

**THE MEETING OF THE EDA BOARD HELD ON APRIL 28TH, 2016, AT 5:50 P.M.,
AT THE CITY HALL COUNCIL CHAMBERS**

The meeting was called to order at 5:50 P.M., by Thom Walker. Members present were Genny Reynolds, Sharon Sandberg, and Victoria Hallin. Staff present were Jolene Foss (Comm. Dev. Director) and Mary Lou DeWitt (Comm. Dev. Assistant).

Absent was Charles Snustead.

AGENDA ADDITIONS / DELETIONS:

REYNOLDS MOVED, SECOND BY HALLIN, TO APPROVE THE AGENDA. UPON THE VOTE, THERE WERE 4 AYES, 0 NAYS. MOTION CARRIED.

APPROVAL OF MINUTES FROM REGULAR MEETING ON FEBRUARY 18, 2016

REYNOLDS MOVED, SECOND BY HALLIN, TO APPROVE THE MINUTES OF FEBRUARY 18, 2016. UPON THE VOTE, THERE WERE 4 AYES, 0 NAYS. MOTION CARRIED.

UNFINISHED / OLD BUSINESS:

A. NSP Update

Community Development Director Memo:

The affordable multi-family housing project on West Branch Street at the old Arcadian Homes site is moving forward.

There have been negotiations with Central MN Housing Partnership (CMHP). The Purchase Agreement and Development Agreement have been drafted and are currently being reviewed by the Neighborhood Stabilization Program (NSP) Team at MN Housing Finance Agency.

Northland Securities have prepared the TIF Plan and the public hearing for the TIF District will be held on April 28th.

The property north of the Casey's at 809-903 9th Avenue North is not currently being marketed. It has been suggested that we hold another public/community input event and gain some guidance from the neighboring residences as to what they would like to see.

When we find out if the West Branch Project can be completed, then we can calculate the affordability requirement on the remaining properties. There is a possibility that we will have met the requirement and then could build something that isn't limited by the affordability clause.

The property at 609 Old Highway 18, across from Palmer Bus, is slated to go to Central MN Habitat for Humanity. I emailed Wayne and we are going to schedule a meeting sometime in the next few weeks.

*****End of Staff Memo*****

Foss said the TIF hearing is tonight at the City Council meeting. A draft of the Purchase Agreement and Development Agreement are being reviewed by the MN Housing Finance Agency. Central MN Housing Partnership will apply for low income housing in June, 2016.

809 and 903 9th Avenue North is not being marketed. The affordability requirement may be met so maybe market rate will be possible.

609 Old Highway #18 is slated to go to Habitat for Humanity.

Foss said that Nira Ly (M.H.F.A.) is not the representative anymore on the NSP Funds and there is someone else that has taken Nira's place that Foss is working with. There is so much that needs to be covered on these sites or you pay the funds back.

NEW BUSINESS:

A. Authorized Payment for EDA Board

Community Development Assistant Memo:

We did not have a quorum for the EDA Board meeting on March 17, 2016. Thom Walker, Genny Reynolds, and Sharon Sandberg still attended the meeting to have a verbal update.

DeWitt asked Steve Jackson, City Finance Director if those that attended would be able to be paid for their time. Jackson said the President of the EDA Board or two of the EDA Board members can authorize payment to those members that attended the meeting. Walker authorized payment.

If the EDA Board approves the authorization of payment to the three Board members that attended the March 17, 2016 meeting, please make the appropriate motion to approve.

*****End of Staff Memo*****

HALLIN MOVED, SECOND BY WALKER, TO APPROVE THE AUTHORIZED PAYMENT FOR REYNOLDS, SANDBERG, AND WALKER FOR THEIR ATTENDANCE AT THE EDA MEETING ON MARCH 17, 2016 WHERE THERE WAS NOT A QUORUM. UPON THE VOTE, THERE WERE 4 AYES, 0 NAYS. MOTION CARRIED.

B. PAVC Amphitheater Update

Carol Ossell updated the EDA Board on the amphitheater. She started her presentation explaining that she had given an update to the City Council at their February meeting and Mayor Whitcomb suggested that she should go to all the City groups and give an update. There are new members that maybe are not aware of the progress of the amphitheater.

She joked that she had not earned more money in the last month and a half for the project, but does have quite a few donations. Some of the donations are from businesses that will donate

their work on the project. Ossell handed out a two page brochure of what benefits the amphitheater will bring to the community. The second page list the donations they have received so far.

Ossell said this has been approved many years ago and has not been moved forward because of the recession. On May 11th, 2016 David Patten is going to do a power point presentation about the amphitheater. Patten designed the amphitheater and his presentation will show what it will look like and that is very exciting. The presentation will be held at Princeton Library from 7–9 P.M. She is looking for advocates for the project. Scott Berry will put together a video sometime in June. The Princeton Visionary website will be updated by Kim Young who is also a grant writer. This is a community built project. We are receiving funds from the community and this is exciting because the community will feel like a part of this project. Ossell wants us to look at this to be a positive economic project for the community. People will come to the different events and that will help grow businesses in the area. There will be more happening in the downtown region. She showed a sky view drawing of the amphitheater and where it will be located.

Ossell said the park has not been utilized like it should be. The playground system brings families to it. The bathrooms at the park need updating. They are in very bad shape inside. There is a possibility for a walking bridge in the park. The area where the amphitheater will be does not flood. The site is right behind the Steven's restaurant. This site is a foot above the floodplain. She has taken photos for the last five floods and no water has been in that area. She hopes the EDA members are advocates for this project. Isanti has a BMX Biking project. Princeton needs to bring attraction to our area.

Walker asked if there is an expected cost for this project. He thought the number went down.

Ossell said the price has gone down because the watermain is located where the sitting area would be and they had originally thought of having limestone block seating. That would have been too much weight on top on the watermain so they removed the limestone from the plans. Removing the limestone from the project is approximately a \$30,000 savings. The new price is \$290,000, but they are looking at fund raising approximately \$350,000 so there is extra funds. In the original packet there is a breakdown of what has been taken out.

Walker said it makes it more in line of donations now also with the decrease in cost.

Ossell said they are looking at different grants so there are still possibilities. They are looking for art grants right now.

Reynolds said art and culture grants they should look for. Richard Baker has a study that is from tourism up around the lake. Events in small towns brings people. She went to a small town event for an October Fest and that event brought in 10,000 people.

Foss suggested that the East Central Arts could be a possibility.

Ossell said she had worked with Carrie Fuhrman and they said the Legacy Grant does not fit with the amphitheater.

Foss believes they will get a high score on one of the two items for the grant she applied for. She knows the bathrooms need updating. They have 10% raised for this project so that is a good thing.

Ossell said the TIF Grants are for the park improvements and not just for the amphitheater.

Walker thanked Ossell for the presentation and that will be helpful in raising more funds.

C. Comprehensive Economic Development Strategy (CEDS)

This will be discussed at May 19, 2016 meeting because of the limited time. The City Council will be meeting at 7:00 P.M. tonight and will need the Council room.

D. Coffee Corner Request

This item was moved prior to the Comprehensive Economic Development Strategy item because of the guest attending the meeting. Cheryl and Scott Minks were present to answer any questions the EDA Board may have.

Community Development Director Memo:

Cheryl and Scott Minks, Coffee Corner, have requested a loan for \$5,000 - \$10,000 from the revolving loan fund. They have provided updated financial documents. They have reduced the amount of their request from \$27,000 to \$5,000 - \$10,000.

The Measurable Goals of the RLF include:

1. Create and/or retain jobs in the city limits of Princeton through utilization of the EDA RLF.
2. Increase the tax base in both Mille Lacs and Sherburne Counties, as well as the City of Princeton.
3. Create and/or retain a majority of jobs that are full-time and not seasonal in nature.
4. Create and/or retain jobs that pay higher than minimum wage.
5. The EDA's RLF Program is an Equal Opportunity Lender and employer and will not discriminate based on gender, race, religion, sexual preference, age, etc., in its loan decisions or employment practices.

The **Goals and Objectives** include:

- Job creation for the unemployed
- Increase tax base
- Provide loans to business that include opportunities to minorities, women, and low income people
- Diversify economy
- Provide loans to groups hurt by obsolete facilities
- Provide loans to groups planning to occupy vacant, substandard areas in need redevelopment
- Attract private investment in local business
- Provide loans to groups that create jobs appropriate to local labor force, and
- Banks, Central MN Initiative Foundation, SBZ, etc. should provide funds on projects in participation with the RLF program.

*****End of Staff Memo*****

Memo from Scott and Cheryl Minks:

Business Plan:

I. Coffee Corner is located on the corner of Rum River Drive and 2nd Street in the Federated Coop Building and has been a part of the downtown since 1998. Coffee Corner offers espresso drinks, coffee, specialty drinks, smoothies, sandwiches, Tea's, and bakery items. Our manager has been in the business for six years and we employ 10 employees at this location. Our lease, unexpected, will not be renewed by Federated and we are requesting \$10,000 to remodel a downtown space and move this shop to a new location. The loan is needed to build on to an existing commercial kitchen and barista bar and seek some sort of drive thru or drive up options.

II. Cherscot Inc. was created and incorporated in 2013. Coffee Corner itself was established in 1998 and has been vital part of the downtown of Princeton since its inception.

III. Coffee Corner has been an established business and we anticipate the market to remain the same.

IV. Coffee Corner is the owner of its equipment, inventory, and its client base is strong. We believe the move and adding a drive through or drive up option will enhance our service and mirror our location in Milaca.

V. Not applicable.

VI. Not applicable.

VII. We will need to secure funding as soon as possible as the remodel will need to be complete by September 1 for inspection and move.

VIII. Financial Data attached.

* We have a signed purchase agreement for Milaca and sale end of the month of April.
*****End of Memo*****

Foss said the location for Coffee Corner has changed and the amount they are looking for has also changed.

Cheryl Minks said the new site they are looking at is in George Mall where Harvest Thyme was located. This site does have a commercial kitchen. She has a barista bar that needs to be put in. The espresso machines have to have extra items. There is twice as much seating from what the current site has.

Hallin asked on the commercial kitchen would they use it.

Scott Minks said yes, minimal.

Foss questioned if they wanted to do a drive thru.

Scott Minks said they would like that, but because of the cost they cannot do it now. They are under a time limit to leave this site and get into the new site. They have noticed the difference with Caribou being here.

Cheryl Minks said December is their biggest month in sales. January and February is their slowest months. She will shortly review what the last two months sales are and believes they are back to what they were when they purchased the site. One thing the current site does not have is parking and the new site will have that. The Farmers Market will also be helpful.

Hallin asked if the drive thru is possible at the new site.

Cheryl Minks said they were looking at the old Town Mart site and that had a possibility for a drive thru.

Scott Minks said they are selling the Milaca site. That Coffee Shop needs someone that lives in Milaca to make it more convenient. Not being on site makes it harder to run.

Walker asked if the \$5,000 - \$10,000 will cover what they need for this new site.

Cheryl Minks said they have \$5,000 from the bank so it should be good. Having the kitchen in already should make it work. It's the barista bar that needs updating to meet the code for it.

Scott Minks said they will get a small amount of profit from the Milaca site.

Cheryl Minks said it is a newer business and the appraisal is not as high. They purchased it in 2014.

Reynolds asked if they checked into a loan from East Central Regional Development.

Cheryl Minks said they never went to them for funds. They have Small Business Administration loan for the Princeton base coffee shop, so they have exhausted that.

Reynolds asked if they qualify for Lakes and Pines.

Cheryl Minks said when they got notice of non-renewal for the Princeton site and then the timing with the opening of the Milaca site, they did not have matching funds for the Lakes and Pines loan. Also with Caribou coming in, they have not recovered from it.

Reynolds suggested asking the owner of the mall if they could set up tables in the hallway.

Foss asked how many employees they have at the Princeton site.

Cheryl Minks said they have eight in each location. Three are full time and the rest are part-time. They will add three part-time in the summer.

Foss said would there be more employees if moving to this new location.

Cheryl Minks said if they add a car hoop system maybe.

Foss said do they focus on hiring women, and also minorities.

Cheryl Minks said yes. She wants to pay good wages and the minimum wage is \$9 an hour.

Walker asked how many loans are they paying back. There is a lot of loans and tight money wise.

Cheryl Minks said the Coffee Shop has a Small Business Loan that will stay with the Princeton site. The Milaca one will be paid back when it is sold.

Scott Minks said their biggest risk is the Milaca site. They think the end of next week they will be closing on it.

Walker and Hallin want to see the memo from Charles Snustead (EDA Board Member that reviews EDA loan applications) and Steve Jackson (City Finance Director). Walker explained that the EDA Board has given some bad loans in the past and have to be more careful and check things out. He is disappointed there is no proceeds from the Milaca site.

Scott Minks said with the newness of the Milaca site, it still is profitable.

Walker asked if they have any collateral for this loan request.

Cheryl Minks asked what type of collateral.

Walker said either personal or something that could be used as collateral.

Scott Minks said he will have to think on that.

Foss told Minks that the EDA Board will discuss this more and she will call them tomorrow on the decision.

Reynolds asked if East Central Regional Development comes in and gives them money, how does that work.

Foss thinks we need our match and then E.C.R.D. Foss said Snustead said the financials are entirely different than what was first presented. He does not trust their data and he wants a certified statement otherwise, he says no on the loan. Jackson would support a \$5,000 loan the same as the bank would give.

Hallin would like to get the certified document before making a decision.

Walker said if they are saying they have funds in the bank, what happened to it.

Reynolds said it is only \$5,000 and they are using some of their money to move.

Foss suggested discussing this more next month.

Walker wants to see better data. A certified financial statement.

Hallin is saying no for now.

Sandberg agrees with Snustead. How can there be a big discrepancy in the statements. They have in their memo that they have equipment and inventory so why is that not used for collateral. Where would the Small Business Loan be in for collateral.

Foss will call them tomorrow and see if they have \$5,000 worth of collateral that is not being used and also ask for certified statements. She will also ask what are all their loans on the property. How will the rent be compared to the other site.

MISCELLANEOUS:

A. EDA Balance Sheet

The EDA Board had no comments.

B. Verbal Report

1) Central MN Art Co-Op

Wendy Bursch, President of the Central Minnesota Art Co-op had received a Promissory Note dated February 6, 2014 for \$10,000, plus interest at the rate of 2.5%. There is a failure to document the expenditures of the funds received and failure to remain current in the payment of real property taxes. The payment is in default. The City Attorney has drafted a memo of default to Bursch.

2) Renu Décor

Kevin and Alicia Stahl, owners of Renu Décor had received a Promissory Note dated March 17, 2015 for the sum of \$24,900, have failed to make the payment installments as required on the Security Agreement. The City Attorney has drafted a memo of default to the Stahl's.

C. City Council and Planning Commission Minutes for March, 2016

The EDA Board had no comments.

HALLIN MOVED, SECOND BY REYNOLDS, TO ADJOURN THE MEETING. UPON THE VOTE, THERE WERE 4 AYES, 0 NAYS. MOTION CARRIED. THE MEETING ADJOURNED AT 6:54 P.M.

ATTEST:

Thom Walker, President

Mary Lou DeWitt, Comm. Dev. Assistant