement include land acquisition, site improvements and

preparation costs, utilities, and costs related to the establishment of the TIF District. The form of public financial assistance will be 90% of the available tax increment; the remaining 10% will be used primarily to pay for eligible administrative expenses (consulting fees – the City is hiring Northland Securities, Inc. and Briggs and Morgan to assist in the formulation of the TIF District).

Timeline: Fuhrman has been working with the applicant in meeting their expedited timeline.

April 7th: TIF Plan & Fiscal Implications sent to Sherburne County & School District (469.175, Subd. 2)
April 10th: City Council Calls for Public Hearing
April 14th: Public Hearing Notice submitted to Newspaper
April 17th: Notice published & EDA Reviews TIF Plan
April 21st: Planning Commission Reviews Development District
May 8th: City Council Hearing Date & Request Certification by County
May 23rd: Submit Plan to State

Action Requested: At this time, Fuhrman is requesting the EDA's review of the DRAFT TIF Plan for the proposed TIF District 6-1 and a recommendation be forwarded to the City Council in regards to the draft TIF Plan for the proposed TIF District No. 6-1.

Fuhrman said the lot is privately owned and Joe Glenn would be purchasing it under Glenn Industries. Fuhrman mentioned that a letter was handed out for the EDA Board members from Joe Glenn explaining the need for the TIF Plan to construct a new building.

RIDDLE MOVED, SECOND BY HALLIN, TO RECOMMEND APPROVAL TO THE CITY COUNCIL IN REGARDS TO THE TIF PLAN FOR THE PROPOSED TIF DISTRICT NO. 6-1. UPON THE VOTE, THERE WERE 5 AYES, 0 NAYS. MOTION CARRIED.

2) Support of DEED Job Creation Fund (JCF) Application

Fuhrman informed the EDA Board that the Minnesota Job Creation Fund (JCF) is a newer Department of Employment and Economic Development (DEED) program that started in January 2014. It is a performance based rebate program for manufacturing businesses that are creating more than ten (10) jobs and making capital investment in excess of \$500,000 to accommodate growth.

Minnesota Industrial Coatings would like to pursue the JCF program in their expansion project. Companies are required to work with their local government unit where the project is located to apply to DEED to receive designation (the city submits the application on behalf of the company). Fuhrman has been in touch with DEED staff, and preliminary reviews indicated that their project would likely qualify.

The benefit of the program is up to a 5 percent rebate for real property improvements and rebate of \$1,000 – 3,000 per job created for 7 years, depending upon wages.

Fuhrman is requesting a motion from the EDA in support of the JCF application on behalf of Minnesota Industrial Coatings.

HALLIN MOVED, SECOND BY RIDDLE, TO SUPPORT THE JOB CREATION FUND APPLICATION ON BEHALF OF MINNESOTA INDUSTRIAL COATINGS.

Walker asked if this rebate program is available to any manufacturing business that is doing an expansion.

Fuhrman said a certain number of jobs must be created and a minimum investment made, so not all businesses qualify. If she meets with companies that are doing an expansion, Fuhrman tells them about this program.

UPON THE VOTE, THERE WERE 5 AYES, 0 NAYS. MOTION CARRIED.

B. BioMatrix Expansion – Tax Abatement Application

Fuhrman informed the EDA Board that BioMatrix International is an animal feed additive company and is located in the Princeton Industrial Park at 1002 16th Avenue North. (S&B LLC owns the property, which in turn is leased to BioMatrix). The business is growing, and they are looking to expand their facility and add jobs.

The current facility is 14,240 square feet. S&B LLC recently purchased the vacant lot to the north of their facility for this and future expansion needs. BioMatrix seeks to add a 9,600 square foot addition, which will allow them to add additional office, warehouse, and manufacturing space; as well as a new loading dock and expanded parking lot.

Employment Details: BioMatrix currently employs 14 people. After the expansion, they are planning to add 4-6 jobs, ranging from \$12 to \$36/hour plus benefits, which meet the City's business subsidy policy (businesses must create or retain one full-time job paying at least 150% of minimum wage per \$50,000 of assistance).

Abatement Details: The company is requesting tax abatement and has indicated that a business subsidy is needed to facilitate hiring more staff and purchasing additional equipment. Additional property tax would adversely affect their ability to add the additional staff. BioMatrix is also requesting an abatement from Sherburne County.

The City's policy in the past has been to abate up to 90% of the tax increase resulting from the addition for a period of up to ten (10) years and not to exceed a specified amount. According to

Sherburne County, the city's tax portion would increase by approximately \$4,725 annually. 90% would be \$4,252 annually, for a maximum abatement of \$42,525.

Conclusion: The City Council will be holding a public hearing on May 8th, 2014, per MN Statute requirements. Fuhrman requests the EDA's review of the tax abatement request and a recommendation be forwarded to the City Council.

Walker asked if there was an abatement on the original building.

Fuhrman said they sold it so it is no longer in effect. Their plan in the future is to add on again. They bought the lot next to them.

Walker said that a large portion of their business is international and they could help other companies in doing that. Their knowledge is valuable.

Fuhrman said if the EDA Board is looking at recommending this, they might want to put a job requirement on it. Their plan is to hire 4-6, but would not want to be held at hiring six employees.

Riddle does not want to put the maximum stipulation on this.

Walker suggested in the agreement to say expectation instead of requirement.

Fuhrman said if we put a number in the terms, then that is included in the State report each year.

Hallin likes how the wording is in our policy.

Riddle questioned if that creates a low expectation if we go lower on the number of employees hired.

Walker said the language says the businesses must create or retain one full-time job paying at least 150% of minimum wage per \$50,000 of assistance.

Snustead does not want the expectation for the business difficult.

WALKER MOVED, SECOND BY HALLIN, TO APPROVE THE BIOMATRIX TAX ABATEMENT REQUEST AND INCLUDE THE CITY'S POLICY ON WAGE REQUIREMENTS WITH THE EXPECTATION THAT 4-6 JOBS BE ADDED, AND RECOMMEND THIS BE FORWARDED TO THE CITY COUNCIL FOR FINAL APPROVAL. UPON THE VOTE, THERE WERE 5 AYES, 0 NAYS. MOTION CARRIED.

MISCELLANEOUS:

A. EDA Balance Sheet

The EDA Board had no comments.

B. Verbal Report

1) GPS 45:93 Update

Fuhrman said the last meeting was held at Milaca. It was very well attended. A number of people are sent each quarter to the Community Venture Network. This is a business that sets up quarterly meetings between entrepreneurs or businesses looking to start up or relocate and communities that may be potential “homes” for their business. The businesses are often looking for capital to start or grow their business. Richard Baker, Community Development Coordinator for Mille Lacs County, has been very helpful in working with Fuhrman if there is something for this area, he will let her know.

Walker asked if Princeton got leads from this.

Fuhrman said we did get one lead where we were one of the leading “contenders”, but the business was likely going to Iowa because of the break in land prices they could find. There are a lot of communities that make appealing offers for businesses. If there is a vacant building available in a community, that is a huge factor in enticing a business.

2) NSP Update

Fuhrman said the City is just about to acquire the old gas station at 903 9th Avenue North. Mille Lacs County is letting the City buy it for \$1. Once the Purchase Agreement is signed, Fuhrman is planning to then send out the Request for Proposals and will also include 908 9th Avenue North (former Bergstrom property).

3) Electric Vehicle Charging Station Update

Fuhrman said staff has reached out to different vehicle manufactures and has not had a lot of luck. Amazon has a two car charger that is cheaper than the quote we received. Chuck Andrews had asked Fuhrman if the downtown businesses would be able to chip in, but Fuhrman said she does not know. The City of Milaca and Cambridge are both looking into charging stations.

Walker said the class one takes forever to charge.

Fuhrman said it was the middle range charging station they were looking at. Fuhrman has seen some businesses that promote EVs by allowing them to park for free. She will continue looking into a charging station for Princeton.

Walker commented that one of his customers who lives in Golden Valley bought an electric car from Chuck Andrews. Maybe the Chamber would contribute into a charging station.

4) Princeton Businesses featured in *Spaces* Article

Fuhrman wanted to share the *Spaces* article with the EDA Board. A few local businesses are featured in the article.

C. City Council and Planning Commission Minutes for March, 2014

The EDA Board had no comments.

D. Andy and Teri's Second Chance Pets (Added to the Agenda)

Fuhrman said that the Police Department and Humane Society are investigating the situation, and it is still open. The Police Department is waiting for the Animal Humane Society Investigator's report. In the meantime, the City is working on the City Code to address pet shops. Fuhrman talked to the City Attorney and Humane Society Investigator and was told that some communities address pet shops through licensing. She will look into it.

Walker said he heard their sign is not in good condition.

Fuhrman is not aware of when the sign was put up, but the Code does have language about the quality/maintenance of signs. There is a level of difficulty in how people perceive sign quality.

Walker commented that with the reduction of taxes at Riverside Mall, if a portion of the savings could go into a fund to help the downtown, that would be nice. If they set-up an organization for the downtown, it would be nice to put the money towards helping businesses update their exteriors. Just a thought.

E. Rum River Health Services (Added to the Agenda)

Fuhrman informed the EDA Board that the Attorney said they are in the process of providing a Deed in foreclosure. Which would turn the building back to the non-profit fund that will basically go back to the market. All computer towers and software were seized. We do not know when they will be released. Monitors and keyboards are still at the site so we could get those and keep them some place until we get the rest of the equipment. The City Attorney suggested we take what we can now. Otherwise, we wait until it is all done and then see about getting what we can when it is released. Fuhrman does not know how much is over there.

Walker said it depends what we would be getting. He would not want us to have to get rid of computer items that we do not need.

Hallin said we should get the computer items.

Clark asked if we get some of the computer items, what will that do to the loan they owe.

Snustead said whatever computer stuff we are able to get would be subtracted from what they own on the loan.

Fuhrman said we could find out what was left and maybe Steve Jackson, City Finance Director, would look at what is there. He does our computer ordering at City Hall.

Snustead suggested having a computer person check out what we are able to collect and maybe that person would buy some of it.

Fuhrman said once the towers come in we have to have someone remove what is on them for privacy data. We could see if a local computer person could look at what is there and see what we have for value.

WALKER MOVED, SECOND BY HALLIN, TO AUTHORIZE STAFF TO CHECK THE COMPUTER INVENTORY THAT IS AVAILABLE AND TAKE WHAT IS FEASIBLE TO BE USED OR SOLD. UPON THE VOTE, THERE WERE 5 AYES, 0 NAYS. MOTION CARRIED.

F. Paws Up For You (Added to the Agenda)

Snustead asked what was wrong with the signs on this building.

Fuhrman replied that it has to do with where they attached the signs to the building – they are attached to the soffit/fascia, and the Zoning Ordinance does not currently have any regulations for those types of signs (versus, say, a wall sign). By zoning rules, if it is not listed, it is not permitted. The Planning Commission needed to formulate regulations to ensure that those types of signs were safe. The number of signs was also in excess of what was allowed. So, the issues that needed to be addressed were: the signs attached to the soffit, the number of signs, clearance, and wind and snow buildup. The permit was submitted and denied, but the signs were put up anyways, which is where the enforcement piece came into play.

Fuhrman wanted to add as a side note that Princeton is listed on the DNR Map for our public campground. We are the only one listed as a full campground for quite a distance directly along the Rum River. We have a camp host that park their RV down in Riverside Park and take the camp registrations. Fuhrman said that last year when she was applying for grants she noticed there are campers from all over the nation, even Canada.

Walker said they talked about making campsites at Rainbow Park for when the Riverside Park floods, then the campers could move to Rainbow Park.

Fuhrman commented that there has been talk about expanding the campground across the river or further south.

Walker said he thought the Lions Club said they would help to get that to happen.

HALLIN MOVED, SECOND BY SNUSTEAD, TO ADJOURN THE MEETING. UPON THE VOTE, THERE WERE 5 AYES, 0 NAYS. MOTION CARRIED. THE MEETING ADJOURNED AT 7:11 P.M.

ATTEST:

Thom Walker, President

Mary Lou DeWitt, Comm. Dev. Assistant