

**THE REGULAR MEETING OF THE PRINCETON EDA BOARD HELD ON  
DECEMBER 15, 2011, 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, Grady Clark, Cindy Riddle, Victoria Hallin, and Charles Snustead. Staff present were Carie Fuhrman and Mary Lou DeWitt.

Absent was Ben Hanson.

**APPROVAL OF MINUTES FROM THE REGULAR MEETING ON NOVEMBER 17, 2011**  
WALKER MOVED, SECOND BY CLARK, TO APPROVE THE MINUTES FROM THE REGULAR MEETING ON NOVEMBER 17, 2011. UPON THE VOTE, THERE WERE 6 AYES, 0 NAYS. MOTION CARRIED.

**UNFINISHED BUSINESS:**

**A. Madre Loca Revolving Loan Fund**

Fuhrman said that the submitted financial statements she received from Heide Burns regarding Madre Loca are sketchy.

Steve Jackson, City Finance Director wrote the following memo to Fuhrman regarding the information submitted from Heide Burns:

It is so difficult to make a recommendation on this loan. From the information that we have, it appears that the business is doing pretty good. However, the information is somewhat sketchy. There are no retained earnings shown so I am assuming that it is included with common stock. Wages seem low so there must be a draw for her benefit which isn't shown and depreciation is not shown either.

These may not be large discrepancies from a numbers standpoint, but I think it shows a need for some financial information assistance to make sure that the owner/manager she has accurate information to make decisions on. It appears to be cash flowing, but that isn't the full story. I think it may have to go back to the EDA for their decision. At the very least, I think the EDA should require her to consult with someone to provide her with assistance or education if they want to go ahead with the loan.

Snustead agreed that he reviewed the statements and the information was not complete. He said she should submit a compilation report, and if she does not want to do that, he can not recommend approving the loan either.

Fuhrman commented if Burns hired an accountant it would be helpful. Fuhrman said she had given Burns the contact information of Barry Kirchoff, St. Cloud State Small Business Development and also asked Burns if she could give Kirchoff the contact information to Burns. Kirchoff told Fuhrman their department had left messages to Burns a few times and never received a return call.

The EDA Board agreed that until Heide Burns supplies the full financial report for Madre Loca they will not move forward with the loan. If somewhere down the line she wants to bring a completed financial report then the EDA Board will review it.

**NEW BUSINESS:**

**A. Tax Abatement Program for Vacant Downtown Space Discussion**

Fuhrman said that in recent discussions between staff, local business owners, and realtors, the issue of taxes has been raised more than once. This spurred a discussion between Fuhrman, the City Finance Director, and the City Administrator regarding the possibility of some type of tax abatement program as an incentive to get vacant spaces downtown rented or sold. Currently, there are approximately 20 vacant commercial spaces downtown. The idea would be to offer a moderate tax abatement to any new business willing to buy/rent/locate in one of the vacant storefronts downtown. The concept would be to work with the County and School District, and between the three taxing entities, offer an annual tax abatement for a period not to exceed three years to a limited number of businesses per year.

The potential concerns that have been raised including: getting all three taxing entities on board with the program, and reactions of existing commercial building owners and tenants. Education would play a huge role in this program in order to help individuals realize the importance of a strong, healthy downtown.

Another discussion point that has been raised is the possibility of creating essentially an internal TIF District elsewhere in the city, outside of downtown, where development is or is expected to take place and pooling the TIF Funds collected from that district for use in the downtown. The idea is to get some reinvestment in downtown. When one highly visible, well promoted project occurs downtown, it tends to set off a chain reaction and others will begin to follow. Fuhrman would like the EDA Boards ideas on this.

Riddle said she would not like to have a tax abatement used if the abatement were to bring in more children, like an apartment building, and the School District has the load of extra students, but less funds. The residential property tax will go down, but the business property tax will increase.

Walker commented that the auditors are setting the taxes and he is discouraged for the businesses.

Hallin said what about sending a memo to the City representative where they could bring it to the legislature. Maybe other cities that are facing this could also write a memo to their representatives. Another suggestion Hallin had was a tax abatement for businesses that are making improvements to their buildings.

Fuhrman commented on the old Ben Franklin building where it needs inside improvement and the bank is willing to do some improvements.

Mary Chapman, Chamber was present and said the bank has lost so much money on this building that they can not put too much more in it.

Fuhrman said it would be a nice spot for occasional sales where someone could rent the area for a short time period.

Riddle said that the utilities are so high in there that maybe there is help such as grants to make it more energy efficient.

Chapman said that the business owners are talking how high their taxes are. She mentioned a business that just came downtown and renovated their building and they are concerned for next year taxes going up. Chapman would like to invite our representatives Sondra Erickson and Dave Brown to talk to the Chamber and see if they have any suggestions on how to help the businesses.

Fuhrman said she will work with Chapman on contacting the representatives. Fuhrman mentioned that in tonight's EDA packet there is a memo which is an invitation from East Central Regional Development Commission to attend a legislative forum on Economic Development issues with the State Legislators & Congressional Delegation of Region 7E along with other local units of government. Fuhrman is inviting the EDA Board members to attend if they would like.

Chapman said she would like to attend with Fuhrman. Chapman will also send an email out to her Board members on inviting Sondra Erickson and Dave Brown invitations to attend a Chamber meeting.

Snustead suggested giving some kind of rebate on completed building permits could be a way to help business owners.

Walker does not like to shift the taxes to give less tax burden to one party where it causes burden to another party. Tax Abatements may not be the idea to be helpful.

Chapman invited Fuhrman to attend the next month Industrial Park meeting with her and she would introduce Fuhrman to the business owners.

Fuhrman said she was considering sending out a letter to businesses where she would meet with them at a time that is convenient for them. Fairview Northland would like to have Fuhrman speak at their January meeting regarding economic development and development in general.

## **B. Rum River Health Services Revolving Loan Fund Discussion**

Fuhrman informed the EDA Board that she was recently contacted by Cindi Naumann of Rum River Health Services regarding their plans to open a primary care clinic and expand their services at their existing location. She inquired about any funding opportunities that the City might be able to offer RRHS in assisting in their service expansion. Fuhrman mentioned the Revolving Loan Fund to her as one possibility.

RRHS is especially seeking funding for Electronic Medical Records and also bringing the building into compliance with the ADA. Ms. Naumann has stated that new jobs would be created as a part of this project; she has estimated a minimum of three full time employees and some part-time.

No official application has been submitted to the City as of yet, but they are very interested. Fuhrman is raising the topic with the EDA because RRHS is a non-profit organization, and she is not aware that the City has issued a RLF to a non-profit organization in the past. Fuhrman told her she would discuss the topic with the EDA and get back to her after the EDA's discussion.

As a reminder, according to the RLF Plan, the RLF will be used primarily to provide fixed asset financing to small businesses. The EDA Revolving Loan Fund Program is designed to help firms start up, expand, develop, and remain in the community. It will be the policy of the RLF Program to assist in financing local businesses first rather than using the RLF dollars in a smoke-stack chasing manner, which has been proven to be a sometimes unrealistic, competitive, and expensive economic development endeavor. Fuhrman checked what the RLF was used for in the past and a non-profit had not been.

The EDA Board reviewed the Revolving Loan Funds Plan:

**Measurable Goals:**

1. Create and/or retain jobs in the city limits of Princeton through utilization of the EDA Revolving Loan Fund.
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 Revolving Loan Fund 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.

**Targeting Criteria:**

Goals/Objectives/Needs

1. Job creation for unemployed.

2. Increase tax base.

3. Increase income levels.

4. Provide loans to businesses/ projects that include opportunities for minorities, women, and low-income people.

Methods to Meet Goals/Objectives/Needs

State Job and Training Department to be used for employment resource/referral to RLF Program.

Projects that increased the tax base will receive priority over those that do not.

Jobs that are created that offer higher than minimum wage will receive higher priorities.

Availability of loan funds to these groups along with promotion and non-discrimination clause.

- |  |  |
|--|--|
| 5. Diversify economy.  | Agricultural processing, manufacturing, forest related products, energy producing, technologically Innovative, and products value added for import/export will receive priority. |
| 6. Provide loan funds to groups of Industries or manufacturing firms hurt by obsolete facilities.          | Availability of loans to groups who have this need and qualify for RLF funds.  |
| 7. Provide loan funds to businesses planning to occupy vacant, substandard areas in need of redevelopment. | Availability of loan funds to businesses who meet eligibility requirements.  |

Walker asked if there is a reason why we did not use the Revolving Loan Fund for a non-profit before.

Fuhrman said no, it is possible to do it. She spoke to Jordan Zeller, East Central Regional Dev. Commission and he said it is up to us if we want to give funds to a non-profit. Zeller had commented that health service field does pay well. Fuhrman said she could ask Ms. Naumann to submit an application and see what they are wanting for funding.

Walker said Rum River Health Services should also look into the Initiative Foundation for help.

Riddle would like to stick to our own protocol where it has a collateral base to the business. She is all for helping them, but maybe not go outside of what we have been doing in the past.

Fuhrman will talk to Naumann and see what the numbers are they are looking for. Their need may be more than what we have. Fairview Clinic/Hospital was possibly going to work with them on this clinic.

### **C. Forming a Committee with Chamber**

Fuhrman said Walker and Riddle are willing to attend a meeting between the EDA and Chamber any Thursday after 7:00 P.M.

Riddle suggested that the third Thursday of the month would work best for her after the EDA Board meeting.

Fuhrman said this committee could be quarterly. Mary Chapman has applied to be on the EDA Board. They would still like to have this committee so more Chamber members attend. The third Thursday of the month after the EDA meeting would probably work the best.

The EDA Board agreed to have this committee meet the third Thursday at 7:30 P.M. on January 19, 2012 at City Hall. The first meeting could be a decision for a name for this committee.

Mary Chapman said that Barry Kirchoff, St. Cloud State Small Business Dev. met with the Chamber and he encouraged them to have a campaign to help the community effort to jump start the downtown area. They are discussing ideas.

The EDA Board thanked Chapman for attending the EDA Board meeting.

**OLD BUSINESS:**

**A. Small Cities Development Program Update**

Fuhrman gave a brief update on the Small Cities Dev. Program. There are five applications approved for the housing program and five application approved for the commercial program in Princeton. Fuhrman is encouraging people to still apply because we may be able to apply for more funds.

**B. East Birch Estates Project Update**

Fuhrman said that Central Minnesota Housing Partnership (CMHP) was awarded the bid for the West Branch Redevelopment Project back in December, 2010. CMHP submitted an application to Minnesota Housing in June for tax credit funding; however, the funding was not received. Fuhrman spoke with CMHP and they are still interested in the project. They are planning to meet with Minnesota Housing and find out how they might score higher on their application in the next round. The next round is due in June, 2012 and will not be announced until fall of 2012.

Fuhrman said there was not a purchase agreement made between the City and CMHP. Fuhrman gave a couple of options for the EDA Board to consider: Wait to see if CMHP is approved in the next tax credit round with MHFA; or change the current action plan for this project to a "land banked" project, this is a Minnesota Housing term, with a ten year term to plan on what to do with it. The ten year start date would be March, 2009. Before the tenth anniversary, the project must be redeveloped and have met an NSP National Objective. Ben Hanson had emailed Fuhrman earlier since he was unable to attend tonight's meeting, and said he would be in favor of holding onto the land and rebid it at a later time.

Walker would like to wait and get more input from CMHP to see what they will do to improve their scores and see if they get the funding. He is not in favor of banking the land.

RIDDLE MOVED, SECOND BY HALLIN, TO STAY WITH CENTRAL MINNESOTA HOUSING PARTNERSHIP'S BID FOR THE WEST BRANCH REDEVELOPMENT PROJECT, WITH THE REQUEST THAT THEY GIVE THE CITY UPDATES AND A PLAN OF ACTION ON HOW THEY ARE GOING TO IMPROVE THEIR APPLICATION SCORES WITH MINNESOTA HOUSING. UPON THE VOTE, THERE WERE 6 AYES, 0 NAYS. MOTION CARRIED.

**MISCELLANEOUS:**

**A. EDA Balance Sheet**

The EDA Board had no comments.

**B. Verbal Report**

**1. Invitation to Region 7E Legislative Forum**

Fuhrman received an email from Jordan Zeller, inviting the City Council and EDA Board members to attend a legislative forum on Economic Development issues with the State Legislators & Congressional Delegation of Region 7E along with the region's other local units of government. This forum is scheduled for 7:00 PM on Monday, January 9<sup>th</sup> at the Cambridge City Hall.

The focus of this legislative forum is to provide local units of government an opportunity to comment on economic development and other issues impacting our communities before the start of the 2012 legislative session, followed by a period of comment from the legislators.

Fuhrman said her and Mary Chapman are planning on attending and welcomed any EDA Board members to ride along with them if they would like.

**2. MnDOT Commuter Survey**

MnDOT sent out a commuter survey and Fuhrman gave to Chapman who will have her Chamber members fill out. Chapman will share the results with Fuhrman.

**3. EDA Appointments**

Fuhrman said there are three people who applied for the EDA Board for 2012. Charles Snustead's position is up and he has reapplied. The other two that applied is Mary Chapman and Chuck Nagel.

**C. City Council and Planning Commission Minutes for November, 2011**

The EDA Board had no comments.

HALLIN MOVED, SECOND BY RIDDLE, TO ADJOURN THE MEETING. UPON THE VOTE, THERE WERE 6 AYES, 0 NAYS. MOTION CARRIED. THE MEETING ADJOURNED AT 7:14 P.M.

ATTEST:

---

Paul Whitcomb, President

---

Mary Lou DeWitt, Comm. Dev. Assistant