

**MINUTES OF A STUDY SESSION MEETING OF THE PRINCETON CITY COUNCIL HELD
ON DECEMBER 1, 2011, 4:30 P.M. IN THE CITY HALL COUNCIL CHAMBERS**

Mayor Jeremy Riddle called the meeting to order. Council members present were Victoria Hallin, Dick Dobson, Thom Walker and Paul Whitcomb. Staff present was Administrator Mark Karnowski, Community Developer Carie Fuhrman, Police Chief Brian Payne, Public Works Director Bob Gerold and City Clerk Katie Hunter.

INITIATIVE FOUNDATION – RANDALL OLSON

Randy Olson from the Initiative Foundation introduced himself. Hallin said that she has passed on the IQ magazines put out by the Initiative Foundation.

Olson heads up the lending area providing business loans and investments in their portfolio.

HISTORY

The Foundation was organized in 1985 through the McKnight Foundation. It was a time during a recession. The foundations were organized to provide Community Development in communities. Training, business lending, are a few of the items that the foundation provides. The Initiative Foundation works with lending companies.

WORK DONE IN THE COUNTY

Olson thanked the Council for Princeton's ongoing support dating back to 1991. With the recession still in force, there have been 10,000 manufacturing and construction jobs. In this region, there has been the highest foreclosure rate in the state in Wright, Sherburne, Isanti and Mille Lacs Counties. The unemployment rate in Mille Lacs County is at 8.9 percent.

Grants are provided to non-profit organizations, private partnerships with businesses and government.

A list of grants to the Princeton area ranging from 1991 to present was handed out totaling over \$250,000.

Some of the current loan recipients are Bio Matrix, Patten Properties, Whitcomb Nursery, Gordon Training Center and Glenn MetalCraft has recently been paid off. Ginger Glenn was on the Business Finance Committee representing the company for the past ten years.

Olson went on to add that for every dollar donated in Princeton and Mille Lacs County, nearly \$6.00 in grants and business loans are returned on investments (ROI). There had been a lapse in the giving to the Foundation recently. Olson requested a \$3,500.00 from the City of Princeton. The historical contribution has been less than that. Overall the Initiative Foundation is thankful regardless of the giving amount.

Jackson said the past couple of years the Council had not given at all to the Initiative Foundation.

Karnowski said the state financial estimate was given this morning and they are \$860 million ahead. Karnowski is cautiously optimistic that this is good news for the city in that the Local Government Aid may not be cut again.

Dobson asked if there was a non-profit organization that was in need of a grant writer, would the foundation help with the writing. Olson said that in the past, they have helped write programs, so there is some precedence for that. The foundation also has a list of consultants that they can refer and those people will look at their rates closely when they know it is a non-profit.

Hallin asked if the grant amounts are full payback or a percentage, like a 50/50 match. Olson said a project will be looked upon more favorably if another organization is helping to fund the project. There is no written rule, but usually not more than fifty percent is funded in a project.

Riddle asked what city fund the previous donations had come out of. Jackson said the Enterprise Fund had funded the donation to the foundation in the past. Hallin said we are setting the budget and asked Jackson if there are monies to give. Jackson said other than what is already committed for dues; none of the monies have been set aside for participation in any programs at this time. Karnowski said that the State Auditor is not a fan of local units of government using contribution type monies. Unless, it was contracted, of course. The Enterprise Fund would "pass their test".

Hallin said she has worked with the foundation when they were doing Early Childhood and Family Education (ECFE) and she is excited and happy that the foundation services this community. There have even been heartfelt situations with those who have received funds from the foundation.

Riddle added that good things about the foundation come up in the East Central Regional Development Commission (ECRDC) Meetings a lot as well.

Jackson said that years ago a sizeable donation came out of a development fund. That would be an option, although, the EDA has gotten to be more active to do financing of their own. The Council would have the authority for a fund set up for development purposes. Otherwise, the Liquor Store Fund would work.

RIDDLE MOTIONED TO A DONATION OF \$3500.00 OUT OF THE LIQUOR STORE DONATION FUND TO THE INITIATIVE FOUNDATION FOR THE 2012 YEAR. HALLIN SECONDED THE YEAR. THE MOTION CARRIED UNANIMOUSLY (5 AYES, 0 NAYS).

Olson said if there are any projects that the foundation can help the city with in 2012 to let him know. He added that because the recovery is going to be slow from the recession, the foundation is in the process of setting up a special lending and business program to help businesses export their products. The foundation will be partnering with service providers.

Olson went on to say that indirectly related; there seems to be a huge wave of business owners retiring. If there isn't a family member interested in taking over the business, chances are that business will not be able to stay open. A succession plan is needed for these small businesses if they want to stay in business and the Initiative Foundation is able to help with that issue with their new special lending program.

Riddle said that in Isle, Minnesota, there was a large business that burned down and they didn't have any succession planning in place and the children decided not to re-open. A lot of jobs were lost.

Karnowski said that in addition to small businesses, a lot of governmental organizations are losing employees that have been there for thirty-some years to retirement. In the City of Princeton, for example, when Steve Jackson retires, there will be a lot that goes out the door with him! Karnowski went on to say that Jackson is a good example with people being in local government a long time and implementing any succession planning is hard to do with budgets. Mistakes are bound to be repeated. It's not only private business but governmental agencies as well.

Dobson added the Princeton Area Chamber of Commerce is trying to figure out a good way that when new business comes in to give it the assistance to survive in this community instead of in another community. Fuhrman added that the Chamber is looking at doing a mentoring program as well. Recently our EDA Board met with the Chamber to form a community to help businesses downtown.

Karnowski suggested a forum for small businesses through the foundation. The League of Minnesota Cities started a series of ListServes for City Clerk and Administrators, Mayors, Finance, etc. It helps to have someone else throw out ideas in "how do you do this." Karnowski said you will always get really sage advice from others who have perhaps, done the same thing and did it the incorrect way and will then advise how to do it the correct way. Olson said that is a great idea. It is a great way to build camaraderie. Walker said that even the Chamber could do a "chat" like that locally.

The Council thanked the foundation for what they have done in the community. Olson thanked the City Council for their donation in 2012.

ADJOURNMENT

THERE BEING NO FURTHER BUSINESS:

RIDDLE MOVED TO ADJOURN THE MEETING AT 5:20PM. DOBSON SECONDED THE MOTION. THE MOTION CARRIED UNANIMOUSLY (5 AYES, 0 NAYS).

Respectfully Submitted,

Katie Hunter
City Clerk

ATTEST:

Jeremy Riddle, Mayor