

**THE REGULAR MEETING OF THE PRINCETON EDA BOARD HELD ON
MAY 16, 2013, AT 6:00 P.M., AT CITY HALL COUNCIL CHAMBERS**

Thom Walker called the meeting to order at 6:00 P.M. Members present were Mary Chapman, Victoria Hallin, and Grady Clark. Staff present were Carie Fuhrman, Steve Jackson (City Finance Director), George Eilertson (City Financial Consultant), and Mary Lou DeWitt.

Absent were Charles Snustead, Cindy Riddle, and Genny Reynolds. (Reynolds arrived at 6:05 P.M.)

Walker asked if someone wanted to make a motion to approve the agenda.

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

APPROVAL OF MINUTES FROM THE REGULAR MEETING ON APRIL 18, 2013

HALLIN MOVED, SECOND BY CHAPMAN, TO APPROVE THE MINUTES ON APRIL 18, 2013. UPON THE VOTE, THERE WERE 4 AYES, 0 NAYS. MOTION CARRIED.

Reynolds arrived at 6:05 P.M.

PUBLIC HEARING:

A. Financing of Public Safety Building

Fuhrman informed the EDA Board that at a special EDA Board meeting on April 4, 2013, the EDA called for a public hearing regarding the establishment of Economic Development District No. 1 in order to finance the construction of the new public safety building, which is proposed on Lot 8 of Aero Business Park.

The public hearing was published in the local Princeton Union Eagle newspaper. The Economic Development District 1 includes all of Aero Business Park, the old hangars, the former Strong property, and the properties immediately north and south of First Street.

Following the public hearing, Fuhrman is recommending the EDA adopt the following two resolutions:

1) Resolution Establishing Economic Development District No. 1

Walker asked if anyone in audience wanted to speak.

Shearon Pontious, 1849 100th Avenue, Princeton was in attendance and wanted to know if the zoning will have to be changed from what it is now.

Hallin said not with the establishment of Economic Development District No. 1. If in the future someone wanted to develop and needed their property rezoned they could fill out the application to request that. That is not being done now.

There were no other questions or comments from the audience or the EDA Board.

HALLIN MOVED, SECOND BY CLARK, TO APPROVE THE RESOLUTION ESTABLISHING ECONOMIC DEVELOPMENT DISTRICT NO. 1, THAT INCLUDES ALL OF AERO BUSINESS PARK, THE OLD HANGARS, THE FORMER STRONG PROPERTY, AND THE PROPERTIES IMMEDIATELY NORTH AND SOUTH OF FIRST STREET, THAT WERE LISTED IN THE PUBLIC HEARING NOTICE. UPON THE VOTE, THERE WERE 5 AYES, 0 NAYS. MOTION CARRIED.

2) Resolution Establishing Procedures Relating to Compliance with Reimbursement Bond

George Eilertson handed out papers on the selection of the underwriters along with the financing itself and a calendar of the time frame process. Eilertson explained that the Internal Revenue Service has issued Treasury Regulations dealing with reimbursement bond proceeds, being proceeds of bonds used to reimburse the Authority for any project expenditure paid by the Authority prior to the time of the issuance of those bonds. Eilertson said this is a routine procedure that covers project expenses that incur prior to financing where this reimbursement bond gives the ability to pay ourselves back.

Hallin asked if any expenses would occur prior to financing will the EDA be paid back.

Jackson said yes, from the general fund or capital expenditures.

Eilertson said this may not be needed, but good in the event if financing is delayed. You can go back 60 days from the date this item is approved.

HALLIN MOVED, SECOND BY CHAPMAN, TO APPROVE THE RESOLUTION ESTABLISHING PROCEDURES RELATING TO COMPLIANCE WITH THE REIMBURSEMENT BOND. UPON THE VOTE, THERE WERE 5 AYES, 0 NAYS. MOTION CARRIED.

Walker closed the public hearing. There was no motion on this.

Eilertson handed out some papers to go over with the EDA Board. The Request for Proposals were sent out to 20 investment banks. Four submitted a proposal, Dougherty & Company, Ruan Securities, Edward Jones, and Piper Jaffray. Dougherty & Company had the lowest interest rate.

Hallin asked why you cannot pay the bond back sooner.

Eilertson said the City does not have the opportunity to pay it sooner. This is the 20 year term bond. If the liquor store sold the City would escrow those funds. We would buy investments with the sale and continue to pay the bond.

Eilertson asked if the EDA Board would be able to hold a special meeting on June 13, 2013 to award the bonds. The City Council has their regular meeting that night so the EDA would need to meet before it, maybe at 6:30 PM.

Mayor Paul Whitcomb was in the audience and said it will have to be rescheduled to an earlier date or the time would need to be changed. The city parade is that evening.

Fuhrman said she just found out on the date this afternoon.

Eilertson said this could be moved to the second Council meeting in June and the bond money would be available in July.

Walker wants to keep this on schedule.

Reynolds said the parade starts at 6:00 PM.

Walker asked if a special meeting were called if the EDA Board members could meet at 4:00 PM, on June 13th. He will add this to the agenda for tonight under old business for discussion.

Clark asked when the proposed construction start date is for the public safety building.

Whitcomb said approximately in three weeks or so.

UNFINISHED BUSINESS:

A. NSP Update

Fuhrman updated the EDA Board that she had a phone conversation with the NSP staff on current projects and Cliff Sales property site. There is a possibility we may receive more funds that we could use towards this site. She left a message for the property owner, and when she speaks with him, will ask what he would sell that property for. The building on the site has collapsed. Fuhrman said he wanted \$170,000 in the past for this site. This property would help for a possible twin home development.

Walker asked how Princeton did with the rest of the state in comparison to using their funds.

Fuhrman said we are still considered a high need area because of our foreclosures. It is getting better here. We are not in the top third priority, but still eligible for more funds. We might have to land bank a few properties and they are not thrilled with that, but it could be a possibility. If there is money left they want communities to use it. The NSP staff is seeing we are making progress. They did recommend having someone else administrate it. Fuhrman had no success finding someone to administrate this and could look again. Lakes and Pines does not want to renew their contract.

B. Downtown Business Sign by Walmart

Fuhrman informed the EDA Board that at the April 18, 2013 EDA meeting, the EDA directed her to explore the costs for a 6 feet by 4 feet sign directing traffic to the shopping in downtown. A quote was received and was given to them for review. The cost is \$242.90.

The Chamber reviewed the sign and recommended it be changed slightly, so that "Shopping!" replaced the "It Starts Here!" text, and the current "SHOPPING" is removed. The discussed placement has been so vehicles leaving the Walmart parking lot would see the sign. Fuhrman provided a map that shows the placement of the signs. The Chamber Board also recommended a second smaller "Downtown Business District" sign be located closer to the stop sign that would cost \$45-\$50. Fuhrman is not sure if the Chamber Board is going to contribute to the expense of the signs.

Hallin likes that the "It Starts Here" wording was removed. Do not have the wording overlap.

Fuhrman said the Chamber is working on a separate website that will take you to all the downtown business sites.

Walker said he would like the Chamber to contribute. There are no extra funds in the EDA budget. He suggested a motion to forward this on to the City Council to fund the signage up to \$150 and the Chamber funds the other half.

HALLIN MOVED, SECOND BY CLARK, TO FORWARD TO THE CITY COUNCIL TO CONSIDER FUNDING OF DOWNTOWN BUSINESS SIGNS IN THE RIVERTOWN CROSSING AREA BY WALMART UP TO THE AMOUNT OF \$150 AND THE CHAMBER FUNDS THE OTHER HALF. UPON THE VOTE, THERE WERE 5 AYES, 0 NAYS. MOTION CARRIED.

NEW BUSINESS:

A. Tax Abatement Request from Inline Packaging

Fuhrman updated the EDA Board that Inline Packaging located at 1205 18th Avenue South, is planning an expansion of both equipment capacity and building space this summer. Fuhrman is working with DEED and Inline for a Minnesota Investment Fund (MIF) loan to help finance a portion of the project, but Inline has decided to forego utilizing the MIF loan.

Inline Packaging is currently requesting a tax abatement from the City of Princeton and Sherburne County for the building addition, which is 8,750 square feet in size.

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, utilizing the 2013 tax rates, the city's tax portion would increase by

approximately \$4,750. 90% would be \$4,275. This is based on the original 7,500 square foot addition; Inline will be adding on an addition 1,250 square feet. Fuhrman is waiting for the estimates from the County Assessor's office for this additional space.

Based on these numbers, the recommendation would be for the City to abate 90% of the City taxes on the project, or approximately \$4,275 annually, for up to ten years with a maximum abatement of \$42,750. The numbers will be slightly higher because of the additional 1,250 square feet.

Inline currently employs 38 people. After the expansion, they are planning to add 25 jobs. The proposed average hourly wage of the jobs created is \$12.84 + \$2.22 in benefits. Fuhrman would recommend the Abatement Agreement be subject to the addition of a certain number of jobs over the course of the abatement.

Inline is requesting an abatement from Sherburne County as well, so Fuhrman has been working with Sherburne County staff so the process is fairly streamlined and duplicate information is not being requested by both the city and county.

Because of the proposed timing of the project, the City Council has scheduled a public hearing for a special meeting on May 30th. Fuhrman would suggest the EDA recommend approval to the City Council for the property tax abatement agreement with Inline Packaging.

Chapman asked if Glenn Metal Craft had asked for this when they built their addition.

The EDA Board said Glenn Metal Craft did not ask for a tax abatement.

Walker said their average wage fits in with the revised version for tax abatement. The 25 additional employees may be high, but there needs to be a number set for additional employees. Walker would like to lower that number from 25 and asked if anyone has a suggestion.

Fuhrman said 15 would be a good number. Fuhrman said the number of additional employees we require of them will be followed by the State. They are running four shifts.

Walker asked if 15 additional employees would be okay.

Jackson said it is a workable number, 10 would even be good.

Hallin agrees that 10 would be good.

Fuhrman said they have to maintain the number of additional jobs in the ten years till the abatement is done.

REYNOLDS MOVED, SECOND BY HALLIN, TO RECOMMEND APPROVAL TO THE CITY COUNCIL FOR THE PROPERTY TAX ABATEMENT AGREEMENT WITH INLINE PACKAGING SUBJECT TO THE ADDITION OF TEN JOBS OVER THE COURSE OF THE ABATEMENT FOR A TOTAL OF 48 EMPLOYEES. UPON THE VOTE, THERE WERE 5 AYES, 0 NAYS. MOTION CARRIED.

B. It Starts Here Business Acceleration Committee Recommendation

Fuhrman informed the EDA Board that the “It Starts Here” Business Acceleration Committee (BAC) went through the three phased process and is recommending the Central Minnesota Art Co-Op to the EDA for the \$10,000 forgivable loan. The Co-Op already has a vibrant retail gallery of items, such as pottery, jewelry, greeting cards, and wall art at 108 6th Avenue South. This is in the same building as the Print Shop. They plan to add classroom space for artists, hands-on studios, an exterior artist walkway, and various community events, including a Northern Lights Luminary Festival in the fall. Work is already underway to transform the mostly vacant building into classroom and studio space.

The BAC had a difficult time reaching a winner of the challenge because of the numerous business ideas. The program called for up to three winners; therefore, the Committee plans to hold a second round at a future date hoping to capitalize on the success of this first round. The Committee based their decision on numerous factors, including: well thought-out concept; necessary resources available; personnel power; market for the business; potential as a “destination business”; unique and specialty qualities; enhance/benefit the business mix; strengthen the downtown environment; likelihood of continued success; and credit application results.

As you will recall, the forgivable loan requirements were approved by the EDA in October 2012, and by the City Council in November 2012. The requirements call for the applicants being referred to the EDA by the BAC. The requirements list the following as expenditures for the forgivable loan:

- * Site improvements, such as landscaping, signage, etc.
- * Building renovations
- * Infrastructure improvements
- * Purchase or repair of machinery and equipment
- * Working capital and marketing materials (a portion of loan proceeds may be used for this activity)
- * Property acquisition
- * Other activities as determined eligible by the EDA

The applicant will be submitting a formal application for the forgivable loan to be reviewed by the EDA at a later date. However, at this time, Fuhrman is requesting a discussion by the Board regarding the expenditure of the loan. The Art Co-Op Executive Director, Wendy Bursch, has

asked whether or not the forgivable loan can be used to leverage other funding, such as a match for grant applications. Fuhrman is requesting the EDA's discussion on this possibility.

Walker said he understood that it is to improve the south side of the building and supports that. Walker said the schedule of improvements would be needed to decide on what funds could be used.

Fuhrman will find out the schedule of improvements.

Reynolds said the applicant broke down improvements in five different areas. The building improvement would most likely be the largest. Reynolds supports 50% of matching for grants and the other \$5,000 for improvements.

Walker asked Fuhrman if she heard any feedback from the rest of the applicants in regards to the "It Starts Here" program.

Fuhrman said there were 14 applicants all together. Some of the comments from them were not positive. Overall the project is great for the community.

OLD BUSINESS:

A. Special Meeting to Award Bonds for Public Safety Building

Walker added this to the agenda to set up a date to hold a special meeting that would be held on the same day as the City Council meeting date to award bonds for the Public Safety Building and forward on to the City Council.

The EDA Board discussed options for the dates and decided to hold a special meeting on June 13th, 2013 at 4:00 P.M. at City Hall. The City Council will be having their meeting at 4:30 P.M. that day also. Hallin, Clark, Walker, and Chapman will be able to attend. Reynolds said she will try to make it. The EDA Board would like to keep the June 20, 2013 EDA meeting as scheduled.

HALLIN MOVED, SECOND BY CHAPMAN, TO APPROVE HAVING A SPECIAL EDA BOARD MEETING ON JUNE 13, 2013, AT 4:00 P.M., AT CITY HALL TO AWARDS BONDS FOR THE PUBLIC SAFETY BUILDING. THE REGULAR JUNE 20, 2013 EDA BOARD MEETING WILL STAY AS SCHEDULED. 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

Fuhrman said she had received a call for information on Aero Business Park lots, but she has no information on what they would like to use them for. One of the vacant locations downtown will be filled by a high end boutique. They will be located at the previous Radio Shack building. They currently have their business at a site on County Road Two, but they were having zoning issues with Sherburne County and are being forced to move their business.

The Hog Wild Meat Locker was suppose to open in May, but the Building Inspector said they are not done with putting their equipment in so Fuhrman is unsure of when it will open.

C. City Council and Planning Commission Minutes for April, 2013

The EDA Board had no comments.

HALLIN MOVED, SECOND BY CHAPMAN, TO ADJOURN THE MEETING. UPON THE VOTE, THERE WERE 6 AYES, 0 NAYS. MOTION CARRIED TO ADJOURN THE MEETING AT 7:11 P.M.

ATTEST:

Thom Walker, President

Mary Lou DeWitt, Comm. Dev. Assistant