

**THE MEETING OF THE EDA BOARD HELD ON DECEMBER 18, 2014, AT 6:00 P.M., AT  
PRINCETON CITY HALL COUNCIL CHAMBERS**

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

Absent was: Mary Chapman

**AGENDA ADDITIONS/DELETIONS:**

Foss said she would like to add to the agenda under Verbal Report: Item 2) Strategic Plan Results and Item 3) Business Contact Response

Reynolds said she would like to add under Old Business: Item B) MN Design Team Bumpouts

The items were added to the agenda.

**APPROVAL OF MINUTES FROM REGULAR MEETING ON NOVEMBER 20, 2014**

HALLIN MOVED, SECOND BY RIDDLE, TO APPROVE THE MINUTES OF NOVEMBER 20, 2014. UPON THE VOTE, THERE WERE 6 AYES, 0 NAYS. MOTION CARRIED.

**UNFINISHED BUSINESS:**

**A. Electric Car Charger**

Foss said she met with Chuck Andrews and he gave her a bunch of information on electric car charges and she shared those with the EDA Board. She had also received an email from Troy Minske and the one he had found was approximately \$1,000 with a cost of \$300-\$500 to wire it in.

Riddle asked if there is some funds in the EDA budget to help with the purchase of it. She understands he would want this one located at his business and it would help him, but it would be a half a block from where we were thinking of installing one.

Foss said Minske would like us to purchase it. Chuck Andrews believes Walmart will put one in some day.

Hallin said we would want it along main street wouldn't we.

Walker said it would fit in with the MN Design Team recommendations to develop the area back there by the river.

Foss said Chuck Andrews said it is minimal cost to put one in. The charger needed would be a 220 amp.

Clark asked if they have a double charger that could be used for two cars.

Foss said you could purchase a charger with a double plug. Andrews had told her that the wall mount does not work as good outside with the cold.

Snustead was looking through some of the material Foss had put on the table and he seen 240 volt would be needed.

Walker thinks the light poles would work to connect a charger to.

Foss said Minske wants a charger by him.

Walker said his would have to be inside.

Riddle said from Minske's business there is still walking distance to the downtown. It is still in the MN Design Team vision.

Walker is in favor of getting it done, but the Chamber should help with the cost. Probably no grant is available. Staff should bring it up at the staff meeting and see if the clock area is sufficient and reach out to the Chamber on sharing the cost. A double unit that can be okay for the outdoors.

Reynolds suggested seeing about sponsorships. Philip Lingle might be willing to contribute to it since he supports energy savings. It might be something to look into.

Walker said if half of the funds are contributed for a charger, he would push to have it done. The Princeton Public Utilities and the Public Works could install it.

## **B. MN Design Team Bump Outs**

Reynolds said she has more information on the bump outs. Bruce Cochran, Mille Lacs County Engineer, submitted a letter of intent for a TAP Grant (Transportation Alternative Project). The County was accepted to give more information for this grant. The deadline for the grant is in January. Cochran emailed the City Administrator on a resolution that will be needed by January 9<sup>th</sup>, so it can be submitted with the grant application.

Cochran did a mockup of what the bump outs would cost. The downtown sidewalks would need to be modified. They need to be ADA (American with Disability Act) compliant. The project would run \$800,000 for three bump outs with sidewalks. The grant is \$750,000 and the City would need to pay approximately \$50,000 to \$100,000 for the bump outs. This is a Federal grant and the funds would be available in 2018 if we were to receive them. The grant would help pay for the sidewalks to be modified. If we do not receive the grant the resurfacing will be

done. The sealcoating for 2015 would be north of the roundabout on Rum River Drive and for 2016 would be south of the roundabout along Rum River Drive.

Riddle said she heard Bob Gerold (Public Works) and Todd Fredrick (Police Chief) have spoken to 15 other cities that have the bump outs and 14 of them are not happy with them.

Walker said Fredrick was commenting on some type of lights for pedestrian awareness, but he does not know all the information on them.

Snustead commented that he would like to see 21<sup>st</sup> Avenue South opened.

Reynolds said the County is moving forward to getting the funds. Cochran sent a template of the resolution that will need to be approved by the City Council. She would like the EDA Board to recommend to the City Council to approve the resolution for Mille Lacs County to apply for the TAP Grant.

HALLIN MOVED, SECOND BY RIDDLE, TO RECOMMEND TO THE CITY COUNCIL TO APPROVE THE RESOLUTION FOR MILLE LACS COUNTY TO APPLY FOR THE TAP GRANT. UPON THE VOTE, THERE WERE 6 AYES, 0 NAYS. MOTION CARRIED.

**NEW BUSINESS:**

**A. Blue Egg Market – Revolving Loan Application**

Foss informed the EDA Board that Bruce and Robin DeWitt, Blue Egg Market have applied for a Revolving Loan. The DeWitt's would like to open a bakery next to the vacant area at the Princeton Meats building. They are applying for a loan in the amount of \$24,900 at a 2% amortized for ten years with a balloon at five years. The reason for the loan is to do a build out to the site and to purchase a van to transport the bakery goods to Princeton from their bakery in Elk River.

The DeWitt's had written a summary of their business plan for the EDA Board to review. A brief synopsis of their operation is as follows:

*Blue Egg market LLC d.b.a. Blue Egg Bakery in Elk River, MN plans an expansion to Princeton, MN. Blue Egg Bakery was established in 2012 by Robin DeWitt of Monticello, MN. Blue Egg was formed through the first acquisition of the Elsenpeter Bread Booth at the Buffalo Farms Market followed by the acquisition of Don's Bakery in Elk River. Since the inception, Blue Egg has experienced tremendous growth and community support in all the communities it serves. In 2013 Blue Egg expanded its Elk River operations to better service growing demand for custom cakes and decorated items. The current planned expansion is in response to the growing*

*demand by Princeton and Zimmerman customers for quality, fresh made baked goods. Blue Egg will establish a store front at 518 1<sup>st</sup> Street in Princeton. The desired opening is December 1, 2014. As Blue Egg has discovered in Elk River, a bakery is not just another retail establishment but part of the soul and memories of a community. We look forward to being part of Princeton!*  
\*\*\*\*\*End of Synopsis\*\*\*\*\*

Steve Jackson, City of Princeton Finance Director wrote the following memo:  
The applicant has been very cooperative in supplying all of the information that we have requested. The application was complete. The historical financial statements still show the business is going through the difficulties of most start-up companies. The fact that they are weathering those difficulties and looking to expand is a positive indication of their confidence in the business and its future.

Their pro forma information on future projections seem to be well constructed and based on reasonable but perhaps slightly optimistic assumptions. However, even if there is some optimism in the projections, it appears that the business can be profitable in a couple of years' time. Even though debt levels are higher than I would like to see, it appears that debt service is manageable.

In the end, if the owners are willing to secure the loan with the van, if that is what they are using the funds for, and give a personal guarantee it would be appropriate to offer the loan. I think the combination of reasonable expectations based on the projections and the loan security reduce the risk of the loan. It will be the Board's decision whether the benefits of the additional activity downtown is worth the level of risk.  
\*\*\*\*\*End of Staff Memo\*\*\*\*\*

Bruce DeWitt was present to answer questions the EDA Board may have. DeWitt said his wife does the work in the bakery. They have looked at a few locations and a bakery needs to have a hometown atmosphere and feel. They wanted to find where a bakery once had been and create memories of the past. There is a need for quality baked goods. He understands there is competition with Walmart and Coborn's here. He believes they can provide good service, cost, and a good feel of the place. They have good foot traffic at their place in Elk River. They purchased a bakery over a 100 years old so they had to put investments in it. Right now they can only deliver goods to the Princeton area. They would start a retail operation with cookies, donuts, pastries, and breads. They are not going to expand past Princeton for 12-18 months until they know that this one is working and then maybe go further north. They are looking at a build out that needs new floors, ceilings, and plumbing. The State has approved the location if we make the updates and the other item they would be purchasing is a van. They did a very conservative pro formula on this.

Hallin said any activity downtown is helpful.

Clark said there will be no baking there.

Bruce DeWitt said no.

Riddle asked how they get their product to Buffalo.

Bruce DeWitt said with a truck and trailer.

Riddle asked if \$11,000 would cover the full vehicle cost.

Bruce DeWitt said yes.

Reynolds asked if they have contacted any other resources for funds.

Bruce DeWitt said no. They have hired three people and two are from Princeton. The starting pay is \$10.50 an hour and the head baker is on salary for \$35,000.

Reynolds asked what we have remaining in the Revolving Loan Fund.

Foss said she thinks \$55,000. She understands there have been a couple loans that did not go well and she supports the EDA's decision.

Snustead said they should go through their financial background. He gave an overview to the EDA Board what he was given for the applicant's financial background. He said for their current assets against liability show they are below 1.93 and banks look at something that is 1.41 as an extreme risk so they probably would not qualify with a bank. A small business is a risk and we are about taking a risk. We have to evaluate the risk and make a decision. There is a 75% chance a small business will fail in the first five years. They are willing to secure the loan with the van and give a personal guarantee. Snustead is okay with the loan. A business typically has a three year cycle of losses.

Walker asked if personal income is involved.

Bruce DeWitt said no income is taken personally from their business. They recap the funds into it where a few years it will be profitable. They are cash positive. The small amount remaining at the end of the year is recapped into the business. They support it financially. For capitalization they borrow. For operation it is a 100% positive.

Snustead said he believes that is doubtful.

Bruce DeWitt said the losses are intentional.

Reynolds said there are other avenues to get loans and if we do not support him she will help

him.

Bruce DeWitt said small businesses cannot get a vehicle loan through the bank and that is why he is here. The Elk River EDA provided funds for the cake store. The last fund was backed up with cash through the banks and the buildings are the collateral. They have a personal loan for a 2005 Chevy box truck.

Walker asked on the current maturities for 2015 how many will be paid.

Bruce DeWitt said those are the principal amounts due. They have a balloon.

Snustead explained that the EDA has made a couple bad investments with the Revolving Loan Fund and that is why they are being cautious.

Riddle asked if they own the properties 707 and 713 in Elk River.

Bruce DeWitt said yes. He understands the dilemma the EDA Board is going through. They are a very stable business. They over developed their buildings so it looks good for the community. The Diamond City Breads is around the corner from them and they are doing well with the competition.

Foss said she has a concern to bring up.

Bruce DeWitt interrupted and said they will be leasing this area from the Bank of Elk River. If Princeton Meats were to close, the Bank of Elk River who owns the building, has guaranteed that their store side would stay open. The DeWitt's have been in contact with the MN Health Department and they understand what they are proposing for a bakery there and have given them a few upgrades that will need to be done. They will be investing about \$20,000 to upgrade their building side and some of that will come out of their personal finances.

Walker said he is inclined to say yes to approve the loan. He would like to see the documentation from the MN Health Department and hear from the Elk River EDA on the loan the DeWitt's had gotten from them.

Reynolds asked him when they would like to open the bakery here.

Bruce DeWitt said they missed the prime season and so they will have to open later.

Snustead asked if the EDA could have their financial data from March of each year.

Bruce DeWitt said yes. Mistakes need to be corrected in the taxes. His wife is a wonderful baker, but some of the paperwork is a little off. He will forward the MN Health Department information to Foss.

Riddle would like to see what the Elk River EDA has to say first.

Reynolds asked if we should table it till next month.

Foss commented that another month would put their start date further behind.

Riddle is okay with approving the loan with the contingency on staff speaking to the Elk River EDA staff and documentation from the MN Health Department.

Hallin asked what funds the employees are paid from.

Bruce DeWitt said the revenue that comes in pays employees, suppliers, and operation cost. They do share 20% of the profit to the employees.

Riddle questioned that his wife is not taking a salary and they are not taking money from the business, but hope to have income in a couple years.

Bruce DeWitt said they have a goal to have this where income comes out of it in the next couple years. Their plan is to have one retail person here possibly two. They would like to have the full line of products that are in Elk River. If their business here did well and needed to expand, they would keep it in the downtown area.

REYNOLDS MOVED, SECOND BY HALLIN, TO APPROVE THE REVOLVING LOAN FOR ROBIN DEWITT, BLUE EGG MARKET, LLC, IN THE AMOUNT OF \$24,900 WITH 2% INTEREST AMORTIZED FOR TEN YEARS WITH A BALLOON PAYMENT AT FIVE YEARS, CONTINGENT THAT THE LOAN IS SECURED WITH THE VEHICLE THEY ARE PURCHASING WITH THE LOAN AND THEY ARE GIVING A PERSONAL GUARANTEE. STAFF WILL SPEAK WITH THE CITY OF ELK RIVER ON THE REVOLVING LOAN THEY GAVE TO THE DEWITT'S AND MAKE SURE ALL IS GOOD WITH THAT. STAFF WILL ALSO RECEIVE THE DOCUMENTATION FROM MN DEPARTMENT OF HEALTH APPROVING THE SITE IN PRINCETON. UPON THE VOTE, THERE WERE 5 AYES, 1 OBSTAINED. (AYES WERE: RIDDLE, HALLIN, WALKER, CLARK, AND REYNOLDS. SNUSTEAD OBSTAINED.) MOTION CARRIED.

**MISCELLANEOUS:**

**A. EDA Balance Sheet**

The EDA Board had no comments.

**B. Verbal Report**

**1) GPS 43:93 Executive Committee**

Foss said she gave a brief update on the November 21, 2014 meeting. She said it was an

interesting meeting. She spoke that there were Deed programs that help connect employers and employees. Foss will be filling in one of the three Economic Development positions on the GPS 45:93 Committee.

## **2) Strategic Plan Results**

Foss said at her first EDA Board meeting, four EDA Board members had filled out a survey ranking the 2012 Economic Development Strategic Plan.

- 3 out of 4 ranked “Lack of Development Plan” as the biggest obstacle to Economic Development.
- 2 out of 4 ranked “Inadequate Infrastructure” and “Lack of Agency Staff” second biggest obstacles.
- 1 of 4 ranked “Lack of Labor Force” or “Inadequate Labor Force” and “Lack of Transportation” as third biggest obstacles.

Additional comments included:

- Lack of Development Space – Industrial Park. Commercial Property is readily available in Aero Business Park and Rivertown Crossing.
- Municipal Boundary/Us vs. Them attitude.

Foss said we could revisit the Strategic Plan if the EDA Board would like.

## **3) Business Contact Response**

Foss said she had reached out to different franchise and businesses to see if they would be interested in bringing their business to Princeton. She will keep contacting businesses to see if there is an interest.

Riddle said an outfitter store would be good here.

Reynolds suggested an antique store.

## **C. City Council and Planning Commission Minutes for November, 2014**

The EDA Board had no comments.

## **D. Newspaper Article on Signage**

Foss said Carol Ossell provided this article on signage and she wanted it shared with the EDA Board to show the importance of signage.

Walker said staff should talk to the Princeton Public Utilities and ask why the water tower is not lit up anymore.

SNUSTEAD MOVED, SECOND BY RIDDLE, TO ADJOURN THE MEETING. UPON THE VOTE, THERE WERE 6 AYES, 0 NAYS. MOTION CARRIED. THE MEETING ADJOURNED AT 7:22 P.M.

ATTEST:

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Thom Walker, Chairperson

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Mary Lou DeWitt, Comm. Dev. Assistant