



TO: Honorable Mayor and Council

FROM: Stephanie Hillesheim, Community Development Specialist

SUBJECT: Crystal Cabinets MIF Loan Extension Resolution 20-71 and Call for Public Hearing

DATE: November 20, 2020

MEMORANDUM

Background:

Crystal Cabinets Works requested the assistance of the City of Princeton in the application for a MN Investment Fund (MIF) loan in 2017.

The loan is being used towards their large expansion of their current operations. The expansion includes construction of their new building, new machines and is facilitating the creation of 20-40 new jobs that meet wage requirements.

These loans are a way for businesses to expand with a low interest loan that is secured through the local unit of government. When the borrowing entity pays back the loan funds, \$100,000 gets paid directly back to the City to be used in a Revolving Loan Fund (RLF) account, while the remainder gets returned to DEED. Crystal is not asking for additional tax incentives, but the State of MN prefers to see a local government commitment. Staff is suggesting that we forgive \$1000 per full time job created with a maximum of 40. That would mean that if all 40 jobs were created, \$60,000 would be the amount returned to the City of the RLF.

The MIF loan was awarded for the amount of \$450,000 along with the approval of a reduction of \$1,000 per job created.

Analysis:

Crystal Cabinets Works has moved forward on their plans to expand their business and has made direct investments as required in the initial loan agreement. The original agreement required the funds to be drawn by the end of 2020. After multiple discussions with Crystal Cabinets Works in the previous year, their plan was to draw funds in 2020, with all parameters being met prior to COVID-19. Crystal Cabinets Works is now concerned with their ability to meet the employment goals set in the loan in 2020 as they are having a difficult time hiring the workforce necessary due to lack of qualified applicants.

Crystal Cabinets Works is requesting a 1 year extension to draw loan funds.

They have received approval from the MN Department of Employment and Economic Development for the extension and now are requesting the approval from the city.

Recommendation:

City staff, along with the Princeton EDA have made a recommendation to the City Council to move forward with the request for extension as outlined in resolution 20-71 and call for a public hearing on December 10, 2020.