

**THE REGULAR MEETING OF THE EDA BOARD HELD ON JANUARY 16, 2014, AT 6:00 P.M.,
AT CITY HALL COUNCIL CHAMBERS**

The meeting was called to order by Thom Walker. Members present were Grady Clark, Cindy Riddle, Genny Reynolds, and Victoria Hallin, Staff present were Steve Jackson (Finance Director), Carie Fuhrman (Comm. Dev. Director), and Mary Lou DeWitt (Comm. Dev. Assistant).

Absent were Mary Chapman and Charles Snustead.

OATH OF OFFICE:

Thom Walker took the Oath of Office.

REYNOLDS MOVED, SECOND BY RIDDLE, TO TAKE THE PLEDGE OF ALLEGIANCE AT THE BEGINNING OF EACH EDA BOARD MEETING. UPON THE VOTE, THERE WERE 5 AYES, 0 NAYS. MOTION CARRIED.

ELECTION OF OFFICERS:

REYNOLDS MOVED, SECOND BY HALLIN, TO NOMINATE THOM WALKER FOR THE EDA BOARD PRESIDENT. THERE BEING NO OBJECTIONS, THE EDA BOARD VOTED ON THOM WALKER FOR THE EDA BOARD PRESIDENT. UPON THE VOTE, THERE WERE 5 AYES, 0 NAYS. MOTION CARRIED.

WALKER MOVED, SECOND BY HALLIN, TO NOMINATE MARY CHAPMAN FOR EDA BOARD VICE PRESIDENT. THERE BEING NO OBJECTIONS, THE EDA BOARD VOTED ON MARY CHAPMAN FOR EDA BOARD VICE PRESIDENT. UPON THE VOTE, THERE WERE 5 AYES, 0 NAYS. MOTION CARRIED.

REYNOLDS MOVED, SECOND BY RIDDLE, TO NOMINATE VICTORIA HALLIN FOR EDA BOARD SECRETARY. THERE BEING NO OBJECTIONS, THE EDA BOARD VOTED ON VICTORIA HALLIN FOR EDA BOARD SECRETARY. UPON THE VOTE, THERE WERE 5 AYES, 0 NAYS. MOTION CARRIED.

RIDDLE MOVED, SECOND BY HALLIN, TO NOMINATE CHARLES SNUSTEAD FOR EDA BOARD TREASURER. THERE BEING NO OBJECTIONS, THE EDA BOARD VOTED ON CHARLES SNUSTEAD FOR EDA BOARD TREASURER. UPON THE VOTE, THERE WERE 5 AYES, 0 NAYS. MOTION CARRIED.

AGENDA ADDITIONS/DELETIONS:

Walker suggested moving the item under New Business, Central MN Art Coop Forgivable Loan Application up after the Approval of Minutes since Wendy Bursch is present to speak on this. The EDA Board was fine with that.

APPROVAL OF MINUTES FROM THE REGULAR MEETING ON DECEMBER 19, 2013.

HALLIN MOVED, SECOND BY REYNOLDS, TO APPROVE THE MINUTES OF DECEMBER 19TH, 2013. UPON THE VOTE, THERE WERE 5 AYES, 0 NAYS. MOTION CARRIED.

UNFINISHED/OLD BUSINESS:

A. Rum River Health Services

Fuhrman said the City Attorney has had contact with Rum River Health Services Attorney. The computer equipment is there and the building is secured and locked. Fuhrman has no other updates.

B. NSP Update

1) Former Arcadian Homes Site

As this has been discussed, it is likely the water main work is preventing the redevelopment of the former Arcadian Home site. The PUC Board is interested in the project and cost sharing. The City Engineer is researching the potential cost savings with directional boring.

2) 903 9th Avenue North (Tax Forfeited; former gas station)

At the last meeting, the EDA approved the purchase of the tax-forfeited former gas station from the County/State. The County Administrator is working on drawing up the Purchase Agreement for \$1 and the final resolution.

The EDA also directed staff to get quotes for a firm to put together a Construction Contingency Plan, as well as monitor the soils during demolition. Fuhrman has received one cost estimate and is waiting for four others.

Roxy Traxler Mille Lacs County Administrator, is working on the purchase agreement for \$1 and will take that to the County Board.

3) 908 9th Avenue North (former Bergstrom home)

There was a consensus at the last EDA meeting to wait until spring to get quotes to demolish both the Bergstrom home and former gas station at the same time.

C. Market Area Profile Update

Fuhrman informed the EDA Board that the next step in the Market Area Profile process is to refine the list of businesses located in our trade area. The map of the Princeton trade area and businesses was emailed to the EDA for review. Fuhrman is requesting assistance in filtering the list so it is as accurate as can be (removing businesses that are no longer in business and adding those that are in business, but not on the list). Fuhrman would like the EDA Board to pass any corrections to her by January 17, 2014.

She will talk to Richard Baker, Mille Lacs County Dev. Coordinator tomorrow to refine the list.

Walker commented that residents will ask him about restaurant chains coming to the community. He questioned the EDA Board what the best way to get the chains interested in

this community is. The EDA Board agreed that anyone can look on the franchise website and let them know that the community would support their chain. It could stir possible interest with the franchise and our community.

NEW BUSINESS:

A. Central MN Art Coop Forgivable Loan Application

This item was discussed after the minutes were approved.

Central Minnesota Art Coop (CMAC) was the recommended winner of the first round of the “It Starts Here” downtown revitalization program. The CMAC is located at 108 6th Avenue South. The CMAC building offers studio space for artists and a retail art gallery space. CMAC offers workshops and classes from painting to pottery to marketing. The building will contain various areas for artists, including a photo studio, screen printing studio, clay studio, music lessons, composition, and stage area. A layout of the building floor area was provided.

Wendy Bursch, the Executive Director for the Central Minnesota Art Co-Op, has been working closely with Tom Willett, area consultant from the Small Business Development Center, in refining the Businesses Plan and financials. She has also met twice with Steve Jackson and Fuhrman in refining the forgivable loan application. Bursch has also participated in the Small Business Development Center’s Profit Mastery Course.

The CMAC is a Chamber member, active in the Downtown Committee, and has set up at local festivals. The CMAC currently displays items in the former Ben Franklin building in an effort to spruce up the downtown vacant spaces, as well as exhibits art pieces in Fairview Northland Medical Center.

Art Services, LLC is the entity purchasing the building, and the CMAC and the Print Shop will lease space from Art Services, LLC in the building. The CMAC will be a non-profit organization starting this year; in the past year, it was under the umbrella of the Print Shop. A small portion of the building is also being rented out to another tenant for office space.

Loan Details: CMAC is now ready to apply for the \$10,000 forgivable loan, which was a part of the prize package. The forgivable loan would be used in the following manner:

- \$4,800 for Property Acquisition
 - \$3,000 towards down payment of building (\$14,000 of private capital will be invested, which meets the required 25% match from applicant).
- \$2,000 for Equipment Purchases
 - Shrink wrap system, laminator, chairs, and tables
- \$1,000 for Working Capital
 - Building and Liability Insurance
- \$2,200 for Building Renovations

Total: \$10,000

All of the above expenses are eligible expenditures. CMAC is aware that documentation must be provided for the loan expenses.

Loan Requirements: The forgivable loan requirements were established by the EDA and approved by the City Council last year. A copy of the document was provided. Some of the more pertinent requirements are references below:

Qualifications/Rules:

- The location is within the contest boundaries.
- The applicant went through the three-phase competitive “It Starts Here Challenge” process and was approved and referred by the Business Acceleration Committee.
- The applicant has already invested an amount over the 25% required match.
- The applicant has submitted the Revolving Loan Fund application.

Compliance:

- Employment of at least one person.
- Compliance with all City Codes and permits.
- Completion of the Small Business Development Center’s Profit Mastery Course.
- Participation in the Princeton Area Chamber of Commerce Business Success Group for two years, unless waived by the Economic Development Authority.
- Real property taxes, special assessment installment payments, utility payments owed to the PUC for sewer, water, and electricity, which are the responsibility of the applicant, must be paid and kept current.

Note: Repayment of the loan will be delayed and interest forgiven for one year after distribution. A fixed interest rate equal to 2.5 to 3.5% will be applied. As directed by the City Attorney, staff will review the compliance requirements at the end of each year (starting at the end of year 2), and if all compliance criteria are met, the principal will be forgiven (\$2,000) and only the interest will be owed.

Recommendation: Steve Jackson, City Finance Director has reviewed the financial information and business plan. Jackson was present to address any questions the EDA Board may have. If the EDA sees fit, a recommendation to the City Council shall be made, along with the recommended fixed interest rate. The City Attorney shall write up the loan documents.

Fuhrman said Steve Jackson and Charles Snustead have reviewed the documents and are comfortable with what has been presented and are comfortable with the loan going through.

Wendy Bursch addressed the EDA Board and said she does want to fix up the exterior of the building. It has a parking lot and is a good location for this business. The south side of the wall will be restored back to the old “Mill Feed and Seed” look where you can sit outside and enjoy watching the traffic go by. The north side of the building will be painted to look like an old outdoor movie theatre with a white screen on the wall and that screen will also be able to

project movies that will be played for people to watch. They have applied for grants and the next stage of funding.

REYNOLDS MOVED, SECOND BY HALLIN, TO APPROVE CENTRAL MINNESOTA ART CO-OP FORGIVABLE LOAN APPLICATION WITH A 2.5% FIXED INTEREST RATE AND FORWARD THIS RECOMMENDATION TO THE CITY COUNCIL. UPON THE VOTE, THERE WERE 5 AYES, 0 NAYS. MOTION CARRIED.

Fuhrman told Bursch that this will go to the City Council for final approval.

Walker asked who will own the building.

Bursch said the Art Services, LLC is the entity purchasing the building, and the Central MN Art Co-Op and the Print Shop will lease space from the Art Services, LLC.

Walker asked Bursch if there are any suggestions she has on what should be done differently with this program.

Bursch said she will have to think about that. She was not prepared for that question. She said with the change in the Chamber Director the information to the winner of what others were going to provide to the winner was not relayed to her. She understands that was an unforeseen incident.

Walker said to speed up the process a little will be helpful.

Jackson said you are dealing with businesses from a wide spectrum where some are new and some have been in it for a while. If the time line is narrowed down too much then it could make it harder for a business to get the information ready.

Fuhrman agreed. Some businesses are new and have not started their business plan. They might need to overhaul the process from the beginning to end. Fuhrman welcomes any idea to make the process easier.

Riddle said start the process of the advertising sooner to let them know it will be starting again so they have time to get their proposal ready.

Reynolds said to do stages so those that are new in this have time to get the information together.

Riddle agreed.

Walker said if they do not have a business plan because they just started their business, this might give them the opportunity to get going on one.

Bursch said she is happy to be talking about the use of the \$10,000 now because a year has gone by since she applied for the loan, and she is more defined of what that \$10,000 has to go to now.

Fuhrman said the League of MN Cities wants to do an article on this. She is hoping that she can reconnect with Kare11 and have them interview the winner of the program.

Bursch said in June will be the shrink bubble wrap sculptures. They wrap people in shrink wrap, have them pose, and after a process has been done, the shrink wrap is cut it off and they become unique sculptures. They will put them downtown in store fronts. She is also helping the Princeton School form a different type of band since the marching band is no longer a school program. Rum River Festival is having a ceremony at Riverside Park and will then bring the festivities to the downtown area.

Riddle asked if she works with any colleges.

Bursch said a Duluth college would like this location to use as a satellite area.

MISCELLANEOUS:

A. EDA Balance Sheet

Steve Jackson said there has not been a lot of change lately on the EDA Balance Sheet.

Walker asked if the \$760,000 deficit is because of Aero Business Park.

Jackson said mostly that. There could be some other expenses, but 80-90% is from Aero Business Park.

Walker asked if we sell the lots there and have a negative balance what happens.

Jackson said a loan from the City to the EDA is a possibility. The City would have to determine how to pay for it. It would probably come out of capital improvements.

Riddle asked if there has been any discussion for the EDA being reimbursed for the Public Safety building.

Jackson said if the rest of the lots were sold the City would need to take the position that the EDA funded it and the Public Safety building was in that expense and the City would have to address that issue. It would have to be addressed if the other lots were sold in Aero Business Park.

Riddle asked what the price of the lots are in Aero Business Park.

Fuhrman said over \$2 per square foot and there are still assessments left to be paid.

Walker asked if they develop the Strong property could some of the trunk charges be moved to this.

Jackson said they were never assigned trunk fees so that could be a possibility.

B. Verbal Report

-Electronic Vehicle Charging Station

Fuhrman said she does not have much to report, but she did reach out to General Electric and has not heard back from them. She will follow up again. Chuck Andrews continues to respond to Fuhrman with updates in the industry.

-City Newsletter

Fuhrman said she has nothing new to report. The EDA Board wanted her to find out how many clicks we receive on the City website. Jackson has more knowledge on the City website and she will let him answer that.

Jackson said he believes there are sites that accumulated per page on how many times it has been opened and he will find that out.

Riddle said it should show a time frame and from where the hits are from.

Jackson will see where it is originating from and give the information to Fuhrman.

Fuhrman said she was at a social media event and someone from Zimmerman was there and said Zimmerman has a social media page. She spoke to Wendy Bursch about it and Bursch said she would start a page on it for Princeton. Any organization is eligible to use it, they just go on the Zimmerman Bulletin Board and it is free.

-Princeton Higher Education Presence (Pine Tech Visit Recap)

Fuhrman said Genny Reynolds, Richard Baker, and herself went to visit Pine Tech and it was very informative. The Princeton High School is established with a tech class that is a mobile manufacturing lab. They have robotics in the labs for training. She is wondering if a manufacturer in town that would need training classes would be able to use this lab.

Reynolds said she will be meeting with Anoka-Hennepin School District and they will be talking about funding with the schools and tech schools. When she has more information, she will bring that back to the EDA Board. She commented on their nursing program and how impressed she was with it. They also do a virtual training and she gave an example of a paint booth, but no paint comes out of it yet it simulates that you are painting. The person training is learning how to use the paint machine without wasting paint. They are very interested in working with us in any capacity and so is Anoka Tech.

Walker commented that it will basically come down to the School District and the tech schools to work out an agreement on classes.

Reynolds said Mille Lacs Counties position with the Comprehensive Plan is to have higher education in the county.

-The Role of the Elected Official Handout

Fuhrman said she thought this was an interesting article and wanted to share it with the EDA Board.

-Economic Advantage Newsletter Handout

Fuhrman thought this handout had good information and wanted to bring it to the EDA Board.

Hallin is very supportive of this organization and would like to talk to the Chamber and see if they would support this organization along with the City for membership.

Fuhrman said the service station at 211 North Rum River Drive now has two parties interested in purchasing it. The revenue service may not want the City involved in purchasing it and reselling it. The City might have to clean up the fuel tanks in the ground and then sell it. Fuhrman will let the EDA Board know once she had more information.

Clark asked about the article in the newspaper regarding a possible airport manufacturing plant.

Fuhrman said there is a party looking at opening a manufactory plant in the United States. We have not heard anything back on the proposal. The company is looking more in Lake County and St. Louis County. They manufacture light weight airplanes. They did bring up that they would like to have the crosswind runway in place if they were here.

Reynolds said they were looking at someone who would throw funding at them, and give a building.

Fuhrman said they offered Federal FAA funding, and also reached out to the Governor's office for any type of help.

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

The EDA Board had no comments.

HALLIN MOVED, SECOND BY CLARK, TO ADJOURN THE MEETING. UPON THE VOTE, THERE WERE 5 AYES, 0 NAYS. MOTION CARRIED. THE MEETING ADJOURNED AT 7:11 P.M.

ATTEST:

Thom Walker, President

Mary Lou DeWitt, Comm. Dev. Assistant