

**THE REGULAR MEETING OF THE EDA BOARD HELD ON NOVEMBER 21, 2013, AT 6:00 P.M., AT
CITY HALL COUNCIL CHAMBERS**

The meeting was called to order by Thom Walker. Members present were Grady Clark, Charles Snustead, Cindy Riddle, Victoria Hallin, Mary Chapman, and Genny Reynolds. Staff present was Carie Fuhrman, Mary Lou DeWitt, and Damien Toven (City Attorney).

Guest was Richard Baker, Comm. Dev. Coordinator with Mille Lacs County

APPROVAL OF MINUTES FROM THE REGULAR MEETING ON OCTOBER 17, 2013

CHAMPMAN MOVED, SECOND BY CLARK, TO APPROVE THE MINUTES OF OCTOBER 17, 2013. UPON THE VOTE, THERE WERE 7 AYES, 0 NAYS. MOTION CARRIED.

UNFINISHED BUSINESS:

A. Rum River Health Services Collection

Fuhrman informed the EDA Board the City Attorney sent a letter to Gail Kulick, Rum River Health Services Interim Executive Director, in regards to the revolving loan fund, and our Attorney has not had a response back.

Damien Toven, City Attorney, was present and introduced himself to the EDA Board. Toven said he is filling in for Paul Dove tonight and will update the Board. Toven has spoken to Ms. Kulick and Rum River Health Services is filing for bankruptcy. The City will be named as creditor. The debt will be named on the bankruptcy petition. The maintenance of the building will keep going. There is a first and second mortgage on the property. If bankruptcy is filed in the next couple weeks, the City cannot do anything on this. The collection attempts are stopped once the bankruptcy is filed. If things go well, we could negotiate with the bankruptcy Attorney and get a release of the security interest. We have to wait until we know if other security interests are on these assets as we are. We do not know what inventory they have.

Reynolds said she spoke to three people and they said the software they were to buy with the loan was not purchased.

Toven said this will be a total liquidation. The housing at Belle Haven he is not sure of. He understands Rum River Health Services interest in that facility is little and he believes they are working with another entity to manage that place. He does not believe that Bell Haven will be part of the bankruptcy. Why they went under and what they did with the funds will come out eventually.

Riddle asked when this is completed and they have the answers to how this happened will the person responsible for this fallout have to be made responsible for the mishandling of funds.

Toven said that is hard to determine.

Clark asked if Belle Haven is sold, could the new party who buys it take over the debt and pay us back.

Toven said that would not be the new owner's debt. Correspondence will be with Kulick until the bankruptcy Attorney comes back from leave. The City Attorney will talk to her and find out what there is and if we can retrieve what was put down for collateral. If items were not purchased, we will then have to look at our options. There are so many unknowns right now. Bankruptcy proceedings fall under civil cases.

Chapman asked how the added Attorney's fees will be collected.

Toven is not sure. He will talk to Paul Dove. There is a statute to recover attorney fees accrued and they will seek to collect from the entity.

Walker asked if the bankruptcy is independent and was an illegal action what happens?

Toven said the bank and City would be contacted that this is suspected fraudulent. He believes the reason for the downfall of Rum River Health Services will not be kept hidden.

Snustead asked to be kept abreast somehow.

Toven said he will try to monitor the situation and maintain contact with Gail Kulick, but they will mostly have contact with the bankruptcy Attorney. They will try to find out what is there, how to get the items, and if the items are not there why.

Walker suggested that the EDA Board's position should be wait and have the Attorney keep staff in the loop of what is happening. He assumes what Gail Kulick is saying that the trustee will be responsible for this. Walker will be comfortable in leaving this in staffs' hands.

Fuhrman said she spoke to Steve Jackson, Finance Director, and he said we have to do due diligence in getting the money back. Hardware and software were the collateral.

Chapman commented that since they have not filed for bankruptcy, should we have the Attorney continue going forward to collect from them?

Toven said once they file for bankruptcy, we have no way of going after them. Waiting till the next EDA Board meeting is not out of reason. Or leave it to the City Attorney, Fuhrman, and Jackson to decide if another letter should be sent out or some kind of action. Sending another letter could force them to file for bankruptcy and then everything is frozen.

Reynolds said they are selling iPads.

Riddle said to check if they are on the list of collateral.

Fuhrman will check into it.

Toven said we do not know who all of the creditors are.

Fuhrman would like the EDA Board to make a motion if they want another letter sent out.

HALLIN MOVED, SECOND BY CHAPMAN, TO HAVE STAFF DIRECT THE CITY ATTORNEY TO SEND A SECOND DEMAND LETTER TO RUM RIVER HEALTH SERVICES IN REGARDS TO THE PROMISSORY NOTE THAT HAS PAST PAYMENTS DUE, AND THE EDA INTENDS TO TAKE POSSESSION OF THE COLLATERAL THAT WAS LISTED IN THE SECURITY AGREEMENT FOR THE PAYMENT OF THE LOAN. UPON THE VOTE, THERE WERE 7 AYES, 0 NAYS. MOTION CARRIED.

B. Electronic Vehicle Charging Station – Allocate Funding

Fuhrman said that at the September 24, 2013 EDA Board meeting, Chuck Andrews had given a presentation to the Board for electric vehicle charging stations. The motion from that meeting was to have staff pursue grants for an electric vehicle charging station. Does the EDA Board want to allocate funding for this?

Snustead questioned if there is a demand for it.

Walker said maybe.

Hallin suggested we try one and see.

Reynolds said General Electric donated charging stations to Chuck Andrews. Maybe he would donate them and we just install them.

Walker said there might be some other cost that they need help with.

Snustead said the business owners should be paying for them.

Chapman said we did not get installation figures at that meeting.

Hallin wondered who would pay the electrical cost if it were installed.

Fuhrman had hoped that Andrews had met with Princeton Public Utilities by now so more of these questions would have been answered.

Riddle wondered if the clock tower downtown could be a source of electrical since it has electrical in it.

Fuhrman said Andrews' customer base is from the cities. This would be a half way point for those going to northern Minnesota. It could be a benefit for a certain niche of people.

Chapman commented that Andrews said some Walmart Stores are installing them. Fuhrman could contact Walmart and see where they have put some in and if they are going to install one here. They would have the knowledge if they are used and how beneficial they are. If Walmart puts one in, then we could put one downtown.

Fuhrman will check with the Walmart Manager if he has any information of Walmart installing the electric charging stations.

Richard Baker said it is the wrong demographic for Walmart. People with income are the ones buying these types of cars.

Walker remembered that the middle of the road charging station cost around \$2,000. It takes approximately 40 minutes to charge for another 50 mile trip

Fuhrman will ask the Princeton Walmart Manger if he knows if Walmart plans to install an electric charging station.

C. NSP Update

Fuhrman said that she got a quote back from Rachel Contracting for 809 9th Avenue North to remove the Bergstrom house. She had sent nine Request for Proposals out and followed up with them, but this is the only one that came back with a quote. Rachel Contracting gave a quote of \$21,570.

The EDA Board had made a motion to authorize staff to hire the company with the most responsive proposal so work can begin immediately, and not to exceed \$15,000. This motion was to expire on November 21, 2013. The remaining amount of NSP funds is \$66,000. Local bidders were not interested because of the asbestos. Others thought they would not be competitive in their quote and decided not to submit one.

Walker asked Fuhrman who took the building down by Reibe Park.

Fuhrman was unsure, but she will find out.

Hallin would like another quote.

Fuhrman said that with the remaining \$66,000 of NSP funds she would still like to purchase the old gas station at 903 9th Avenue North, and have that building removed.

Riddle asked if NSP funds could go to install a charging station.

Fuhrman said the funds could not be used to install a charging station.

HALLIN MOVED, SECOND BY RIDDLE, TO APPROVE STAFF TO ACCEPT THIS BID TO REMOVE THE BUILDING AT 809 9TH AVENUE NORTH FROM RACHEL CONTRACTING IN THE AMOUNT OF \$21,570, UNLESS ANOTHER BID COMES IN LOWER BY DECEMBER 6, 2013.

Hallin asked if there are contaminated soils at this location.

Fuhrman said we are assuming there are not contaminated soils and have completed the NSP testing that is required at this location.

Chapman said we could wait until the December 19th, 2013 EDA meeting to decide if we want to accept this quote or not.

UPON THE VOTE, THERE WERE 2 AYES, 5 NAYS. MOTION FAILED. (AYES: RIDDLE AND WALKER; NAYS: HALLIN, SNUSTEAD, REYNOLDS, CHAPMAN, AND CLARK).

The consensus was for staff to continue trying to get more bids.

D. Contact with Pine Tech, St. Cloud Tech, & Anoka-Ramsey CC/Anoka Tech

Fuhrman informed the EDA Board that she had a meeting at City Hall on November 13, 2013 with representatives from Anoka-Ramsey Community College and Anoka Technical College Professional & Workforce Training. Richard Baker who is here tonight was also at the meeting, along with Genny Reynolds. Fuhrman said the reasons for calling this meeting were to discuss the potential for bringing a higher education presence into Princeton. A previous attempt to bring horticulture continuing education class to Doug Marshall's farm had not panned out yet, Mille Lacs County's economic development efforts are underway, and lack of higher education presence in Mille Lacs County are all driving factors. The notes from that meeting were in the EDA Board's packet.

Baker had statistics of Mille Lacs County in regards to workforce training and education. With #1 being the best this is Mille Lacs County ranking among all MN counties:

- Some college, no degree – ranked 10th
- Associate degree – ranking 76th
- Bachelor's degree – ranked 73rd
- Graduate, professional or doctorate degree – ranked 71st

Fuhrman said the meeting went very well. The discussion for offering programs at a regional level took place as there are usually multiple companies that only need one or two people to take the training, so combining communities only makes sense. Also discussed was the importance of retention, training for an educated workforce, and offering programs that keep

our students engaged. Programs that are easier to start were discussed, such as blue print reading. Another possibility discussed was a mobile welding lab.

The Princeton Superintendent was hoping to be at the meeting, but had a prior commitment. She is very interested in offering more opportunities to Princeton students and has already reached out to some individuals at Anoka-Ramsey Community College/Anoka Tech.

Fuhrman said at this point, Princeton is talking with multiple colleges. She spoke with John Hart from St. Cloud Tech College last week, and he is interested in staying in the loop in this project. Dr. Musgrove, Pine Tech President, will be coming to the December EDA Board meeting to discuss possibilities. Everyone agreed that it is best to all work together and establish partnerships in this venture being every establishment has varying strengths.

What is next:

- Survey of the area businesses. Professional & Workforce Training will assist in developing the survey to ask about needs in areas, such as management, IT, healthcare, manufacturing, and so on.
- Fuhrman and Baker will send information on the area industry statistics.
- Bring employers to the table (healthcare, manufacturing, IT, School District, etc.)
- Bring all interested colleges together.

Reynolds thought they were eager to work with us. Princeton cannot do this on their own and needs support and this is a great source. Not just for the school, but regional workforce.

Richard Baker said the Isle School District is partnered with Bridges Program for grades 6th – 12th and when the seniors graduate they will have a two year degree.

Fuhrman said their meeting was just workforce, but they understand they want to work with the schools also.

Baker said isle has begun the program this year and will see where it goes. It is a recruiting tool to get them in this school area. They did a certified nursing training program through Elim Care in Milaca. We need a survey report from employers to see what the need is and then see what we can do for training. There are three portable welding transits that go around the state that we could look at. In some communities the manufacture will purchase the equipment for training.

Fuhrman said we will find space for training once they say they would come here. We will keep moving forward on this. A survey will be worked on. This is not just for manufacturing as was mentioned.

E. Industrial Park Expansion Study Update

Fuhrman has spoken with Janna King, the Economic Development Consultant for Sherburne County. She has advised that the appropriate steps would be:

- 1) Market analysis (find out what the needs of existing businesses are),
- 2) Preliminary site assessment,
- 3) Layout, and
- 4) Cost estimate for the expansion of the Industrial Park.

The preliminary site assessment and layout could all be included with the market analysis to ensure the site could accommodate appropriate lot sizes, road access, utilities, storm water, etc. The cost estimating could also be included with the first three steps, which would likely cause firms to team up together (or, we could look at two separate RFP's or have our consultant City Engineer do the estimating).

King advised that the most likely way to develop further industrial land is either through the city or the existing land owner. King advised that the market is too slow and unpredictable in Greater MN and the holding costs are too great to attract an outside private developer. As she mentioned, a city has lower holding costs (no property taxes) and lower borrowing costs, as well as the benefit of additional taxes, and so the return on investment is very different.

King put Fuhrman in touch with the Business Relations Manager with Connexus Energy, who provides the electricity to the Princeton Industrial Park. Thom Walker and Fuhrman met with two of their representatives to gauge their potential interest in assisting Princeton in expanding their Industrial Park. They normally do not participate financially in the beginning stages like this, but they have participated in business retention and expansion projects. Fuhrman is waiting for a response from the representatives of what that might look like for Princeton.

Fuhrman said this is an update. The four steps that are outlined may not be covered in the \$20,000 that we had budgeted for 2014.

Walker said we need to be ready when the opportunity comes.

Hallin said the land west of town would be a good area for an Industrial Park.

NEW BUSINESS: None

OLD BUSINESS:

A. Small Cities Development Program Update

Lakes & Pines, CAC has submitted the proposal for Small Cities Development Program (SCDP) funding. 14 letters of interest were submitted from the housing target area. 16 letters of interest were submitted from the commercial target area.

We should hear in December or January about the proposal, and the actual application is due on February 28, 2014.

Fuhrman said that the south one is what was chosen in the outline. For commercial it is the downtown. On the attached map, the blue dots are where the interested forms were from and the Council chose the target areas: 14 housing and 16 from commercial. There were more applications received this year than in 2012 when we were unsuccessful in obtaining the grant funds

MISCELLANEOUS:

A. EDA Balance Sheet

The EDA Board had no comments.

B. Verbal Report

Fuhrman said she appreciated Richard Baker, Mille Lacs County Comm. Dev. Coordinator for joining the meeting tonight. She will be working with him on the Market Area Profiles.

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

The EDA Board had no comments.

HALLIN MOVED, SECOND BY CHAPMAN, TO ADJOURN THE MEETING. UPON THE VOTE, THERE WERE 7 AYES, 0 NAYS. MOTION CARRIED. THE MEETING ADJOURNED AT 7:22 P.M.

ATTEST:

Thom Walker, President

Mary Lou DeWitt, Comm. Dev. Assistant