



HOUSING & REDEVELOPMENT AUTHORITY AGENDA

PUBLIC MEETING ROOM

MONDAY, AUGUST 8, 2022

6:00 PM

1. Call to Order
2. Approval of the Minutes
3. Program Reports
 - A. Mobile Home Buy-Out Program
 - B. Mobile Home Heat Tape Program
 - C. RAD/Repositioning Process
 - D. 230 Central Avenue Apartments
4. Property Reports
 - A. Robinwood Manor - Monthly Operating and Budget Statement
 - B. Public Housing - Monthly Operating and Budget Statement
 - C. Scattered Sites - Monthly Operating and Budget Statement
5. Public Hearings
6. Items for Discussion
 - A. Downtown Property Acquisition Update - Faribo Downtown Central (formerly Downtown Investment Group/DIG Holdings LLC)
 - B. Resolution 2022-05 - Approve FY2023 Preliminary Levy Request
 - C. Resolution 2022-06 Authorizing the Execution of an Operating Agreement for Faribault HRA LLC
 - D. Vacancy Analysis Update
 - E. 2023 Budget Discussion
7. Adjournment

Faribault Housing and Redevelopment Authority
Meeting Minutes
July 11, 2022

1. Call to Order / Approval of the Agenda

Vice Chair Kennedy called the meeting to order at 6:00p.m.

Members Present: Travis Kath, Jonathan Wood, Travis McColley and Vice Chair Kennedy

Members Absent: Loni Ahlers, Narren Brown and Chair Speckhals.

2. Minutes

A. Minutes of June 13, 2022.

A motion was made by Wood to approve the minutes of June 13, 2022 seconded by Kath as presented. Motion carried on a 4/0 vote.

6. Items for Discussion

A. Habitat for Humanity – Financial Support for 2022 Build Season

The HRA has supported Habitat for Humanity by providing funding for building permit fees for builds within the City. Habitat for Humanity has reached out again, seeking financial support for the 2022 build season. In 2022, Rice County Habitat for Humanity is building five (5) homes. They are requesting \$5,000 per home, for a total of \$25,000 to offset the city building permit costs. Dayne Norvold was present on behalf of Habitat for Humanity. Ms. Norvold indicated that the cost for building has greatly increased and answered questions regarding how Habitat for Humanity finances the homes, incentives for homeowners to stay in the homes, and the approximate value and amenities of the homes being built.

A motion was made by McColley, seconded by Kath to approve Habitat for Humanity's 2022 Financial Support Request for the Rice County Habitat for Humanity builds within the City of Faribault. Motion carried on a 4/0 vote.

Ms. Norvold has an additional ask requesting that the HRA provide a "letter of support" for the joint application being submitted to Minnesota Housing Finance Agency for the proposed construction of six (6) homes on Rice County land near the new Rice County Safety Center.

McColley brought a motion, seconded by Kath to ask staff to prepare a letter of support identifying the history of financial support that the HRA has provided to Habitat for Humanity, and the HRA's desire to consider the same level of support for the six (6) homes planned for next year. Motion carried on a 4/0 vote.

3. Program Reports

A. Mobile Home Buy-Out Program

The HRA provides funding to assist mobile home owners with disposal of substandard mobile homes, to allow for updated/upgraded replacements. An application was received in June for Knollwood for a vacant unit (#68). The unit was inspected by the Building Official and the Rental Housing Technician and determined to be substandard meeting the program guidelines. Staff recommended that funding be provided to assist with the removal of the unit. Discussion ensued regarding who owns the unit, overall costs for removal, and clarification of how the HRA program works.

A motion was made by McColley and seconded by Wood to approve application for 1920 NW 2nd Street, #68 - and authorize execution of the Purchase Agreement and all other actions associated with the application. Motion carried on a 4/0 vote.

B. Mobile Home Heat Tape Program

Kuennen reported that staff would like to start advertising this program with the various park managers to encourage installation of heat tape now versus in the midst of the winter.

A motion was made by McColley, seconded by Wood to receive and file. Motion carried on a 4/0 vote.

C. RAD/Repositioning Process

Staff reported that the Rice County Attorney is reviewing the MOU on behalf of the Rice County HRA. Upon completion of their review, if the changes are considered minor, the MOU will be considered approved upon adoption by the Rice County HRA.

Staff also reported that the Minnesota Housing Finance Agency is in the process of preparing Mortgage Satisfaction/Releases for the 24 units they have mortgages on. This will simplify the closing process.

Staff has completed the Initial Year Funding Tool for HUD and the next HUD Concept Call is scheduled for July 12.

Staff also noted that they are awaiting confirmation that the LLC paperwork was submitted and approval received from the State. Once there is confirmation of approval, the HRA will be asked to adopt the resolution Adopting Operating Agreement which was included in the June HRA packet.

D. 230 Central Avenue Apartments

Nelson provided the update and has a proposed end date of August 1, 2022 with a move-in date of October 1, 2022.

Wood made a motion, seconded by McColley to receive and file. Motion carried on a 4/0 vote.

4. Property Reports

A. Robinwood Manor - Monthly Operating and Budget Statement

Kuennen provided the following update for May, 2022:

- Occupancy: 98% Leased
- Turnovers: 0 (one unit leased 5/24/22)
- Vacancy: 1 Wheelchair Accessible unit
- Extraordinary Expenses:
 - Carpet/Vinyl/Base - unit #205
 - Range replacement - unit #103

The FreshAir contract expires on 8/31/2022 (24/7 Wi-Fi enabled monitoring subscription). Staff is recommending that the subscription not be renewed.

B. Public Housing - Monthly Operating and Budget Statement

Kuennen provided the following update for May, 2022:

- Occupancy: 100% leased
- Turnovers: 0
- Vacancy: 0
- Extraordinary Expenses:
 - Range replacement
 - RAD Declaration of Trust recording fees

C. Scattered Sites - Monthly Operating and Budget Statement

Scattered Sites program for the month of MAY 2022.

- Property Address: 16 SE 1st Street
- Occupancy: 100% leased
- Turnovers: 0
- Vacancy: 0
- Extraordinary Expenses:
 - None

A motion was made by McColley and seconded by Wood to receive and file the property reports as presented. Motion carried on a 4/0 basis.

5. Public Hearings

None.

6. Items for Discussion

B. 2023 Initial Budget Discussion

The City's Finance Department is asking the HRA to consider approving a preliminary budget in August, when the HRA is required to approve the preliminary levy. There will still be time to refine the 2023 budget after the preliminary approval.

Due to a staffing shortage, no progress was made on the implementation of new programs in 2022 and it is also important to note that there will be significant changes to the future HRA fund and the Public Housing fund due to the repositioning that will be finalized in 2022.

In reviewing the budget priorities, the following comments were made:

- There is a desire to not limit the Downtown Rehab program to only the 2nd/upper floors.
- HRA members want to see a balanced budget that does not rely on accessing Fund Balance. They may mean reducing funding for some programs. It was requested that Staff provide a current Fund Balance report so the HRA understands what is currently in reserves.

Kuennen added that there are some TIF housing projects coming up with construction estimates starting as early as September, 2022.

7. Adjournment

A motion was made by McColley and seconded by Kath to adjourn the meeting at 7:28 p.m. Motion carried unanimously.

Respectfully Submitted,

Kari Casper, Recording Secretary



Request for Action

TO: Faribault Housing & Redevelopment Authority
FROM: Deanna Kuennen, Community & Economic Development Director
MEETING DATE: August 8, 2022
SUBJECT: Mobile Home Buy-Out Program

BACKGROUND:

The HRA provides funding to assist mobile home owners with disposal of substandard mobile homes, to allow for updated/upgraded replacements. An application was received in June for Knollwood and the HRA approved \$2000 to assist with the removal. Staff is finalizing the required paperwork for this transaction/approval and has been in contact with the applicant.

No additional applications have been received.

REQUESTED ACTION:

No action required.

ATTACHMENTS:

1. Buyout Guidelines and Application

FARIBAULT HRA MOBILE HOME BUYOUT PROGRAM PROGRAM GUIDELINES

PROGRAM: Voluntary program designed to purchase and remove substandard mobile home units from the following parks: Evergreen Estates, Sunrise Mobile Home Park, Cannon River Mobile Home Park and Knollwood Courts Mobile Home City.

PURPOSE: To remove structurally substandard housing and to provide appropriate redevelopment through the acquisition and removal of vacant, abandoned and substandard mobile homes.

PROGRAM DESIGN: Upon submission of a completed application and proof of ownership, the condition of the mobile home will be evaluated by the City of Faribault's Building and Housing Code Department.

The HUD Manufactured Home Standards and the State Building Code shall serve as the basis for the evaluation. Units with serious code and life safety violations shall be determined to be eligible for acquisition.

Rental units that result in the displacement of tenants are ineligible for participation.

Applications shall be ranked based on the seriousness of life and safety code violations present in the mobile home.

Purchase price shall be fixed at \$2,000. Unpaid lot rent and taxes will be deducted from the purchase price.

Owners must remove all belongings from the mobile home, including underneath the mobile home, by the time of closing or one-half of the purchase price will be withheld until all belongings have been removed.

Owners may take appliances provided the appliances are removed by the time of closing.

Park manager(s) and owner(s) shall be notified of the acquisition(s) and the removal of the mobile home(s) in accordance with the terms of their lease.

An independent contractor will remove acquired mobile homes from their respective parks. Every effort shall be made to coordinate the removal of the units with the park managers and to limit disruption to the park and its residents.

TIMETABLE:

Ongoing

APPLICATION:

Attached

Faribault HRA
MOBILE HOME BUYOUT PROGRAM APPLICATION

Applicant Name: _____
Mailing Address: _____
Address of Mobile Home: _____
Daytime Phone Number: _____

Do you live in your mobile home? Yes _____ No _____

If yes, how long have you lived there? _____

Do you rent your mobile home? Yes _____ No _____

If yes, is it currently occupied? Yes _____ No _____

How long have you owned the mobile home? _____

Attach a copy of your Certificate of Title to the application to verify ownership.

Do you owe any money on your mobile home? Yes _____ No _____

If yes, whom do you owe money to?

Name: _____

Address: _____

Phone #: _____

Would you describe the condition of your mobile home as:

Excellent _____ Good _____ Fair _____ Poor _____

I hereby certify, under penalty of law, that I am the rightful owner of the mobile home listed above and that I have the right and authority to sell this property as I so desire. I also certify that all of the above information is true and correct to the best of my knowledge.

Signature of Applicant

Signature of Applicant

Date

Date



Request for Action

TO: Faribault Housing & Redevelopment Authority
FROM: Deanna Kuennen, Community & Economic Development Director
MEETING DATE: August 8, 2022
SUBJECT: Mobile Home Heat Tape Program

BACKGROUND:

The HRA provided funding in 2021/2022 for the Heat Tape program. The manufactured home communities are some of the largest water users in the city. This is because poor insulation of water pipes, and residents running water to prevent pipes from freezing. To reduce the excessive water usage, the HRA has developed a program to offer heat tape installation.

Initially, with this round of approved funding, it was difficult to find a qualified contractor to do the work. A contractor has been identified, a contract is in place, and marketing of the program will begin with park managers to encourage installation of heat tape now versus in the midst of the winter.

Staff sent flyers in English and Spanish to all of the park owners/managers, and worked with Growing Up Healthy to have the program information included in their newsletter.

No additional activity to report at this time.

REQUESTED ACTION:

No action required.

ATTACHMENTS:

1. 2022 Final Flyer with Both Sides

FUNDS AVAILABLE!!

Mobile Home Heat Tape Program

Do you run your water in the winter to keep your pipes from freezing?

The Housing and Redevelopment Authority will provide funding for the installation of heat tape on your water pipes to reduce the likelihood of frozen pipes.

Funds available on a first come-first served basis.



For more information or an application call Kari Casper at 507-334-0100 or email at kcasper@ci.faribault.mn.us

¡¡FONDOS DISPONIBLES!!

Programa de cinta térmica para casas móviles

¿Deja el agua corriendo en invierno para evitar que las tuberías se congelen?

Las Autoridades de Reurbanización y Alojamiento proporcionarán la financiación para la instalación de la cinta de calor en sus tuberías para reducir la probabilidad de tubos congelados.

Fondos disponibles en una primera base, los que lleguen primero.



Para obtener más información o una aplicación de solicitud llame a Kari Casper at 507-334.0100 o email at kcasper@ci.faribault.mn.us



Request for Action

TO: Faribault Housing & Redevelopment Authority
FROM: Deanna Kuennen, Community & Economic Development Director
MEETING DATE: August 8, 2022
SUBJECT: RAD/Repositioning Process

BACKGROUND:

Updates for this month include:

1. Rice County has approved, signed, and returned the Memorandum of Understanding (MOU). The HRA approved the MOU in June, understanding that Rice County had not completed their review and if they had substantive changes, those would be brought back to the HRA for approval. They had only minor changes which did not alter the intent of the MOU so no further action is required. They have signed the MOU and it is now being circulated for signatures (attached).
2. The Minnesota Housing Finance Agency (MHFA) is in the process of preparing Mortgage Satisfaction/Releases for the 24 units they have mortgages on. This will simplify the closing process. Kim Clausen has been in contact with MHFA regarding the status of the satisfactions/releases as they have not been received at this time.
3. Staff has completed the Initial Year Funding Tool for HUD and we have our next HUD Concept Call on July 12.
4. The next required Resident Meeting was held on August 4, 2022
5. On July 15, 2022 the Secretary of State certified the formation of the Faribault HRA LLC. Additional actions required to finalize the LLC are on the August HRA agenda - including approving the resolution Adopting Operating Agreement.

REQUESTED ACTION:

Included as part of the HRA meeting agenda, the HRA will be asked to take the next action associated with the establishment of the LLC creation. Staff will continue to provide regular updates and requests for actions on all required steps to complete the repositioning.

ATTACHMENTS:

1. MOU 8-1-22 - signed by RC

MEMORANDUM OF UNDERSTANDING
FOR MANAGEMENT AND ADMINISTRATION OF 49 SCATTERED SITE
AFFORDABLE HOUSING UNITS

WHEREAS, the Faribault Housing and Redevelopment Authority (FHRA) was established by the City of Faribault, on October 13, 1970, under the “Minnesota Housing and Redevelopment Act” pursuant to Minnesota Statutes 469.003; and

WHEREAS, the FHRA administers several housing and redevelopment programs in the City of Faribault, including 49 scattered-site Low-Rent Public Housing through the U.S. Department of Housing and Urban Development (HUD); and

WHEREAS, the current funding structure of the Public Housing Program does not provide adequate funding for management, maintenance, operating and capital improvements of the unit,, and

WHEREAS, the FHRA is considered a Small Public Housing Authority under HUD guidelines; and

WHEREAS, HUD offers housing authorities the option to reposition their Public Housing portfolios by exiting the Public Housing Program and converting to a new program/funding source that provides additional revenue; and

WHEREAS, the FHRA has analyzed the various conversion options to determine which repositioning option provides the greatest amount of revenue while also offering robust tenant protections; and

WHEREAS, the FHRA has chosen the conversion of the Faribault Public Housing units to Section 8 Project Based Vouchers (PBVs) through the HUD’s Rental Assistance Demonstration (RAD) program and the Section 18 Small PHA Blend per PIH notices 2019- 23 Rev 4 and 2021-09; and

WHEREAS, the FHRA has a total of 49 public housing units that will convert to Section 8 Project Based Vouchers. Twenty percent (20%) of the units will convert through the RAD program, while the remaining eighty percent (80%) of the units will convert through the Section 18 Disposition program, known as the RAD/Section 18 Small PHA Blend; and

WHEREAS, HUD only allows public housing authorities with existing Voucher programs to administer Section 8 PBVs through the RAD/Section 18 Small PHA Blend;

WHEREAS, the FHRA does not administer a Voucher program and is therefore required to partner with an agency that has a Voucher program for administration of the Section 8 Project Based Vouchers;

WHEREAS, the Rice County Housing and Redevelopment Authority (RCHRA) currently administers a Voucher program and has agreed to administer the Section 8 Vouchers through the RAD/Section 18 Small PHA Blend program on behalf of the FHRA.

WHEREAS, the FHRA will enter into a twenty-year (20-year) Housing Assistance Payment (HAP) contract with the RCHRA, who will serve as the Contract Administrator of the PBVs;

WHEREAS, the FHRA and the RCHRA wish to enter into this memorandum under the guidelines of H 2019-03/PIH 2019-23, REV-4 and any successor Notices and PIH 2021-09, to establish the framework, roles, responsibilities and other requirements of the management and administration of the new Program; and

WHEREAS, upon conversion to PBVs the FHRA and RCHRA will adopt the resident rights, participation, waiting list and grievance procedures listed in *For conversions to PBV*: Section 1.6 of H 2019-03/PIH 2019-23, REV-4; and H-2016-17/PIH-2016- 17.

NOW, THEREFORE, BE IT MUTUALLY AGREED, that the FHRA and its associated legal entity, Faribault HRA, LLC., will continue to own the affected 49 units.

ALSO, BE IT MUTUALLY AGREED, that after the FHRA closes with HUD on the repositioning but before the effective date of the Housing Assistance Payment (HAP) contract, the RCHRA will conduct Housing Quality Standards inspections on the affected 49 units;

ALSO, BE IT MUTUALLY AGREED, the FHRA will continue to be responsible for all maintenance, repairs, capital improvements, capital improvement and maintenance planning, compliance with building, zoning and rental codes and ordinances of the affected 49 units;

ALSO, BE IT MUTUALLY AGREED, that residents will continue to pay their required rent, late fees, pet fees, maintenance charges and all other required fees and charges associated with the rental/property management of the affected 49 units to the FHRA at their offices at 208 1st Avenue NW, Faribault, MN 55021.

ALSO, BE IT MUTUALLY AGREED, the FHRA will continue to screen potential tenants for criminal and rental histories, in accordance with their Eligibility/Suitability policies.

ALSO, BE IT MUTUALLY AGREED, after the effective date of the HAP contract, the FHRA will transfer their existing waiting lists to the RCHRA to use as a foundation for the PBV waiting list. The RCHRA will develop a policy for establishing the PBV waiting list.

ALSO, BE IT MUTUALLY AGREED, that, pursuant to Choice Mobility requirements, after one year of being on the PBV Section 8 Lease, households can request a tenant-based voucher from the RCHRA.

The RCHRA will adopt the alternative mobility policy which provides that an eligible voucher agency would not be required to provide more than three-quarters of its turnover vouchers in any single year to the residents of Covered Projects. The RCHRA will create and maintain a waiting list in the order in which the requests from eligible households were received.

The RCHRA will add language to their Administrative Plan describing how these households will be pulled from the waiting list relative to other households.

ALSO, BE IT MUTUALLY AGREED, the FHRA and RCHRA will cooperate to transfer the required electronic resident files using the Housing Data Systems software system. The FHRA and the RCHRA will equally split the cost of the data transfer.

ALSO, BE IT MUTUALLY AGREED, the FHRA and RCHRA will cooperate to transfer the required paper/hard copy resident files.

ALSO, BE IT MUTUALLY AGREED, the RCHRA will perform all duties required to administer the PBVs, including but not limited to, initial, interim and annual certifications/recertifications, income verifications, calculating and tracking Earned Income Disallowances, HQS inspections, processing HAPs.

ALSO, BE IT MUTUALLY AGREED, existing households, who have elected "Flat Rent" will be converted to income base at start of their new Section 8 Lease. Households with a \$25 or 10% increase, will have the rental increase phased in over three years. Section 8 does not have the flat rent option, therefore, all households are required to pay at least 30% of their adjusted income.

ALSO, BE IT MUTUALLY AGREED, that the households that converted from public housing to Section 8 PBV under the RAD/Section 18 Small PHA Blend program, are considered "grandfathered" tenants. They are exempt from the PBV guidelines of having to vacate if not generating a subsidy after a certain point.

ALSO, BE IT MUTUALLY AGREED, the RCHRA will receive an Administrative Fee as determined by HUD and for administration of the PBV Program.

ALSO, BE IT MUTUALLY AGREED, the FHRA has elected the Choice Mobility Option. After one year of being on the Section 8 PBV Lease at the FHRA units, the household may request a tenant-based voucher from RCHRA, and if RCHRA has vouchers available, the FHRA family goes to the top of the waitlist. The RCHRA will adopt the alternative mobility policy which provides that an eligible voucher agency would not be required to provide more than three-quarters of its turnover vouchers in any single year to the residents of Covered Projects. The RCHRA will create and maintain a waiting list in the order in which the requests from eligible households were received. The alternative mobility policy will be adopted in an eligible the RCHRA's administrative plan. The FHRA residents must follow RCHRA's policies, which are a part of RCHRA's Administrative Plan.

IN WITNESS OF THE ABOVE, the parties have caused this memorandum of understanding to be executed on the date and year written below.

RICE COUNTY HOUSING AND REDEVELOPMENT AUTHORITY

By: 
Jim Purfeerst, Chair

7/26/2022
Date


Joy Watson, Director of Housing

8-1-22
Date

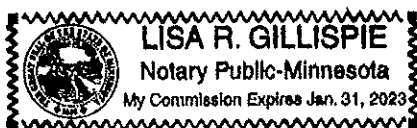
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1st

August, by ??? and ???, the Chairperson and Executive Director, respectively, of the Rice County Housing and Redevelopment Authority.



Lisa R. Gillispie
Notary Public

FARIBAULT HOUSING AND REDEVELOPMENT AUTHORITY

By: Matt Speckhals, Chairperson

Date _____

By: Deanna Kuennen, Executive Director

Date _____

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The foregoing instrument was acknowledged before me this _____ day of _____, by Matt Speckhals and Deanna Kuennen, the Chairperson and Executive Director, respectively, of the Faribault Housing and Redevelopment Authority.

Notary Public















1151P2

Item: 6304244

- Trunk Duct Repairs
- Plenum Repairs
- Miscellaneous Metal P



Request for Action

TO: Faribault Housing & Redevelopment Authority
FROM: Deanna Kuennen, Community & Economic Development Director
MEETING DATE: August 8, 2022
SUBJECT: Robinwood Manor - Monthly Operating and Budget Statement

BACKGROUND:

The purpose of this memorandum is to provide the HRA with an update on the activity at Robinwood Manor for the month of JUNE 2022.

- Occupancy: 98% Leased - *unit available is handicapped accessible for wheelchair.*
- Turnovers: 0
- Vacancy: 1 Wheelchair Accessible unit
- Extraordinary Expenses:
 - Rice County PILOT payment
 - Parking lot sweeping
 - Cleaning of 17 sink drains
 - Tree trimming
 - Roof inspection and Repairs

- Routine Maintenance:
 - Cleaning, mowing, weeding

The contract with FreshAir (expires on 8/31/2022) has been cancelled. Monitors will be removed and returned per instructions provided by FreshAir.

REQUESTED ACTION:

Receive and file operating statement for the month of JUNE 2022.

ATTACHMENTS:

1. 4A - Attachment JUNE Robinwood Budget

**ROBINWOOD MANOR
FOR JUNE 22**

	<u>2022 Budget</u>	<u>% of Revenue</u>	<u>JUNE Actual</u>	<u>Monthly Budget</u>	<u>Variance of Monthly Budget</u>	<u>Favorable/ Unfavorable</u>	<u>2022 Year-To-Date</u>	<u>Remaining Balance</u>
REVENUES								
33160 FEDERAL GRANTS	239,842.00	48.60%	23,613.00	19,986.83	18.14%	F	144,856.00	94,986.00
36200 OTHER MISCELLANEOUS	6,000.00	1.22%	645.40	411.00	57.03%	F	3,424.65	2,575.35
36210 INTEREST ON INVESTMEI	6,800.00	1.38%	407.26	566.67	NA	NA	2,890.03	3,909.97
36211 INTEREST MARKET VALUE	0.00	0.00%	(3,198.96)	0.00	NA	NA	(27,452.41)	27,452.41
36220 RENTS	239,842.00	48.60%	17,535.00	19,986.83	-12.27%	U	95,485.00	144,357.00
36221 VACANCIES	0.00	0.00%	0.00	0.00	NA	F	0.00	0.00
36227 EXCESS UTILITIES	1,000.00	0.20%	652.00	83.33	682.40%	F	888.00	112.00
36280 PROJECT REIMBURSEME	0.00	0.00%	0.00	0.00	NA	F	0.00	0.00
TOTAL REVENUE ACCOUNTS (G	<u>\$493,484.00</u>	<u>51.40%</u>	<u>\$39,653.70</u>	<u>\$41,034.67</u>	<u>-3.37%</u>	<u>U</u>	<u>\$220,091.27</u>	<u>\$273,392.73</u>
EXPENSES								
SUPPLIES		% of Expense						
42110 GENERAL SUPPLIES	23,000.00	5.74%	859.89	1,916.67	-55.14%	F	6,437.31	16,562.69
42410 MINOR EQUIPMENT/TOOL	0.00	0.00%	0.00	0.00	NA	U	0.00	0.00
TOTAL: SUPPLIES	<u>\$23,000.00</u>	<u>5.74%</u>	<u>\$859.89</u>	<u>1,916.67</u>	<u>-55.14%</u>	<u>F</u>	<u>6,437.31</u>	<u>\$16,562.69</u>
OTHER SERVICES & CHARGES								
43010 AUDITING & ACCOUNTING	10,000.00	2.50%	8,100.00	833.33	872.00%	U	8,100.00	1,900.00
43040 ATTORNEY FEES-CIVIL P	1,000.00	0.25%	0.00	83.33	-100.00%	F	0.00	1,000.00
43070 MANAGEMENT SERVICE	45,250.00	11.30%	4,008.28	3,770.83	6.30%	U	23,182.58	22,067.42
43090 EXPERT & PROF SERVICE	15,500.00	3.87%	70.05	1,291.67	-94.58%	F	817.79	14,682.21
43095 SOFTWARE MAINT & SUP	3060.00	0.00%	0.00	255.00	NA	NA	0.00	3,060.00
43130 TENANT SERVICES	3,000.00	0.75%	0.00	250.00	-100.00%	F	0.00	3,000.00
43210 TELEPHONE & TELEGRA	-	0.00%	0.00	-	#DIV/0!	#DIV/0!	0.00	0.00
43250 OTHER COMMUNICATION	900.00	0.22%	223.30	75.00	197.73%	U	1,345.03	(445.03)
43430 ADVERTISING - OTHER	500.00	0.12%	0.00	41.67	-100.00%	F	0.00	500.00
43610 INSURANCE & BONDS	9,902.00	2.47%	9,887.82	825.17	1098.28%	U	9,887.82	14.18
43810 ELECTRIC UTILITIES	26,000.00	6.49%	2,534.69	2,166.67	16.99%	U	12,750.31	13,249.69
43820 WATER UTILITIES	2,200.00	0.55%	180.57	183.33	-1.51%	F	951.27	1,248.73
43830 GAS UTILITIES	10,500.00	2.62%	538.56	875.00	-38.45%	F	7,930.89	2,569.11
43840 REFUSE DISPOSAL	3,100.00	0.77%	238.68	184.70	29.23%	U	1,682.13	1,417.87
43850 SEWER UTILITIES	3,100.00	0.77%	296.22	258.33	14.67%	U	1,555.51	1,544.49
43860 STORM WATER UTILITY	750.00	0.19%	78.75	62.50	26.00%	U	393.75	356.25
44010 BUILDING MAINTENANCE	100,000.00	24.98%	11,148.11	8,333.33	33.78%	U	54,865.15	45,134.85
44040 VEHICLE/EQUIPMENT RE	0.00	0.00%	0.00	0.00	NA	NA	0.00	0.00
44050 EXTRAORDINARY MAINT	123,000.00	30.72%	5,215.00	10,250.00	-49.12%	F	10,837.48	112,162.52
44060 LAUNDRY SERVICES	900.00	0.22%	60.08	75.00	-19.89%	F	357.42	542.58
44160 RENTS AND LEASES	0.00	0.00%	0.00	0.00	NA	U	0.00	0.00
44200 DEPRECIATION	0.00	0.00%	0.00	0.00	NA	NA	0.00	0.00
44320 BAD DEBT EXPENSE	0.00	0.00%	0.00	0.00	NA	NA	0.00	0.00
44325 BANK FEES & CHARGES	300.00	0.07%	23.65	25.00	-5.40%	F	93.78	206.22
44370 MISC CHARGES	0.00	0.00%	0.00	0.00	NA	U	0.00	0.00
44390 TAXES & LICENSES	18,200.00	4.55%	540.39	1,516.67	-64.37%	F	1,670.39	16,529.61
44700 INTEREST	200.00	0.05%	48.73	16.67	NA	U	62.63	137.37
TOTAL: OTHER SERVICES & CH	<u>377,362.00</u>	<u>94.26%</u>	<u>\$43,192.88</u>	<u>\$30,539.87</u>	<u>41.43%</u>	<u>U</u>	<u>\$136,483.93</u>	<u>\$240,878.07</u>
45200 BUILDING & IMPROVEMEN	<u>\$0.00</u>	<u>0.00%</u>	<u>\$0.00</u>	<u>\$0.00</u>	<u>NA</u>	<u>U</u>	<u>\$0.00</u>	<u>\$0.00</u>
TOTAL EXPENSES	<u>\$400,362.00</u>	<u>100.00%</u>	<u>\$44,052.77</u>	<u>32,456.53</u>	<u>35.73%</u>	<u>U</u>	<u>\$142,921.24</u>	<u>\$257,440.76</u>



Request for Action

TO: Faribault Housing & Redevelopment Authority
FROM: Deanna Kuennen, Community & Economic Development Director
MEETING DATE: August 8, 2022
SUBJECT: Public Housing - Monthly Operating and Budget Statement

BACKGROUND:

The purpose of this memorandum is to provide the HRA with an update on the activity of the Public Housing Program for the month of JUNE 2022.

- Occupancy: 100% leased
- Turnovers: 0
- Vacancy: 0
- Extraordinary Expenses:
 - Rice County PILOT payment
 - Legal associated with the Declaration of Trust
 - RAD Repositioning - expert and professional services
 - Tree and stump removal
 - Parking lot sweep
 - New refrigerator

- Routine Maintenance:
 - Appliance repairs
 - Door replacements
 - Mowing/weeding

REQUESTED ACTION:

Receive and file operating statement for the month of JUNE 2022

ATTACHMENTS:

1. 4B. Attachment JUNE Public Housing Budget

**PUBLIC HOUSING
FOR JUNE 22**

	<u>2022 Budget</u>	<u>% of Revenue</u>	<u>JUNE Actual</u>	<u>Monthly Budget</u>	<u>Variance of Monthly Budget</u>	<u>Favorable/ Unfavorable</u>	<u>2022 Year-To-Date</u>	<u>Remaining Balance</u>
REVENUES								
33160 FEDERAL GRANTS	250,000.00	48.35%	0.00	20,833.33	-100.00%	U	1,439.00	248,561.00
36200 OTHER MISC REVENUE	6,000.00	1.16%	340.56	500.00	-31.89%	U	8,124.26	(2,124.26)
36210 INTEREST ON INVESTMENTS	1,100.00	0.21%	154.17	91.67	68.19%	F	884.21	215.79
36211 INTEREST MARKET VALUE	0.00	0.00%	(1,162.19)	0.00	NA	F	(8,142.64)	8,142.64
36220 RENTS	260,000.00	50.28%	16,555.44	21,666.67	-23.59%	U	123,936.44	136,063.56
36240 REFUNDS & REIMBURSEMENTS	0.00	NA	0.00	0.00	NA	F	0.00	0.00
TOTAL REVENUE ACCOUNTS	<u>\$517,100.00</u>	<u>100.00%</u>	<u>\$15,887.98</u>	<u>\$43,091.67</u>	<u>-63.13%</u>	<u>U</u>	<u>\$126,241.27</u>	<u>\$390,858.73</u>
EXPENSES								
SUPPLIES		% of Expense						
42110 GENERAL SUPPLIES	23,000.00	4.16%	2,126.99	1,916.67	10.97%	U	11,040.45	11,959.55
42115 TENANT SERVICES	0.00	0.00%	0.00	0.00	NA	U	0.00	0.00
TOTAL: SUPPLIES	<u>\$23,000.00</u>	<u>4.16%</u>	<u>\$2,126.99</u>	<u>1,916.67</u>	<u>10.97%</u>	<u>U</u>	<u>\$11,040.45</u>	<u>\$11,959.55</u>
OTHER SERVICES & CHARGES								
43010 AUDITING & ACCT SERVICES	1,500.00	0.27%	0.00	125.00	-100.00%	F	0.00	1,500.00
43040 ATTORNEY FEES-CIVIL PROCESS	6,500.00	1.18%	3,137.00	782.40	300.95%	U	13,192.20	(6,692.20)
43070 MANAGEMENT SERVICES	80,484.00	14.55%	6,707.00	6,707.00	0.00%	F	40,242.00	40,242.00
43090 EXPERT & PROF SERVICES	52,500.00	9.49%	1,389.00	33.75	4015.56%	U	21,711.10	30,788.90
43430 ADVERTISING - OTHER	500.00	0.09%	0.00	41.67	-100.00%	F	0.00	500.00
43610 INSURANCE & BONDS	34,748.00	6.28%	22,495.18	2,895.67	676.86%	U	22,495.18	12,252.82
43810 ELECTRIC UTILITIES	1,100.00	0.20%	90.85	91.67	-0.89%	F	547.10	552.90
43820 WATER UTILITIES	800.00	0.14%	104.88	66.67	57.32%	U	556.92	243.08
43830 GAS UTILITIES	500.00	0.09%	22.69	41.67	-45.54%	F	391.65	108.35
43840 REFUSE DISPOSAL	3,000.00	0.54%	178.81	250.00	-28.48%	F	1,291.84	1,708.16
43850 SEWER UTILITIES	500.00	0.09%	0.00	41.67	-100.00%	F	25.71	474.29
43860 STORM WATER UTILITY	700.00	0.13%	89.53	58.33	53.48%	U	451.51	248.49
44010 BUILDING MAINTENANCE	89,500.00	16.18%	8,987.40	7,458.33	20.50%	U	35,539.14	53,960.86
44050 EXTRAORDINARY MAINTENANCE	240,000.00	0.00%	6,864.00	20,000.00	NA	U	9,163.00	230,837.00
44325 BANK FEES & CHARGES	0.00	0.00%	101.69	0.00	NA	U	423.58	(423.58)
44370 MISC CHARGES	0.00	0.00%	0.00	0.00	NA	U	0.00	0.00
44375 UTILITY REIMBURSEMENT	7,500.00	1.36%	1,327.00	625.00	112.32%	U	8,132.00	(632.00)
44390 TAXES & LICENSES	10,000.00	1.81%	519.54	833.33	-37.66%	F	5,209.54	4,790.46
44700 INTEREST	300.00	0.05%	54.04	25.00	116.16%	U	83.45	216.55
TOTAL: OTHER SERVICES & CHARGES	<u>\$530,132.00</u>	<u>95.84%</u>	<u>\$52,068.61</u>	<u>\$40,077.15</u>	<u>29.92%</u>	<u>U</u>	<u>\$159,455.92</u>	<u>\$370,676.08</u>
TOTAL EXPENSES	<u>\$553,132.00</u>	<u>100.00%</u>	<u>\$54,195.60</u>	<u>41,993.82</u>	<u>29.06%</u>	<u>U</u>	<u>\$170,496.37</u>	<u>\$382,635.63</u>



Request for Action

TO: Faribault Housing & Redevelopment Authority
FROM: Deanna Kuennen, Community & Economic Development Director
MEETING DATE: August 8, 2022
SUBJECT: Scattered Sites - Monthly Operating and Budget Statement

BACKGROUND:

The purpose of this memorandum is to provide the HRA with an update on the activity in the Scattered Sites program for the month of JUNE 2022.

- Property Address: 16 SE 1st Street
- Occupancy: 100% leased
- Turnovers: 0
- Vacancy: 0
- Extraordinary Expenses:
 - None

- Routine Expenses:
 - Mowing/weeding

REQUESTED ACTION:

Receive and file operating statement for JUNE 2022.

ATTACHMENTS:

1. 4C - Attachment - JUNE Scattered Sites Budget

**CITY SCATTERED SITES
FOR JUNE 2022**

	<u>2022 Budget</u>	<u>% of Revenue</u>	<u>JUNE Actual</u>	<u>Monthly Budget</u>	<u>Variance of Monthly Budget</u>	<u>Favorable/ Unfavorable</u>	<u>2022 Year-To-Date</u>	<u>Remaining Balance</u>
REVENUES								
36211 MARKET VALUE ADJUSTMENT	0.00	0.00%	0.00	0.00	NA	F	0.00	0.00
36200 OTHER MISC REVENUE	0.00	0.00%	0.00	0.00	NA	F	0.00	0.00
36210 INTEREST ON INVESTMENTS	1,200.00	8.51%	60.56	100.00	NA	F	449.67	750.33
36211 INTEREST MARKET VALUE	0.00	0.00%	(468.72)	0.00	NA	F	(4,336.67)	4,336.67
36220 RENTS	12,900.00	91.49%	1,075.00	1,075.00	0.00%	U	6,450.00	6,450.00
36240 REFUNDS & REIMBURSEMENTS	0.00	0.00%	0.00	0.00	NA	F	0.00	0.00
TOTAL REVENUE ACCOUNTS	<u>\$14,100.00</u>	<u>91.49%</u>	<u>\$666.84</u>	<u>\$1,075.00</u>	<u>-37.97%</u>	<u>U</u>	<u>\$2,563.00</u>	<u>\$11,537.00</u>
EXPENSES								
SUPPLIES		% of Expense						
42110 GENERAL SUPPLIES	500.00	5.98%	0.00	41.67	-100.00%	F	0.00	500.00
TOTAL: SUPPLIES	<u>\$500.00</u>	<u>5.98%</u>	<u>\$0.00</u>	<u>41.67</u>	<u>-100.00%</u>	<u>F</u>	<u>\$0.00</u>	<u>\$500.00</u>
OTHER SERVICES & CHARGES								
43040 LEGAL FEES - CIVIL PROCESS	0.00	0.00%	0.00	0.00	#DIV/0!	#DIV/0!	0.00	750.00
43070 MANAGEMENT SERVICES	1,140.00	13.62%	95.00	95.00	0.00%	F	570.00	570.00
43090 EXPERT & PROFESSIONAL SVCS	0.00	0.00%	0.00	0.00	0.00%	F	0.00	0.00
43430 ADVERTISING - OTHER	0.00	0.00%	0.00	0.00	NA	F	0.00	0.00
43610 INSURANCE & BONDS	527.00	6.30%	268.00	43.92	510.25%	U	268.00	259.00
43810 ELECTRIC UTILITIES	200.00	2.39%	0.00	16.67	-100.00%	F	0.00	200.00
43820 WATER UTILITIES	300.00	3.59%	26.70	25.00	6.80%	U	131.32	168.68
43830 GAS UTILITIES	100.00	1.20%	0.00	8.33	-100.00%	F	0.00	100.00
43840 REFUSE DISPOSAL	200.00	2.39%	0.00	16.67	-100.00%	F	0.00	200.00
43850 SEWER UTILITIES	450.00	5.38%	33.77	37.50	-9.95%	F	164.74	285.26
43860 STORM WATER UTILITY	100.00	1.20%	6.53	8.33	-21.64%	F	32.65	67.35
44010 BUILDING MAINTENANCE	3,000.00	35.86%	120.00	250.00	-52.00%	F	356.14	2,643.86
44160 RENTS & LEASES	0.00	0.00%	0.00	0.00	NA	U	0.00	0.00
44320 BAD DEBT	0.00	0.00%	0.00	0.00	NA	U	0.00	0.00
44390 TAXES & LICENSES	1,800.00	21.51%	0.00	0.00	NA	U	2,064.00	(264.00)
44700 INTEREST	50.00	0.60%	0.00	4.17	-100.00%	F	1.89	48.11
TOTAL: OTHER SERVICES & CHARGES	<u>\$7,867.00</u>	<u>94.02%</u>	<u>\$550.00</u>	<u>\$505.58</u>	<u>8.79%</u>	<u>U</u>	<u>\$3,588.74</u>	<u>\$4,278.26</u>
 45200 BUILDING & IMPROVEMENTS	 \$0.00	 0.00%	 \$0.00	 \$0.00	 NA	 U	 \$0.00	 \$0.00
TOTAL EXPENSES	<u>\$8,367.00</u>	<u>100.00%</u>	<u>\$550.00</u>	<u>547.25</u>	<u>0.50%</u>	<u>U</u>	<u>\$3,588.74</u>	<u>\$4,778.26</u>



Request for Action

TO: Faribault Housing & Redevelopment Authority
FROM: Deanna Kuennen, Community & Economic Development Director
MEETING DATE: August 8, 2022
SUBJECT: Downtown Property Acquisition Update - Faribo
Downtown Central (formerly Downtown
Investment Group/DIG Holdings LLC)

BACKGROUND:

At the March 14, 2022 HRA meeting, members representing the Downtown Investment Group (DIG Holdings, LLC) presented their plans for the purchase and redevelopment of 13 properties in downtown. DIG Holdings, LLC was seeking financial assistance to acquire and rehabilitate the buildings. The HRA discussed the positive impacts that this proposed project could have in terms of preserving and redeveloping downtown - ultimately determining that the HRA was willing to commit a total of \$500,000 from the General Fund, over two (2) years with the condition that the HRA funding could not be used for properties that have occupied apartments and would result in displacement. The HRA directed Staff to work with legal counsel to determine how best this action could be completed under the statutes regulating the HRA. Staff worked with legal counsel to evaluate the appropriate legal mechanism to fulfill the HRA's direction.

At the April HRA meeting, Staff presented a Preliminary Development Agreement for review, approval, and execution. The HRA must adhere to a prescribed procedural process when providing public funding to ensure that evaluations of requests are universally fair and unbiased, which is subject to scrutiny of the auditor. The Preliminary Development Agreement tool outlines that the HRA will endeavor to provide funding in the amount of \$500,000, and it will work in good faith to review a specific funding request associated with a specific proposal at the appropriate time. In order for the HRA to actually provide the funding, there will need to be a specific project (for example, specific work identified on a specific property/properties), the HRA will need to develop a specific program/program guidelines and transfer HRA general fund dollars into the program, and execute necessary HRA loan documents.

The HRA approved the Preliminary Development Agreement and authorized its execution, but the agreement was not executed.

Since then, the acquisition of the portfolio of the 13 properties has. However, the entity undertaking the acquisition of the properties changed. The acquisition group is Faribo Downtown Central (FDC), and they are seeking a renewed commitment of HRA funding.

Members of the acquisition group will attend the HRA meeting to update the HRA on the acquisition and on their plans and proposed schedule moving forward. If the HRA desires to continue their financial support for the redevelopment efforts, the Preliminary Development Agreement would be the appropriate tool to commit to funding, as well as confirm the conditions of the funding. Per legal counsel - the previously identified steps and actions associated with actual distribution of dollars would still need to be followed.

The previously approved Preliminary Development Agreement is attached for review.

REQUESTED ACTION:

Reconfirm commitment for funding including the conditions of the funding, and authorize approval of the Preliminary Development Agreement with the new acquisition entity - directing direct Staff to update the Preliminary Development Agreement for execution.

ATTACHMENTS:

1. HRA_DIG_Preliminary_Development_Agreement
2. Faribo Downtown Central Draft Plan and Strategy Document

PRELIMINARY AGREEMENT

THIS AGREEMENT (the “Agreement”), made and entered into as of this ____ day of April, 2022, (the “Effective Date”) by and between the Housing and Redevelopment Authority of Faribault, a Minnesota public body corporate and politic under the laws of Minnesota (the “City”) and DIG Holdings LLC, a Minnesota limited liability company (the “Developer”) or its assigns:

WITNESSETH:

WHEREAS, Developer has entered into a purchase agreement for the acquisition of certain real property, which is located in Rice County, Minnesota, legally described on Exhibit A attached hereto and hereby made a part hereof (the “Development Property”); and

WHEREAS, the City desires to promote development of property, businesses and housing in the City of Faribault; and

WHEREAS, Developer, or a special purpose entity to be formed by the Developer for the purpose of completing this project, has submitted or is in the process of submitting an updated proposal for development of the 13 parcels in the Development Property (the “Development”); and

WHEREAS, the Developer has indicated that it will seek business subsidy assistance or financial incentives from the City to make the Development feasible; and

WHEREAS, the City and Developer are interested in discussing and further planning, as well as potential financial assistance, for the Developer’s proposal for the Development; and

WHEREAS, the City will need to determine if various studies, as may be determined to be reasonably necessary, should be conducted, including without limitation an environmental impact or related study, an infrastructure feasibility study, an economic impact study, and any other studies which are either required by law or deemed appropriate by the City; and

WHEREAS, the City will continue to discuss and negotiate with the Developer regarding the overall development of the Development Property; and

WHEREAS, the City is willing to discuss with the Developer public subsidies which may be available for the Development in an amount up to \$500,000.00, likely in the form of a forgivable loan, however, nothing herein shall be interpreted as an approval or guarantee of any future public financial assistance; and

WHEREAS, various ordinance, land use, zoning, and subdivision issues and actions related to the Development and the Development Property are required to be approved by the City in order to facilitate the Development by the Developer; and

WHEREAS, the City agrees to cooperate with the Developer to review and to assist the Developer, where deemed appropriate by the City, with obtaining various ordinance, land use, zoning, and subdivision approvals and actions related to the Development and the Development Property in order to facilitate the

Development by the Developer, provided that nothing herein shall be interpreted as an approval or guarantee of any future land use, zoning, or other required City approvals; and

WHEREAS, the City is willing to consider and the Developer is desirous to undertake the Development if (i) a satisfactory agreement can be reached regarding the City's commitment for public costs, if any, necessary for the Development; (ii) satisfactory mortgage and equity financing, or adequate cash resources for the Development can be secured by Developer; and (iii) the feasibility and soundness of the Development and other necessary preconditions have been determined to the satisfaction of the parties.

NOW, THEREFORE, in consideration of the foregoing and of the mutual covenants and obligations set forth herein, the parties agree as follows:

1. Future Negotiations.

The parties agree to continue negotiations pursuant to the terms of this Agreement in an attempt to formulate a definitive plan for the Development based on the following:

(a) Developer's proposal, which shows the scope of the proposed Development in its latest form as of the date of this Agreement, together with any changes or modifications required by the City;

(b) Mutually-satisfactory agreements or contracts to be negotiated and agreed upon in accordance with negotiations contemplated by this Agreement;

(c) Mutually satisfactory terms for the Development that may be required for the Development (e.g. access and utility easements, allocation of infrastructure costs, etc.); and

(d) Other terms and conditions of this Agreement.

2. Statement of Intent.

Although not conclusive or binding on either party, it is the intention of the parties that this Agreement: (a) documents the present understanding and commitments of the parties; and (b) will lead to the negotiation and execution of mutually-satisfactory agreements prior to the termination date of this Agreement.

3. Term; Duties.

(a) During the term of this Agreement, the City agrees to:

(i) Proceed to seek all necessary information with regard to the anticipated public costs, if any, associated with the Development; and

(ii) Should negotiations be successful, enter into an agreement or agreements satisfactory to the City in its sole discretion, with the Developer for the Development.

(b) During the term of this Agreement, the Developer agrees to:

(i) Develop and submit its detailed proposal, including the plans and specifications, for purchase and development of the Development Property;

(ii) Conduct a due diligence review of the Development Property, including without limitation, which must be acceptable to the Developer in its sole discretion: title, survey, environmental (Phase I & Phase II reports), soils, and market studies;

(iii) Acquire the Development Property;

(iv) Obtain approval by the City (including its Engineer, Planning and Inspection Department, and any other governing authority) of the site plan, exterior elevations and finishes, and zoning and subdivision approvals;

(v) Obtain any other necessary governmental approval from any governing authority;

(vi) Obtain financing on terms acceptable to Developer, including but not limited to public subsidies, private loans, tax credits, or equity investment(s); and

(vii) Should negotiations be successful, enter into an agreement or agreements with the City for the Development.

4. Business Subsidies.

(a) The City understands that the Developer is seeking business subsidy assistance from the City in an amount up to \$500,000.00, likely in the form of a forgivable loan. During the term of this Agreement, Developer shall:

(i) Submit to the City a design proposal to be reviewed by the City showing the location, size, and nature of the proposed Development, including layouts, renderings, elevations, and other graphic or written explanations of the Development. The design proposal shall be accompanied by a proposed schedule for the starting and completion of the Development;

(ii) Submit an over-all cost estimate for the design and construction of the Development;

(iii) Submit a time schedule for the Development;

(iv) Undertake and obtain such other preliminary economic feasibility studies, income and expense projections, and such other economic information as Developer may desire to further confirm the economic feasibility and soundness of the Development;

(v) Submit to the City the Developer's financing plan showing that the proposed Development is financially feasible;

(vi) Furnish satisfactory financial data to the City evidencing Developer's ability to undertake the Development; and

(vii) Furnish information in its possession and assist the City with obtaining all available business subsidy assistance which the City may deem appropriate.

(b) Developer understands that any business subsidy assistance sought for the proposed Development must be obtained as outlined by law.

5. Feasibility.

It is expressly understood that execution and implementation of any agreements entered into between the parties hereto shall be subject to:

(a) A determination by the City in its sole discretion that its undertakings are feasible based on (i) satisfaction of City Code requirements; (ii) the purposes and objectives of any development plan created or proposed for the Development; (iii) the Studies, if any; and (iv) the best interests of the City.

(b) A determination by Developer that the Development is feasible and in the best interests of Developer.

6. Effective Date; Expiration.

This Agreement is effective from the Effective Date until six (6) months after the Effective Date. After such date, neither party shall have any obligation hereunder except as expressly set forth to the contrary herein.

7. Termination.

This Agreement may be terminated if Developer abandons the acquisition of the Development Property, or ceases to negotiate in good faith with the City, and such failure to negotiate in good faith is not cured after 30 days written notice of such failure by City to Developer.

8. Severability.

If any portion of this Agreement is held invalid by a court of competent jurisdiction, such decision shall not affect the validity of any remaining portion of the Agreement.

9. Breach; Waiver.

In the event any covenant contained in this Agreement should be breached by one party and subsequently waived by another party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other concurrent, previous, or subsequent breach.

10. Notice.

Notice or demand or other communication between or among the parties shall be sufficiently given if sent by mail, postage prepaid, return receipt requested or delivered personally:

(a) As to City: City of Faribault
208 1st Avenue NW
Faribault, MN 55021
ATTN: Deanna Kuennen

With a copy to: Kennedy & Graven, Chartered
150 South Fifth Street, Suite 700
Minneapolis, MN 55402
ATTN: Scott J. Riggs

(b) As to Developer: DIG Holdings LLC
3305 Highway 60 West
Faribault, MN 55021
ATTN: _____

11. Counterparts.

This Agreement may be executed simultaneously in any number of counterparts, all of which shall constitute one and the same instrument.

12. Governing Law.

This Agreement shall be governed by and construed in accordance with the laws of the state of Minnesota. Any disputes, controversies, or claims arising out of this Agreement shall be heard in the state or federal courts of Minnesota, and all parties to this Agreement waive any objection to the jurisdiction of these courts, whether based on convenience or otherwise.

13. Additional Actions.

The parties hereto understand that additional and separate actions, for which no obligation is created hereunder, will be required before either the City or Developer is obligated to take various actions with respect to the Development. Those actions potentially include, but are not limited to:

(a) Zoning, comprehensive plan, and subdivision approvals for any land use or development proposed by Developer; and

(b) Review of any business subsidy, as required by law.

14. Incorporation.

The Recitals set forth in the preamble to this Agreement and the Exhibits attached to this Agreement are incorporated into this Agreement as if fully set forth herein.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the Developer has caused this Agreement to be duly executed in its name and behalf and the City has caused this Agreement to be duly executed in its name and behalf as of the day and year first above written.

DEVELOPER:

DIG HOLDINGS LLC

By: _____

Its: Chief Manager

CITY:

HOUSING AND REDEVELOPMENT AUTHORITY OF
FARIBAULT

By: _____

Matthew Speckhals

Its: President

By: _____

Deanna Kuennen

Its: Executive Director

EXHIBIT A
DESCRIPTION OF DEVELOPMENT REAL PROPERTY

Faribo Downtown Central LLC



Plan & Strategy Property Portfolio Meeting with the City of Faribault

July 28, 2022



Rebound Partners
INVESTMENTS • MANAGEMENT

Summary Overview

Sprout Properties LLC (“Sprout”) entered into a purchase agreement with Palisades Group, LLC (“Palisades”) and John and Kara Sheesley (“Sheesley”), to purchase 13 buildings in downtown Faribault, MN. Sprout also entered into a separate purchase agreement with GW Properties (“GW”) to purchase one building at 227 Central Avenue that is contiguous with the Sheesley properties. Herein, Palisades, Sheesley and GW will collectively be referred to as “Sellers”. Sprout will assign the Purchase Agreements to a new LLC to be named (“Buyer”) that will be formed by an investor group led by Rebound Partners (“Rebound”) to purchase the properties. With value adds provided from the Buyer, Rebound and 3rd Parties, the buildings will be resold to investors, developers and owner occupiers for renovation, revitalization and development. The Buyer and Rebound will provide assistance and ensure that programs, grants and other potential financing sources are available in the redevelopment of these buildings.

The purchase of this 13 historic 57,994 square foot above ground building portfolio in Downtown Faribault is a unique and transformational opportunity to energize, upgrade and improve the vitality and appeal of the downtown district. The vision is to fill main level storefronts with retail, service, food & beverage and office space, and the second floors fully utilized for housing (rental, extended stay, VRBO, etc.). The objective is to create a downtown atmosphere of shops and spaces that are renovated and appeal to the local community, visitors and tourists as they walk the streets of Downtown Faribault.

The buildings are located on or around Central Avenue in Faribault, which is considered the “Main Street” of Faribault. Central Avenue is a north-south street that is sandwiched between First Avenue Northeast and First Avenue Northwest.

The buildings were built in the late 1800’s and early 1900’s and are mixed-use properties utilized as office, service, retail, food & beverage and urban housing. A table summarizing the properties is below. A photo of each property with the address, primary owner and a more detailed description of each property can be found in Appendix A.

Property Information

<u>Property Owner</u>	<u>Property Address</u>	<u>Year Built</u>	<u>Taxable Market Value 2022</u>	<u>Total Taxes</u>	<u>Above Ground</u>		<u>Renovation</u>	<u>Notes:</u>
					<u>Sq. Ft.</u>	<u>Allocation</u>		
Palisades Group LLC	<u>116 Central Avenue (114 & 116)</u>	1865	\$ 168,400	\$ 3,068	3,000	\$ 219,824	Minor	1 story addition on back.
John & Kara Sheesley	<u>219 Central Avenue</u>	1890	\$ 224,400	\$ 5,436	5,940	\$ 292,925	Minor	3 stories mostly redone, mechanicals 6-7 yrs old, Johns office and photography studio, new furnace/no A/C, roof leak, failed windows
John & Kara Sheesley	<u>223 Central Avenue</u>	1910	\$ 200,800	\$ 4,718	8,129	\$ 262,118	Major	Double wide building, Somlian food shelf, rent \$1250 going to \$1750, 4 gutted apartments upstairs
Palisades Group LLC	<u>225 Central Avenue</u>	1910	\$ 170,000	\$ 3,220	3,520	\$ 221,913	Minor	2 good apartments paying \$800 and \$650 month, decent building
John & Kara Sheesley	<u>229 Central Avenue</u>	1895	\$ 201,200	\$ 3,868	4,682	\$ 262,640	Major	Corner, Mercado paying \$1000/month, rear office \$500/month, new furnaces, 3 apartments, chimney needs replacing
John & Kara Sheesley	<u>301 Central Avenue (301, 303, 305 and 10,12,14,16 3rd St. NE)</u>	1920	\$ 414,400	\$ 8,820	19,424	\$ 540,945	Major	Eastman Buildings. 6110 retail + 2552 retail, 7 apartments,
John & Kara Sheesley	<u>311 Central Avenue</u>	1920	\$ 133,300	\$ 2,448	3,564	\$ 174,006	Major	2 story building, 3630sf lot, 81x22 building, 1782sf floorplates
John & Kara Sheesley	<u>313 Central Avenue</u>	1916	\$ 147,100	\$ 2,602	2,673	\$ 192,020	Major	2 story building, 3630sf lot,
John & Kara Sheesley	<u>329 Central Avenue</u>	1920	\$ 171,300	\$ 3,148	3,498	\$ 223,610	Major	Corner building.
John & Kara Sheesley	<u>Vacant Lot (.06 acres)</u>		\$ 14,500	\$ 348				Lot behind 329 & 327 Central. Part of acquisition of 329 Central. Used for parking. 2420sf
GW Properties	<u>227 Central Avenue</u>	1910	\$ 136,800	\$ 2,382	3,564	\$ 160,000	Major	2 story building, 3,278sf lot, 80x22 1760sf floorplates
			<u>\$ 1,982,200</u>	<u>\$ 40,058</u>	<u>57,994</u>	<u>\$ 2,550,000</u>		

Investor and Management Group

The Buyer of the properties will be a newly formed LLC led by Rebound Partners (“Rebound”), an investment and management firm with extensive experience in real estate, particularly in purchasing, developing, renovating, revitalizing, operating, leasing and selling downtown and historic properties. Rebound also has expertise in securing historic tax credits and other development funds and incentives and will also work with other parties to secure funding. Rebound’s real estate arm, Rebound Real Estate will be leading and managing this project. Rebound has an extensive background in real estate acquisitions and development and will lead and manage the project. Rebound was founded by Managing Partner Brett Reese along with others including Chris Kennelly and has several business verticals with interests in real estate, hospitality, food & beverage, storage, financial services and manufacturing. G&H will manage the property.

Rebound is excited to form the Buyer entity to further the mission of the Sheesley’s (until becoming resource constrained) to secure developers and owner operators to purchase, renovate, occupy and sell these unique and historic buildings and revitalize downtown Faribault’s “Main Street” for the community. The Buyer and Rebound plans to assist in the development, renovation and sale of properties in the portfolio. Investors of the Buyer will include six or more individual investors and entities investing \$200,000 each, depending on estimated closing and carrying costs and the cash flow of the new entity. Investors currently include Brett Reese, Mike Ritchie and the Faribault Industrial Corp.

The total purchase price of the portfolio is \$2,550,000, consisting of \$2,390,000 to purchase the Sheesley (\$1,940,000) and Palisades (\$450,000) properties, and \$160,000 to purchase the G.W. Property. Based upon the sales price of \$2,550,000 and the total square footage of 57,994 – this equates to a cost per square foot of \$43.97. Estimated additional costs over the next two years including closing and carrying costs total approximately \$400,000.

Renovation and Resale

The Buyer will work with investors, developers and owner operators that will purchase, renovate, occupy and lease these unique and historic buildings. Some properties in the portfolio require more significant renovation, while others need only minor modifications. It is anticipated the Faribault Economic Development Authority (EDA) and Housing and Development Authority (HRA) will each offer \$500,000 in grants to help in renovating the properties. There also is a possibility that a portion of a MN DEED Grant obtained for Faribault by the Chamber of Commerce can be used on the renovation of buildings on this project. Historic tax credits may also be available on the properties; Rebound has experience in securing historic tax credits and renovations and will assist developers and owners in securing funds for renovating the properties.

During the period the Buyer owns the buildings the EDA and HRA Funds from the City of Faribault may be accessed to work on capital expenditure items to improve the buildings such as roofs, window replacements and the facades.

The vision for revitalizing the properties includes upstairs and potentially downstairs apartments, offices, retail shops, bars and restaurants with sidewalk seating, healthcare facilities, and the local college. The goal is to revitalize the downtown storefronts along Faribault's main street and draw people downtown.

City of Faribault and the Historic Downtown Area

Faribault is a historic and dynamic, growing community in Southeastern Minnesota situated at the confluence of the Cannon and Straight Rivers and is the county seat of Rice County. Faribault is located along Interstate 35, just 25 minutes south of the Twin Cities metropolitan area and enjoys the advantages and conveniences of being near a major metropolitan center while providing the livability of small-town Minnesota. Faribault has a vibrant business community, excellent educational opportunities, and a wide variety of recreational and cultural offerings, combining to make the community a great place to visit, work, and live.

As of July 1, 2021, the cities' population was 24,746 including 65% white, 15% Black/African American, 14% Hispanic/Latino, 1.6% Asian, and 1.2% Native American. There were 8,658 households with estimated household income of approximately \$55,000. The Faribault Public School District had an enrollment of 3,500 as of April 6, 2022.

Some of the largest businesses in Faribault include Faribault Foods (500 employees), ABC Bus Companies (500), Butter Kernel Products (350), Sage Electrochromics (231), Faribault Woolen Mills (200), K&G Manufacturing (125), and Trystar (125). Other employers include Faribault Public Schools, Minnesota Correctional Facility, Daikin, Rice County Offices, Cenneidigh, Met-Con Companies, Crown Cork & Seal, Wal-Mart, IFP Custom Processing, Allina Medical Clinic, KGP Logistics, Tru-View and the City of Faribault.

Faribault is also home to the nationally prominent Shattuck-St. Mary's School, the State Academies for the Deaf and the Blind, and South-Central Community College.

Built along the banks of the Straight and Cannon Rivers, the two tributaries played a vital role in the city's early development. It was the opportunity for fur trade with the Dakota Sioux Native American Tribe that lived along these rivers that brought Alexander Faribault, the city's French-Canadian founder, to the area in 1826.

Faribault holds on to its history with pride and has more buildings on the National Historic Register than any other city of its size in Minnesota and is second only to the much larger Capitol City of St. Paul. Accordingly, the City established The Faribault Main Street Program, a community-based effort to revitalize Faribault's Central Business District, with emphasis on Central Avenue, to create an attractive destination in which businesses prosper, the community benefits and residents and visitors enjoy a quality downtown experience. It is supported by the Faribault Area Chamber of Commerce and the City of Faribault Economic Development Authority. The program is based on the National Main Street Approach that has been used successfully in over 1,700 communities over the past 25 years.

APPENDIX A

To access a summary of each property, move your cursor over the address and press the Control Key and Click.



[116 Central Avenue \(114 & 116\) - Sheesley & Palisades](#)



[219 Central Avenue - Sheesley](#)



[223 Central Avenue - Sheesley](#)



[225 Central Avenue - Palisades](#)



[227 Central Avenue – GW Properties](#)



[229 Central Avenue - Sheesley](#)



[301 Central Avenue \(301, 303, 305 and 10,12,14,16 3rd St. NE\) - Sheesley](#)



[311 Central Avenue - Sheesley](#)



[313 Central Avenue - Sheesley](#)



[329 Central Avenue - Sheesley](#)



[Vacant Lot \(.06 acres\) - Sheesley](#)



Request for Action

TO: Faribault Housing & Redevelopment Authority
FROM: Deanna Kuennen, Community & Economic Development Director
MEETING DATE: August 8, 2022
SUBJECT: Resolution 2022-05 - Approve FY2023 Preliminary Levy Request

BACKGROUND:

Under State Statutes, the City must certify its proposed property tax levy amounts to the County Auditor by September 15th. Accordingly, the Housing and Redevelopment Authority is asked to submit its preliminary levy request to be included with the proposed levy.

The proposed preliminary property tax resolution and the HRA levy calculation sheet which includes a history of the HRA levies over the years is attached for your reference. The maximum amount the Faribault HRA can levy based on the approved formula is \$328,850. Once the HRA and City certify a levy amount, the amount can be reduced, but cannot be increased. The levy is the HRA's primary source of flexible revenue that can be used to fund programs to fulfill the HRA mission.

Also attached is a fund balance report for the HRA budget. The HRA fund is responsible for staffing expenses (indirect cost allocation, etc.), programs, and other miscellaneous expenses associated with managing the HRA. The 2022 approved budget anticipated utilizing \$78,522 of fund balance to balance the proposed budget. Please note - there has been limited activity in the Special Programs, and the HRA will end the year without utilizing any fund balance, but instead will end with an increase over end of year 2021.

REQUESTED ACTION:

Adopt Resolution 2022-05 Approving the Preliminary HRA Levy Request for FY2023 and provide direction on 2023 budget priorities for 2023.

ATTACHMENTS:

1. Levy Calculations for HRA FY 2023
2. 2022-05 Establishing Preliminary FY 2023 Property Tax Levy
3. Fund Balance Report

**FARIBAULT HOUSING AND REDEVELOPMENT AUTHORITY
GENERAL FUND
PRELIMINARY 2023 HRA LEVY CALCULATIONS**

Authority

Minnesota Statutes 469.033, Subdivision 6

"The amount of the levy shall be an amount approved by the governing body of the city, but shall not exceed 0.0185 percent of the taxable market value."

Maximum Levy Calculation

PY Estimated Market Value	\$ 1,777,564,900
Percentage Allowed	0.0185
Maximum Levy	\$ 328,850

HRA Levy History

<u>Year</u>	<u>Gross Levy*</u>	<u>Net Levy</u>	<u>% of Gross Levy</u>
1998	\$ 74,703	\$ 67,000	
1999	56,325	48,622	
2000	71,356	63,611	89%
2001	75,568	67,864	90%
2002	100,267	100,267	100%
2003	105,280	105,280	100%
2004	124,330	124,330	100%
2005	139,552	139,552	100%
2006	156,357	156,357	100%
2007	177,288	177,288	100%
2008	188,107	188,107	100%
2009	270,690 **	211,834	78%
2010	273,620	234,468	86%
2011	266,485	234,468	88%
2012	251,068	239,157	95%
2013	219,726	219,726	100%
2014	197,300	197,300	100%
2015	197,300	197,300	100%
2016	201,682	201,682	100%
2017	206,937	206,937	100%
2018	217,365	217,365	100%
2019	229,713	229,713	100%
2020	251,907	251,907	100%
2021	295,900	295,900	100%
2022	309,820	309,820	100%
2023	328,850	328,850	100%

*Assumes \$7,704 HACA for years 1990-2001

**The percentage allowed was increased by the 2008 Legislature from .0144 to .0185.

FARIBAULT HOUSING AND REDEVELOPMENT AUTHORITY

RESOLUTION 2022-05

**ESTABLISHING A PRELIMINARY PROPERTY TAX LEVY
FOR FISCAL YEAR 2023**

WHEREAS, the Housing and Redevelopment Authority of Faribault may request the establishment of a special benefit tax levy pursuant to Minnesota Statute §469.033, Subdivision 6; and

WHEREAS, according to this Statute, “The amount of the levy shall be an amount approved by the governing body of the city, but shall not exceed 0.0185 percent of the taxable market value”; and

WHEREAS, the levy calculation per Minnesota Statute §469.033 amounts to a maximum of \$28,850 for taxes payable 2023 as shown in Exhibit A.

NOW, THEREFORE BE IT RESOLVED by the Housing and Redevelopment Authority of Faribault that there be and there is hereby levied on the taxable property of the City of Faribault, Rice County, Minnesota for fiscal year 2023, a special benefit tax levy not to exceed \$328,850 per the Proposed 2023 Budget on file with the City.

ADOPTED: August 8, 2022

Faribault Housing and Redevelopment Authority

Matthew Speckhals, Chairperson

ATTEST:

Brendan Kennedy, Vice Chair/Secretary

Exhibit A

FARIBAULT HOUSING AND REDEVELOPMENT AUTHORITY GENERAL FUND PRELIMINARY 2023 HRA LEVY CALCULATIONS

Authority

Minnesota Statutes 469.033, Subdivision 6

"The amount of the levy shall be an amount approved by the governing body of the city, but shall not exceed 0.0185 percent of the taxable market value."

Maximum Levy Calculation

PY Estimated Market Value	\$ 1,777,564,900
Percentage Allowed	0.0185
Maximum Levy	\$ 328,850

HRA Levy History

<u>Year</u>	<u>Gross Levy*</u>	<u>Net Levy</u>	<u>% of Gross Levy</u>
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1999	56,325	48,622	
2000	71,356	63,611	89%
2001	75,568	67,864	90%
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2003	105,280	105,280	100%
2004	124,330	124,330	100%
2005	139,552	139,552	100%
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2023	328,850	328,850	100%

*Assumes \$7,704 HACA for years 1990-2001

**The percentage allowed was increased by the 2008 Legislature from .0144 to .0185.

General Ledger

Summary Trial Balance

User: dkuennen
 Printed: 08/02/2022 - 11:17AM
 Period: 08, 2022



Account Number	Description	Budget Amount	Beginning Balance	Debit This Period	Credit This Period	Ending Balance
Fund 280	Faribault HRA					
ASSETS						
280-00000-000-10100	Cash	0.00	1,172,453.26	1,078.12	0.00	1,173,531.38
280-00000-000-10120	Cash Escrow	0.00	0.00	0.00	0.00	0.00
280-00000-000-10410	Investments - Fair Value Adj	0.00	-52,339.30	0.00	0.00	-52,339.30
280-00000-000-10450	Interest Receivable	0.00	3,147.91	0.00	0.00	3,147.91
280-00000-000-10500	Taxes Receivable - Current	0.00	0.00	0.00	0.00	0.00
280-00000-000-10700	Taxes Receivable - Delinquent	0.00	3,118.05	0.00	0.00	3,118.05
280-00000-000-11500	Accounts Receivable	0.00	0.00	1,078.12	1,078.12	0.00
280-00000-000-13100	Due From Other Funds	0.00	0.00	0.00	0.00	0.00
280-00000-000-13200	Due From Other Governments	0.00	0.00	0.00	0.00	0.00
280-00000-000-13700	Loans Receivable	0.00	41,805.73	0.00	971.62	40,834.11
280-00000-000-13710	Loans Receivable-Deferred	0.00	406,666.06	0.00	0.00	406,666.06
280-00000-000-15500	Prepaid Items	0.00	0.00	0.00	0.00	0.00
280-00000-000-16250	Property Held for Resale	0.00	43,095.01	0.00	0.00	43,095.01
ASSETS Totals:		0.00	1,617,946.72	2,156.24	2,049.74	1,618,053.22
LIABILITIES						
280-00000-000-20200	Accounts Payable	0.00	0.00	0.00	0.00	0.00
280-00000-000-20800	Due To Other Governments	0.00	0.00	0.00	0.00	0.00
280-00000-000-20910	Advances From Primary Govt	0.00	0.00	0.00	0.00	0.00
280-00000-000-22200	Deferred Revenues	0.00	-3,118.05	0.00	0.00	-3,118.05
280-00000-000-22210	Loans Receivable - Deferred	0.00	-406,666.06	0.00	0.00	-406,666.06
LIABILITIES Totals:		0.00	-409,784.11	0.00	0.00	-409,784.11
FUND BALANCE						
280-00000-000-25300	Unreserved Fund Balance	0.00	-1,109,590.77	0.00	0.00	-1,109,590.77

Account Number	Description	Budget Amount	Beginning Balance	Debit This Period	Credit This Period	Ending Balance
	FUND BALANCE Totals:	0.00	-1,109,590.77	0.00	0.00	-1,109,590.77
REVENUE						
280-00000-461-31010	Current Ad Valorem Taxes	309,820.00	-164,741.52	0.00	0.00	-164,741.52
280-00000-461-31020	Delinquent Ad Valorem Taxes	0.00	-1,535.66	0.00	0.00	-1,535.66
280-00000-461-31030	Mobile Home Taxes	0.00	0.00	0.00	0.00	0.00
280-00000-461-31035	Delinquent Mobile Home Taxes	0.00	-77.55	0.00	0.00	-77.55
280-00000-461-31040	Excess Tax Increment	0.00	-510.94	0.00	0.00	-510.94
280-00000-461-31500	PILOT	0.00	0.00	0.00	0.00	0.00
280-00000-461-31550	Green Acres	0.00	0.00	0.00	0.00	0.00
280-00000-461-33160	Federal Grants	0.00	0.00	0.00	0.00	0.00
280-00000-461-33402	Market Value Homestead Credit	0.00	0.00	0.00	0.00	0.00
280-00000-461-33422	Other State Grants & Aids	0.00	0.00	0.00	0.00	0.00
280-00000-461-34108	Administrative Fees	125,734.00	-63,424.58	0.00	0.00	-63,424.58
280-00000-461-34700	Application Fees	0.00	-35.00	0.00	0.00	-35.00
280-00000-461-36200	Other Miscellaneous Revenue	1,000.00	0.00	0.00	0.00	0.00
280-00000-461-36210	Interest on Investments	12,500.00	-5,406.68	0.00	0.00	-5,406.68
280-00000-461-36211	Interest Market Value	0.00	52,115.85	0.00	0.00	52,115.85
280-00000-461-36215	Loan Interest	1,297.00	-801.78	0.00	106.50	-908.28
280-00000-461-36240	Refunds & Reimbursements	0.00	0.00	0.00	0.00	0.00
280-00000-461-36400	Loan Principal	11,640.00	-13,729.50	0.00	0.00	-13,729.50
280-00000-461-39101	Sale of Capital Assets	0.00	-24,900.00	0.00	0.00	-24,900.00
280-00000-461-39200	Transfer In	0.00	0.00	0.00	0.00	0.00
	REVENUE Totals:	461,991.00	-223,047.36	0.00	106.50	-223,153.86
EXPENSE						
Department 46310	Urban Redevelopment & Housing					
280-46310-461-42115	Meeting	0.00	0.00	0.00	0.00	0.00
280-46310-461-43010	Auditing & Accounting Services	0.00	0.00	0.00	0.00	0.00
280-46310-461-43040	Legal Fees - Civil Process	5,000.00	4,530.00	0.00	0.00	4,530.00
280-46310-461-43080	Indirect Cost Allocation	228,245.00	114,122.52	0.00	0.00	114,122.52
280-46310-461-43090	Expert & Professional Services	20,000.00	0.00	0.00	0.00	0.00
280-46310-461-43095	Software Maintenance & Support	3,200.00	0.00	0.00	0.00	0.00
280-46310-461-43130	Special Programs	280,000.00	2,500.00	0.00	0.00	2,500.00
280-46310-461-43140	Training & Education	0.00	0.00	0.00	0.00	0.00
280-46310-461-43310	Travel Expense	0.00	0.00	0.00	0.00	0.00
280-46310-461-43430	Advertising - Other	1,500.00	0.00	0.00	0.00	0.00
280-46310-461-43510	Legal Notices Publishing	1,500.00	0.00	0.00	0.00	0.00

GL-Summary Trial Balance (8/2/2022 - 11:17 AM)

Account Number	Description	Budget Amount	Beginning Balance	Debit This Period	Credit This Period	Ending Balance
280-46310-461-43520	Recording Fees	0.00	92.00	0.00	0.00	92.00
280-46310-461-43610	Insurance & Bonds	9,116.00	2,591.00	0.00	0.00	2,591.00
280-46310-461-43810	Electric Utilities	0.00	0.00	0.00	0.00	0.00
280-46310-461-43820	Water Utilities	0.00	0.00	0.00	0.00	0.00
280-46310-461-43830	Gas Utilities	0.00	0.00	0.00	0.00	0.00
280-46310-461-43840	Refuse Disposal	0.00	0.00	0.00	0.00	0.00
280-46310-461-43850	Sewer Utilities	0.00	0.00	0.00	0.00	0.00
280-46310-461-43860	Storm Water Utilities	0.00	0.00	0.00	0.00	0.00
280-46310-461-44010	Building Maintenance	0.00	140.00	0.00	0.00	140.00
280-46310-461-44320	Bad Debt	0.00	0.00	0.00	0.00	0.00
280-46310-461-44330	Dues & Subscriptions	500.00	0.00	0.00	0.00	0.00
280-46310-461-44390	Taxes & Licenses	0.00	0.00	0.00	0.00	0.00
280-46310-461-44450	Claims & Damages	0.00	500.00	0.00	0.00	500.00
280-46310-461-45200	Building & Improvements	0.00	0.00	0.00	0.00	0.00
280-46310-461-45500	Vehicles	0.00	0.00	0.00	0.00	0.00
280-46310-461-47200	Transfer Out	0.00	0.00	0.00	0.00	0.00
280-46310-461-49999	Prior Period Adjustment	0.00	0.00	0.00	0.00	0.00
280-46310 EXPENSE Totals:		549,061.00	124,475.52	0.00	0.00	124,475.52
EXPENSE Totals:		549,061.00	124,475.52	0.00	0.00	124,475.52
Fund 280 Totals:		-87,070.00	0.00	2,156.24	2,156.24	0.00
Report Totals:		-87,070.00	0.00	2,156.24	2,156.24	0.00



Request for Action

TO: Faribault Housing & Redevelopment Authority
FROM: Deanna Kuennen, Community & Economic Development Director
MEETING DATE: August 8, 2022
SUBJECT: Resolution 2022-06 Authorizing the Execution of an Operating Agreement for Faribault HRA LLC

BACKGROUND:

The RAD Repositioning process required the creation of a separate LLC. The HRA completed step one to form the LLC at the June 2022 HRA meeting, adopting Resolution 2022-04 authorizing the formation. The resolution and application was filed with the Secretary of State's Office, and on July 15, 2022, the Secretary of State officially authorized the certificate of organization.

The next steps in the process involves reviewing the Faribault HRA LLC Operating Agreement (also previously distributed and reviewed), adopting the resolution approving the same, and certifying the organizational minutes.

The LLC will be registered with the secretary of state and fully operational after these steps are taken. As a reminder, there is no individual liability in regards to the LLC. Per Cristina Cruz-Jennings, with the city attorney's office:

... there is no personal liability that the HRA members assume by this action. The purpose of an LLC is to shift liability away from individuals to a business entity (the LLC) , so even in a "traditional" LLC the members of the board only face potential exposure if they commit fraud. In this case, there is an extra layer of liability protection, because none of the members of the HRA will be members of the LLC, as the HRA itself will be the sole member of the LLC.

REQUESTED ACTION:

Approve Resolution 2022-06 Authorizing the Execution of an Operating Agreement for Faribault HRA LLC, and certifying the organizational

minutes.

ATTACHMENTS:

1. Res. 2022-06 Adopting Operating Agreement
2. Faribault HRA LLC Operating Agreement
3. 2022-Faribault HRA LLC Certificate of Organization
4. 2022-Faribault HRA LLC Letter From SS

FARIBAULT HOUSING AND REDEVELOPMENT AUTHORITY

RESOLUTION 2022-06

AUTHORIZING THE EXECUTION OF AN OPERATING AGREEMENT

BE IT RESOLVED by the Board of Commissioners (the “Board”) of the Faribault Housing and Redevelopment Authority (the “HRA”), Faribault, Minnesota as follows:

Section 1. Findings.

1.01. The HRA is authorized to exercise the powers of a housing and redevelopment authority, pursuant to Minnesota Statutes, Sections 469.001 to 469.047, as amended (the “HRA Act”).

1.02. On June 13, 2022, the HRA adopted a resolution approving the formation of Faribault HRA LLC (the “Company”), whose sole member is the HRA, and articles of organization for the Company, all in accordance with Section 469.012, subdivision 2j of the HRA Act.

1.03. The organizer for the Company filed the Articles of Organization of the Company with the Minnesota Secretary of State and a Certificate of Organization was issued for the Company.

1.04. There has been presented to this Board for its review a proposed form of the Operating Agreement (the “Operating Agreement”) for the Company.

Section 2. HRA Approval, Authorizations.

2.01. The HRA hereby approves the execution of the Operating Agreement with such changes, additions or deletions, in the opinion of the HRA’s attorney, are necessary or desirable.

2.02. The staff of the HRA and the HRA’s attorney are hereby directed to take all other actions necessary to implement the Operating Agreement. The Chair and the Executive Director are hereby authorized to execute on behalf of the HRA the Operating Agreement and to carry out, on behalf of the HRA, its obligations thereunder.

Section 3. Effective Date. This resolution shall be in full force and effect from and after its passage.

Adopted by the Board of Commissioners of the Faribault Housing and Redevelopment Authority, on August 8, 2022.

**FARIBAULT HOUSING AND REDEVELOPMENT
AUTHORITY**

Matthew Speckhals, Chair

Attest:

Brendan Kennedy, Vice Chairperson

STATE OF MINNESOTA	)
	)
CITY OF FARIBAULT	) SS.
	)
FARIBUALT HOUSING AND	)
REDEVELOPMENT AUTHORITY	)
	)

I, the undersigned, being the duly qualified and acting Secretary of the Faribault Housing and Redevelopment Authority, do hereby certify that I have carefully compared the attached and foregoing extract of minutes of a regular meeting of the Board of Commissioners held on August 8, 2022, with the original thereof on file in my office and the same is a full, true and complete transcript therefrom insofar as the same relates to the creation of the Faribault HRA LLC.

WITNESS My hand as Secretary and this ____ day of , 2022.

Brendan Kennedy, Secretary
Faribault Housing and Redevelopment Authority

**OPERATING AGREEMENT
OF
FARIBAULT HRA, LLC**

ARTICLE I.

SOLE MEMBER

Section 1.1 Sole Member.

The sole member of the Company is the Faribault Housing and Redevelopment Authority.

Section 1.2 Acts of Member.

Except as otherwise required by law or specified in the Articles of Organization of the Company, the sole member shall take action by approval of its Board of Commissioners.

ARTICLE II.

GOVERNORS

Section 2.1 Number; Qualifications.

Except as authorized by the sole member, the business and affairs of the Company shall be managed by or under the direction of the Board of Governors. Governors shall be natural persons. The number of Governors of the initial Board of Governors of the Company is hereby fixed at seven (7) and each of the members of the Board of Commissioners of the Faribault Housing and Redevelopment Authority is hereby appointed a Governor.

Section 2.2 Term.

Each Governor shall serve until the termination of his or her term as a member of the Board of Commissioners of the Faribault Housing and Redevelopment Authority, and shall hold office until a successor is elected and qualified or until the earlier death, resignation, removal or disqualification of the Governor.

Section 2.3 Vacancies.

Vacancies on the Board of Governors resulting from the death, resignation, removal or disqualification of a Governor may be filled by the affirmative vote of a majority of the remaining Governors, even though less than a quorum. Each person elected to fill a vacancy shall hold office until a qualified successor is elected by the sole member at the next regular meeting or at any special meeting duly called for that purpose.

Section 2.4 Meetings.

Meetings of the Board of Governors shall be held from time to time at such times and places as specified by the sole member.

Section 2.5 Quorum.

A majority of the Governors currently holding office shall be necessary to constitute a quorum for the transaction of business. In the absence of a quorum, a majority of the Governors present may adjourn a meeting from time to time without further notice until a quorum is present. If a quorum is present when a duly called or held meeting is convened, the Governors present may continue to transact business until adjournment, even though the withdrawal of a number of the Governors originally present leaves less than the proportion or number otherwise required for a quorum.

Section 2.6 Acts of Board.

Except as otherwise required by law or specified in the Articles of Organization of the Company or a member control agreement, the Board of Governors shall take action by the affirmative vote of a majority of the Governors present at a duly held meeting.

Section 2.7 Compensation.

Governors may receive such compensation as may be determined from time to time by resolution of the Board of Governors.

Section 2.8 Dissent From Action.

A Governor of the Company who is present at a meeting of the Board of Governors at which any action is taken shall be presumed to have assented to the action taken unless the Governor objects at the beginning of the meeting to the transaction of business because the meeting is not lawfully called or convened and does not participate in the meeting after the objection, or the Governor votes against the action at the meeting, or is prohibited from voting on the action.

ARTICLE III.

MANAGERS

Section 3.1 Number and Designation.

The Company shall have one or more natural persons exercising the functions of the offices of Chief Manager, President and Treasurer. The Board of Governors may elect or appoint such other managers or agents as it deems necessary for the operation and management of the Company, with such powers, rights, duties and responsibilities as may be determined by the Board of Governors. Each of those other managers and agents shall have the powers, rights, duties and responsibilities set forth in this Operating Agreement unless otherwise determined by

the Board of Governors. Any of the positions or functions of those positions may be held by the same person.

Section 3.2 Chief Manager.

Unless provided otherwise by a resolution adopted by the Board of Governors or in a member control agreement or operating agreement, the Chief Manager shall:

- (a) be responsible for the general management of the business of the Company, subject to the supervision and control of the Board of Governors;
- (b) see that all orders and resolutions of the Board of Governors are carried into effect;
- (c) sign and deliver in the name of the Company any deeds, mortgages, bonds, contracts or other instruments pertaining to the business of the Company, except in cases in which the authority to sign and deliver is required by law to be exercised by another person or is expressly delegated by the Articles of Organization, this Operating Agreement, or the Board of Governors to some other manager or agent of the Company;
- (d) maintain records of and certify proceedings of the Board of Governors and sole member; and
- (e) perform such other duties as may from time to time be prescribed by the Board of Governors.

The Chief Manager shall be the person who, from time to time, is the acting or appointed Executive Director of the sole member.

Section 3.3 Treasurer.

Unless provided otherwise by a resolution adopted by the Board of Governors or in a member control agreement, the Treasurer shall:

- (a) keep accurate financial records for the Company;
- (b) deposit all money, drafts and checks in the name of and to the credit of the Company in such banks and depositories as the Board of Governors shall designate from time to time;
- (c) endorse for deposit all notes, checks and drafts received by the Company as ordered by the Board of Governors, making proper vouchers therefor;
- (d) disburse Company funds and issue checks and drafts in the name of the Company, as ordered by the Board of Governors;

(e) give to the Chief Manager and the Board of Governors, whenever requested, an account of all of such manager's transactions as Treasurer and of the financial condition of the Company; and

(f) perform such other duties as may be prescribed by the Board of Governors or the Chief Manager from time to time.

The Treasurer shall be the person who, from time to time, is the acting or appointed Executive Director of the sole member.

Section 3.4 President.

Unless otherwise determined by the Board of Governors, the Chief Manager shall be the President of the Company. If a manager other than the Chief Manager is designated President, the President shall perform such duties as may from time to time be assigned by the Board of Governors.

Section 3.5 Vice Presidents.

Any one or more Vice Presidents, if any, may be designated by the Board of Governors as Executive Vice Presidents or Senior Vice Presidents. During the absence or disability of the President, it shall be the duty of the highest ranking Executive Vice President, or, in the absence of any such Vice President, the highest ranking Senior Vice President or other Vice President present at the time and able to act, to perform the duties of the President. If there are two or more Vice Presidents, the order of succession shall be determined through seniority by the order in which designated or otherwise prescribed by the Board of Governors.

Section 3.6 Secretary.

The Secretary, if any, unless otherwise determined by the Board of Governors, shall attend all meetings of the sole member and of the Board of Governors, shall record or cause to be recorded all proceedings thereof in a book to be kept for that purpose, and may certify such proceedings. Except as otherwise required or permitted by law or by this Operating Agreement, the Secretary shall give or cause to be given notice of all meetings of the sole member and all meetings of the Board of Governors. The Secretary shall be the person who, from time to time, is the acting or appointed Executive Director of the sole member.

Section 3.7 Authority and Duties.

In addition to the foregoing authority and duties, all managers of the Company shall respectively have such authority and perform such duties in the management of the business of the Company as may be designated from time to time by the Board of Governors. Unless prohibited by a resolution approved by the affirmative vote of a majority of the Governors present, a manager elected or appointed by the Board of Governors may, without the approval of the Board of Governors, delegate some or all of the duties and powers of a position to other persons.

Section 3.8 Term.

All managers of the Company shall hold office until their respective successors are chosen and have qualified or until their earlier death, resignation or removal. A vacancy in a position because of death, resignation, removal, disqualification or other cause may, or in the case of a vacancy in the position of Chief Manager or Treasurer shall, be filled for the unexpired portion of the term by the Board of Governors.

(a) Resignation. A manager may resign at any time by giving written notice to the Company. The resignation is effective without acceptance when the notice is given to the Company, unless a later effective date is specified in the notice.

(b) Removal. A manager may be removed at any time, with or without cause, by a resolution approved by the affirmative vote of a majority of the Governors present at a duly held Board of Governors meeting, subject to the provisions of a member control agreement.

Section 3.9 Salaries.

The salaries of all managers of the Company shall be fixed by the Board of Governors, or by the Chief Manager if authorized by the Board of Governors.

ARTICLE IV.

MISCELLANEOUS

Section 4.1 Indemnification.

The Company shall indemnify its governors and managers for such expenses and liabilities, in such manner, under such circumstances, and to such extent, as required or permitted by Minnesota Statutes, Section 322C.0408, as amended from time to time or as required or permitted by other provisions of law.

Section 4.2 Insurance.

The Company may purchase and maintain insurance on behalf of any person in such person's official capacity against liability asserted against and incurred by such person in or arising from that capacity, whether or not the Company would otherwise be required to indemnify the person against the liability.

Section 4.3 Execution of Instruments.

All deeds, mortgages, bonds, checks, contracts and other instruments pertaining to the business and affairs of the Company shall be signed on behalf of the Company by the Chief Manager, President, or by such other person or persons as may be designated from time to time by the Board of Governors. If a document must be executed by persons holding different positions or functions and one person holds such positions or exercises such functions, that person may execute the document in more than one capacity if the document indicates each such capacity.

Section 4.4 Advances.

The Company may, without a vote of the Governors, advance money to its Governors, managers or employees to cover expenses that can reasonably be anticipated to be incurred by them in the performance of their duties and for which they would be entitled to reimbursement in the absence of an advance.

Section 4.5 Company Seal.

The Company shall have no seal.

Section 4.6 Fiscal Year.

The fiscal year of the Company shall be the same as the fiscal year of the sole member.

Section 4.7 Construction.

This Operating Agreement is subject to the terms of any member control agreement from time to time in effect and, to the extent inconsistent, such member control agreement shall be controlling.

Section 4.8 Amendments.

Subject to the terms of a member control agreement, the sole member shall have the power to adopt, amend or repeal the Operating Agreement of the Company.

Section 4.9 Counterparts.

This Operating Agreement may be signed by the different parties on different counterpart copies hereof and said counterparts shall together constitute a single agreement.

The foregoing Operating Agreement was agreed to by the parties and adopted as the complete Operating Agreement of Faribault HRA LLC by action of the Board of Governors and the Board of Commissioners on the ____ day of _____, 2022.

FARIBAULT HRA LLC

By _____
It's President/Chief Manager

FARIBAULT HOUSING AND
REDEVELOPMENT AUTHORITY

By: _____
Its: Chairperson

By: _____
Its: Executive Director

Office of the Minnesota Secretary of State Certificate of Organization

I, Steve Simon, Secretary of State of Minnesota, do certify that: The following business entity has duly complied with the relevant provisions of Minnesota Statutes listed below, and is formed or authorized to do business in Minnesota on and after this date with all the powers, rights and privileges, and subject to the limitations, duties and restrictions, set forth in that chapter.

The business entity is now legally registered under the laws of Minnesota.

Name: Faribault HRA LLC

File Number: 1321940000020

Minnesota Statutes, Chapter: 322C

This certificate has been issued on: 07/15/2022



A handwritten signature in black ink that reads "Steve Simon".

Steve Simon
Secretary of State
State of Minnesota

Office of the Minnesota Secretary of State
Minnesota Limited Liability Company/Articles of Organization
Minnesota Statutes, Chapter 322C



The individual(s) listed below who is (are each) 18 years of age or older, hereby adopt(s) the following Articles of Organization:

ARTICLE 1 - LIMITED LIABILITY COMPANY NAME:

Faribault HRA LLC

ARTICLE 2 - REGISTERED OFFICE AND AGENT(S), IF ANY AT THAT OFFICE:

Name

Address:

**Faribault Housing and
Redevelopment Authority**

208 1st Avenue NW Faribault MN 55021 USA

ARTICLE 3 - DURATION: PERPETUAL

ARTICLE 4 - ORGANIZERS:

Name:

Address:

**Faribault Housing and
Redevelopment
Authority**

208 1st Avenue NW Faribault MN 55021 USA

If you submit an attachment, it will be incorporated into this document. If the attachment conflicts with the information specifically set forth in this document, this document supersedes the data referenced in the attachment.

By typing my name, I, the undersigned, certify that I am signing this document as the person whose signature is required, or as agent of the person(s) whose signature would be required who has authorized me to sign this document on his/her behalf, or in both capacities. I further certify that I have completed all required fields, and that the information in this document is true and correct and in compliance with the applicable chapter of Minnesota Statutes. I understand that by signing this document I am subject to the penalties of perjury as set forth in Section 609.48 as if I had signed this document under oath.

SIGNED BY: Cristina Cruz-Jennings

MAILING ADDRESS: None Provided

EMAIL FOR OFFICIAL NOTICES: communitydev@ci.faribault.mn.us

**OPERATING AGREEMENT
OF
FARIBAULT HRA, LLC**

ARTICLE I.

SOLE MEMBER

Section 1.1 Sole Member.

The sole member of the Company is the Faribault Housing and Redevelopment Authority.

Section 1.2 Acts of Member.

Except as otherwise required by law or specified in the Articles of Organization of the Company, the sole member shall take action by approval of its Board of Commissioners.

ARTICLE II.

GOVERNORS

Section 2.1 Number; Qualifications.

Except as authorized by the sole member, the business and affairs of the Company shall be managed by or under the direction of the Board of Governors. Governors shall be natural persons. The number of Governors of the initial Board of Governors of the Company is hereby fixed at seven (7) and each of the members of the Board of Commissioners of the Faribault Housing and Redevelopment Authority is hereby appointed a Governor.

Section 2.2 Term.

Each Governor shall serve until the termination of his or her term as a member of the Board of Commissioners of the Faribault Housing and Redevelopment Authority, and shall hold office until a successor is elected and qualified or until the earlier death, resignation, removal or disqualification of the Governor.

Section 2.3 Vacancies.

Vacancies on the Board of Governors resulting from the death, resignation, removal or disqualification of a Governor may be filled by the affirmative vote of a majority of the remaining Governors, even though less than a quorum. Each person elected to fill a vacancy shall hold office until a qualified successor is elected by the sole member at the next regular meeting or at any special meeting duly called for that purpose.

Section 2.4 Meetings.

Meetings of the Board of Governors shall be held from time to time at such times and places as specified by the sole member.

Section 2.5 Quorum.

A majority of the Governors currently holding office shall be necessary to constitute a quorum for the transaction of business. In the absence of a quorum, a majority of the Governors present may adjourn a meeting from time to time without further notice until a quorum is present. If a quorum is present when a duly called or held meeting is convened, the Governors present may continue to transact business until adjournment, even though the withdrawal of a number of the Governors originally present leaves less than the proportion or number otherwise required for a quorum.

Section 2.6 Acts of Board.

Except as otherwise required by law or specified in the Articles of Organization of the Company or a member control agreement, the Board of Governors shall take action by the affirmative vote of a majority of the Governors present at a duly held meeting.

Section 2.7 Compensation.

Governors may receive such compensation as may be determined from time to time by resolution of the Board of Governors.

Section 2.8 Dissent From Action.

A Governor of the Company who is present at a meeting of the Board of Governors at which any action is taken shall be presumed to have assented to the action taken unless the Governor objects at the beginning of the meeting to the transaction of business because the meeting is not lawfully called or convened and does not participate in the meeting after the objection, or the Governor votes against the action at the meeting, or is prohibited from voting on the action.

ARTICLE III.

MANAGERS

Section 3.1 Number and Designation.

The Company shall have one or more natural persons exercising the functions of the offices of Chief Manager, President and Treasurer. The Board of Governors may elect or appoint such other managers or agents as it deems necessary for the operation and management of the Company, with such powers, rights, duties and responsibilities as may be determined by the Board of Governors. Each of those other managers and agents shall have the powers, rights, duties and responsibilities set forth in this Operating Agreement unless otherwise determined by

the Board of Governors. Any of the positions or functions of those positions may be held by the same person.

Section 3.2 Chief Manager.

Unless provided otherwise by a resolution adopted by the Board of Governors or in a member control agreement or operating agreement, the Chief Manager shall:

- (a) be responsible for the general management of the business of the Company, subject to the supervision and control of the Board of Governors;
- (b) see that all orders and resolutions of the Board of Governors are carried into effect;
- (c) sign and deliver in the name of the Company any deeds, mortgages, bonds, contracts or other instruments pertaining to the business of the Company, except in cases in which the authority to sign and deliver is required by law to be exercised by another person or is expressly delegated by the Articles of Organization, this Operating Agreement, or the Board of Governors to some other manager or agent of the Company;
- (d) maintain records of and certify proceedings of the Board of Governors and sole member; and
- (e) perform such other duties as may from time to time be prescribed by the Board of Governors.

The Chief Manager shall be the person who, from time to time, is the acting or appointed Executive Director of the sole member.

Section 3.3 Treasurer.

Unless provided otherwise by a resolution adopted by the Board of Governors or in a member control agreement, the Treasurer shall:

- (a) keep accurate financial records for the Company;
- (b) deposit all money, drafts and checks in the name of and to the credit of the Company in such banks and depositories as the Board of Governors shall designate from time to time;
- (c) endorse for deposit all notes, checks and drafts received by the Company as ordered by the Board of Governors, making proper vouchers therefor;
- (d) disburse Company funds and issue checks and drafts in the name of the Company, as ordered by the Board of Governors;

(e) give to the Chief Manager and the Board of Governors, whenever requested, an account of all of such manager's transactions as Treasurer and of the financial condition of the Company; and

(f) perform such other duties as may be prescribed by the Board of Governors or the Chief Manager from time to time.

The Treasurer shall be the person who, from time to time, is the acting or appointed Executive Director of the sole member.

Section 3.4 President.

Unless otherwise determined by the Board of Governors, the Chief Manager shall be the President of the Company. If a manager other than the Chief Manager is designated President, the President shall perform such duties as may from time to time be assigned by the Board of Governors.

Section 3.5 Vice Presidents.

Any one or more Vice Presidents, if any, may be designated by the Board of Governors as Executive Vice Presidents or Senior Vice Presidents. During the absence or disability of the President, it shall be the duty of the highest ranking Executive Vice President, or, in the absence of any such Vice President, the highest ranking Senior Vice President or other Vice President present at the time and able to act, to perform the duties of the President. If there are two or more Vice Presidents, the order of succession shall be determined through seniority by the order in which designated or otherwise prescribed by the Board of Governors.

Section 3.6 Secretary.

The Secretary, if any, unless otherwise determined by the Board of Governors, shall attend all meetings of the sole member and of the Board of Governors, shall record or cause to be recorded all proceedings thereof in a book to be kept for that purpose, and may certify such proceedings. Except as otherwise required or permitted by law or by this Operating Agreement, the Secretary shall give or cause to be given notice of all meetings of the sole member and all meetings of the Board of Governors. The Secretary shall be the person who, from time to time, is the acting or appointed Executive Director of the sole member.

Section 3.7 Authority and Duties.

In addition to the foregoing authority and duties, all managers of the Company shall respectively have such authority and perform such duties in the management of the business of the Company as may be designated from time to time by the Board of Governors. Unless prohibited by a resolution approved by the affirmative vote of a majority of the Governors present, a manager elected or appointed by the Board of Governors may, without the approval of the Board of Governors, delegate some or all of the duties and powers of a position to other persons.

Section 3.8 Term.

All managers of the Company shall hold office until their respective successors are chosen and have qualified or until their earlier death, resignation or removal. A vacancy in a position because of death, resignation, removal, disqualification or other cause may, or in the case of a vacancy in the position of Chief Manager or Treasurer shall, be filled for the unexpired portion of the term by the Board of Governors.

(a) Resignation. A manager may resign at any time by giving written notice to the Company. The resignation is effective without acceptance when the notice is given to the Company, unless a later effective date is specified in the notice.

(b) Removal. A manager may be removed at any time, with or without cause, by a resolution approved by the affirmative vote of a majority of the Governors present at a duly held Board of Governors meeting, subject to the provisions of a member control agreement.

Section 3.9 Salaries.

The salaries of all managers of the Company shall be fixed by the Board of Governors, or by the Chief Manager if authorized by the Board of Governors.

ARTICLE IV.

MISCELLANEOUS

Section 4.1 Indemnification.

The Company shall indemnify its governors and managers for such expenses and liabilities, in such manner, under such circumstances, and to such extent, as required or permitted by Minnesota Statutes, Section 322C.0408, as amended from time to time or as required or permitted by other provisions of law.

Section 4.2 Insurance.

The Company may purchase and maintain insurance on behalf of any person in such person's official capacity against liability asserted against and incurred by such person in or arising from that capacity, whether or not the Company would otherwise be required to indemnify the person against the liability.

Section 4.3 Execution of Instruments.

All deeds, mortgages, bonds, checks, contracts and other instruments pertaining to the business and affairs of the Company shall be signed on behalf of the Company by the Chief Manager, President, or by such other person or persons as may be designated from time to time by the Board of Governors. If a document must be executed by persons holding different positions or functions and one person holds such positions or exercises such functions, that person may execute the document in more than one capacity if the document indicates each such capacity.

Section 4.4 Advances.

The Company may, without a vote of the Governors, advance money to its Governors, managers or employees to cover expenses that can reasonably be anticipated to be incurred by them in the performance of their duties and for which they would be entitled to reimbursement in the absence of an advance.

Section 4.5 Company Seal.

The Company shall have no seal.

Section 4.6 Fiscal Year.

The fiscal year of the Company shall be the same as the fiscal year of the sole member.

Section 4.7 Construction.

This Operating Agreement is subject to the terms of any member control agreement from time to time in effect and, to the extent inconsistent, such member control agreement shall be controlling.

Section 4.8 Amendments.

Subject to the terms of a member control agreement, the sole member shall have the power to adopt, amend or repeal the Operating Agreement of the Company.

Section 4.9 Counterparts.

This Operating Agreement may be signed by the different parties on different counterpart copies hereof and said counterparts shall together constitute a single agreement.

The foregoing Operating Agreement was agreed to by the parties and adopted as the complete Operating Agreement of Faribault HRA LLC by action of the Board of Governors and the Board of Commissioners on the ____ day of _____, 2022.

FARIBAULT HRA LLC

By _____
It's President/Chief Manager

FARIBAULT HOUSING AND
REDEVELOPMENT AUTHORITY

By: _____
Its: Chairperson

By: _____
Its: Executive Director



Work Item 1321940000020
Original File Number 1321940000020

STATE OF MINNESOTA
OFFICE OF THE SECRETARY OF STATE
FILED
07/15/2022 11:59 PM

A handwritten signature in black ink that reads "Steve Simon".

Steve Simon
Secretary of State



Steve Simon

Office of Minnesota Secretary of State

STATE OF MINNESOTA

7/15/2022

Dear Faribault HRA LLC,

Thank you for your business filing with the Office of the Minnesota Secretary of State. Minnesota has a very robust and exciting business community, and our office looks forward to assisting you in the future.

I have included an additional business resource document below that would be a helpful reference for you.

I encourage you to stay connected to our Business Services division by subscribing to receive important announcements and updates. To receive the announcements and updates, [visit our online subscribe page](#).

If our office can be of further assistance, please do not hesitate to contact our Business Services helpdesk at business.services@state.mn.us.

Sincerely,

A handwritten signature in black ink that reads "Steve Simon".

Steve Simon

Secretary of State
State of Minnesota

Business Services Information

From the Office of the Minnesota Secretary of State



Additional Actions and Contacts Now That You Have Completed Your Filing

There may be additional steps needed once your registration has been filed with our office. Please read the information provided below. If you have any questions, please contact our office at 651-296-2803, toll free: 1-877-551-6767, Minnesota Relay 711 or by email at: business.services@state.mn.us, or visit our website: www.sos.state.mn.us.

Assumed Name: If you filed a Certificate of Assumed Name or an Amended Certificate of Assumed Name, you must publish it in a "legal newspaper" in the county in which the business is located. You can get a list of those newspapers on our website under Business & Liens, Start a Business, Legal newspapers, and List of Legal Newspapers. You must publish the text of the Certificate or Amended Certificate in two consecutive issues (two days in a row if the newspaper is daily; two weeks in a row if the newspaper is weekly). Your Assumed Name filing may be invalid if you do not complete this step. Contact the newspaper for further instructions on how to get this published. After publication, the newspaper will provide an affidavit of publication which you should retain in your business records.

In addition, you must file an Annual Renewal once every calendar year, beginning in the calendar year following your original filing with the Secretary of State. Your Assumed Name will expire if you fail to file your Annual Renewal. If your Assumed Name has expired, you may reinstate (if the name is still available) by filing a renewal for the current year and paying the required fee.

Corporation, Co-op, LLC, LLP or LP: If you filed a Minnesota, Foreign Business, or Non-Profit Corporation, or a Cooperative, Limited Liability Company, Limited Liability Partnership or Limited Partnership, you must file an Annual Renewal once every calendar year, beginning in the calendar year following your original filing with the Secretary of State. Your entity will be "statutorily dissolved" (no longer be recognized as existing in Minnesota) if you fail to file your annual renewal. If your entity has been statutorily dissolved, you may have it retroactively reinstated (as long as the name is still available) by filing a renewal for the current year and paying the required fee.

In addition to filing an Annual Renewal, Public Benefit Corporations are required to file an Annual Benefit Report each year before April 1st, covering the twelve-month period ending on December 31st of the previous year and pay a fee of \$35 to the Secretary of State.

Name Reservation: If you filed a Name Reservation, it is valid for twelve months from the date of filing. You may renew it each year for twelve more months by filing another Name Reservation form and paying the required fee prior to the date it expires. If your Name Reservation has expired, you may file a new Name Reservation (as long as the name is still available) by filing a Request for Name Reservation form and paying the required fee.

Trademark: If you filed a Trademark registration, it is valid for ten years from the date of filing. You may renew it for an additional ten years by filing a renewal form and paying the required fee during the six months prior to the date it expires.

Agricultural Land: Entities that own, lease, or have any financial interest in agricultural land or land capable of being farmed must register with the Department of Agriculture.

Online Services are available with the Office of the Secretary of State. Order business certificates, business copies, or file business filings online using credit card for payment. Visit our website: www.sos.state.mn.us



The Office of the Secretary of State does not provide legal or business advice. This information is presented as a convenience for our customers. The Office does not guarantee the services provided by the listed organizations. This page does not list all requirements for a newly registered business. Please consult your own legal or business advisor for information and advice about your own situation.

TAX ID NUMBERS, LICENSING & OTHER BUSINESS RESOURCES

INTERNAL REVENUE SERVICE

For Employer ID# Form: 1-800-829-3676
Tel. Assistance for Businesses: 1-800-829-4933
Tel. Assistance for Tax Exempt Organizations:
1-877-829-5500
Website: www.irs.gov

DEPARTMENT OF REVENUE

General Info: 651-296-6181
State Tax ID Info: 651-282-5225
or 1-800-657-3605
Website: www.revenue.state.mn.us

DEPARTMENT OF LABOR & INDUSTRY

Worker's Comp & General Info: 651-284-5000
Contractor License Info: 651-284-5034
Website: www.doli.state.mn.us

DEPARTMENT OF COMMERCE

Licensing of Banks, Credit Unions, Insurance, Real Estate,
Securities, etc. Phone: 651-539-1500
Website: www.commerce.state.mn.us

DEPARTMENT OF EMPLOYMENT & ECONOMIC DEVELOPMENT (DEED)

MN Unemployment Insurance Program & Unemployment
Insurance Employer Account Info: 651-296-3644
Website: www.uimn.org

SMALL BUSINESS ASSISTANCE

Publishes "A Guide to Starting a Business in MN"
Phone: 651-556-8425 or 1-800-310-8323
Website: www.mnsbao.com

AFRICAN DEVELOPMENT CENTER OF MINNESOTA - A community assistance organization.

Phone: 612-333-4772 Website: www.adcmnnesota.org

LATINO ECONOMIC DEVELOPMENT CENTER - A community assistance organization.

Phone: 612-724-5332 E-mail: info@ledc-mn.org; Website: www.ledc-mn.org

LEGAL CORPS - Volunteer lawyers for micro-businesses and nonprofits.

Phone: 612-206-0780 Website: www.legalcorps.org

METROPOLITAN ECONOMIC DEVELOPMENT ASSOCIATION (MEDA) - Helps entrepreneurs of color succeed.

Phone: 612-332-6332; Email: info@meda.net; Website: www.meda.net

MINNESOTA ATTORNEY GENERAL - Nonprofit and charitable trust information.

Phone: 651-296-3353 Website: www.ag.state.mn.us.

MINNESOTA COUNCIL OF NONPROFITS - How to start a nonprofit workshops and handbook.

Phone: 651-642-1904; Website: www.minnesotanonprofits.org.

MINNESOTA STATE LEGISLATURE - Statutes, laws and rules. Website: www.leg.state.mn.us

PROPEL NONPROFITS - Fiscal sponsorship for newer organizations. Phone: 612-249-6700; Website: www.propelnonprofits.org

SERVICE CORPS OF RETIRED EXECUTIVES (SCORE) - Counselors to America's small businesses providing free business advice. Phone: 952-938-4570; Website: www.score.org

SMALL BUSINESS ASSISTANCE - Division of the Minnesota Department of Employment & Economic Development (DEED), which publishes "A Guide to Starting a Business in Minnesota" and maintains a directory of license and permit information. Phone: 651-556-8425 or 1-800-310-8323; Website: www.mnsbao.com

UNITED STATES COPYRIGHT OFFICE - Phone: 202-707-3000; Website: www.copyright.gov

UNITED STATES PATENTS & TRADEMARKS - Phone: 1-800-786-9199; Website: www.uspto.gov

UNITED STATES POSTAL SERVICE - Phone: 1-800-275-8777; Website: www.usps.com

UNITED STATES SMALL BUSINESS ADMINISTRATION - Small business programs and services. Phone: 1-800-827-5722; Website: www.sba.gov

VETERANS RESOURCE - Minnesota Department of Employment and Economic Development. Website: <http://www.positivelyminnesota.com/JobSeekers/Veterans/index.aspx>

WOMEN VENTURE - A nonprofit economic development organization that helps women attain economic self-sufficiency through the creation and growth of profitable and sustainable businesses.

Phone: 612-224-9540; Website: www.womenventure.org



Request for Action

TO: Faribault Housing & Redevelopment Authority
FROM: Deanna Kuennen, Community & Economic Development Director
MEETING DATE: August 8, 2022
SUBJECT: Vacancy Analysis Update

BACKGROUND:

In January 2018 Maxfield Research and Consulting LLC finalized the attached "Vacancy Rate Trends for Rental Housing in the Cities of Faribault, Northfield, and Owatonna in South Central Minnesota" report. The report was authorized at this particular point in time because the state legislature changed the tax increment financing (TIF) legislation to allow workforce housing to be an eligible economic development district activity if the vacancy rate for rental housing was three (3) percent or less for the municipality and any statutory or home rule charter city located within 15 miles. The report found that the vacancy rate was below the threshold - allowing the use of economic development TIF for rental housing development.

VACANCY RATE SUMMARY SURVEYED RENTAL UNITS FARIBAULT, NORTHFIELD AND OWATONNA 2015 through 2017			
Community	Units Surveyed	Units Vacant	Vacancy Rate
Faribault			
2017	1,133	9	0.8
2016	1,133	14	1.2
2015	1,133	15	1.3
Northfield			
2017	1,132	4	0.3
2016	1,132	17	1.5
2015	1,132	23	2.0
Owatonna			
2017	1,142	14	1.2
2016	1,142	29	2.5
2015	1,142	32	2.8
Combined			
2017	3,407	27	0.8%
2016	3,407	60	1.8%
2015	3,407	70	2.1%
Source: Maxfield Research and Consulting LLC			

The rental housing development that has occurred in the city since then, has required TIF to make the projects financially feasible, but different types of TIF districts have been used. The City is currently working with developers on additional multi-family, workforce housing projects, in which the economic development-workforce housing TIF tool will be utilized. To meet the requirements of the statutes, an update to the vacancy analysis was required.

Utilizing the framework of the 2018 "Vacancy Rate Trends for Rental Housing in the Cities of Faribault, Northfield, and Owatonna in South Central Minnesota", an update has been prepared. Costar reports were pulled for all three communities, phone calls were made to property management companies, and 1,804 units were surveyed. The attached 2022 Vacancy Rate Trends Update Memo - for Rental Housing in the Cities of Faribault, Northfield, and Owatonna finds that the average vacancy rate in 2020 and 2021 is 0.7-percent, still well beneath the established thresholds.

REQUESTED ACTION:

The HRA is requested to review, receive, and file the 2022 update to the "Vacancy Rate Trends for Rental Housing in the Cities of Faribault, Northfield, and Owatonna in South Central Minnesota"

ATTACHMENTS:

1. Faribault HRA MEMO - Vacancy Study Update 8-8-22

2. Maxfield Memorandum - Faribault Vacancy Analysis Tri-City
Updated_01_05_18



Discussion Item

TO: Faribault Housing and Redevelopment Authority

FROM: Kim Clausen

MEETING DATE: August 8, 2022

SUBJECT: Vacancy Study Update

PURPOSE:

Accept an update to the 2020 Maxfield Vacancy Study.

BACKGROUND:

In 2020, the HRA hired Maxfield Research and Consulting to prepare a rental housing needs analysis with recommendations. The scope of the project included:

- Analysis of demographic and economic characteristics of the city
- Review of existing rental housing stock
- Evaluation of rental market conditions
- Calculation of demand for general occupancy *and* senior rental housing
- Assessment of housing affordability
- Verify eligibility for Workforce Housing TIF Programs

Two main purposes of the Study were to support the community's efforts to recruit apartment developers and to verify the City's eligibility for a new Economic Development-Workforce Housing TIF Program. The TIF Program requires that Faribault and other communities within 15 miles has a vacancy rate of less than 3% for the previous 2 years.

The City currently has multiple development projects that could take advantage of the Economic Development-Workforce Housing TIF Program. Staff performed an update of the vacancy portion of the 2020 Vacancy Study to determine the vacancy rate of Faribault and other communities within 15 miles for 2020 and 2021. Staff was able to survey 1,804 rental units in Northfield, Faribault and Owatonna. These units had a combined 2020 vacancy rate of .63% and a 2021 vacancy rate of .77%, for an average vacancy rate of .7% for the last 2 years.

REQUESTED ACTION: The HRA is requested to receive and file this update to the 2020 Vacancy Study.

January 5, 2018

MEMORANDUM

TO: Ms. Kim Clausen
Community Development Coordinator
City of Faribault

FROM: Ms. Mary C. Bujold
Maxfield Research and Consulting LLC

Re: Vacancy Rate Trends for Rental Housing in the Cities of Faribault, Northfield and Owatonna in South Central Minnesota

Introduction

Maxfield Research was engaged by the City of Faribault to conduct an analysis of vacancy rate trends for the Cities of Faribault, Northfield and Owatonna. Faribault and Northfield are located in Rice County (Northfield is also partially located in Dakota County) and Owatonna is located in Steele County.

This memorandum presents our findings of the analysis that was conducted during the month of November.

General Summary

Overall, our surveys and contacts among rental housing properties (predominantly mid-size or larger properties (8 units or more) find that vacancy rates have continued to decrease over the past four years, especially among properties that are income-restricted, which includes those financed under programs such as Rural Development, Low-Income Housing Tax Credits, and Section 8. Properties with income restrictions have few or no vacancies at this time and many have long waiting lists. Market rate properties exhibit greater variance with regards to occupancies. Lower-priced market rate units in properties that are older (built pre-2000) were identified to have only one or no vacancies at this time and in discussions with property owners, the vacancy rates were only slightly higher two years ago and have continued to decrease as the economy has recovered. Higher-priced market rate units with rents that exceed a base price of \$800 per month for a one-bedroom unit tend to have greater availability, but these units were identified as largely non-traditional rentals such as condos, townhomes or single-family homes.

Rents have increased consistently over the past four years. From 2012 through 2016, rents at market rate properties have increased at market rate and income-restricted rental properties among the communities between 2% and 2.5% per year. This is considered to be a healthy annual increase and indicates that rents are keeping pace with and/or exceeding inflation. With rents increasing at this average annual rate and vacancies continuing to decrease, rents may start to increase at a higher annual rate beyond the standard inflation rate.

The following paragraphs provide additional supplemental information on rental market conditions in each of the three larger cities. Surveyed properties included only traditional rental units and did not include non-traditional units such as rented single-family homes or rented townhomes that were previously owner-occupied. These units may move back and forth between the owned and rental residential markets.

Northfield

Surveyed Properties

The surveyed contained a total of 1,132 rental units among 23 properties ranging in size from 4 units to 204 units with an average size of 49 units. The vacancy rate in November 2017 for these units was 0.3%, which is very low and indicates an exceptionally tight rental market. The market equilibrium rate for rental housing is considered to be 5% to allow for adequate turnover and sufficient consumer choice. A vacancy rate of less than 1% indicates that there is less turnover and renter households are not likely relocating due to a concern that they will not be able to find other suitable housing options in the local market.

Discussions with rental property owners and managers identified that the overall rental market in Northfield has continued to tighten over the past two years. One year ago, the overall vacancy rate in Northfield was estimated at 1.5% and two years ago, it was estimated at 2.0%. Vacancy rates have continued to decrease between 2015 and 2017, indicating continued strong demand for rental housing in the community. Glo Suites, a four-unit studio rental building was constructed in 2015 and is fully-occupied. Prior to that, there were no new rental properties built in Northfield since a 45-unit building was constructed in 2010 (Mosaic Apartments).

Rent levels among rental properties in Northfield have increased between 1% and 3% annually over the past four years and between 2% and 4% over the past two years. In our discussions with rental property managers, rents have increased based on strong demand and vacancies have continued to remain low. Property managers frequently receive several calls per week from households looking for apartments.

Faribault

Maxfield Research surveyed 1,133 units among 24 properties in Faribault. The survey identified a total of 7 units vacant for an overall vacancy rate of 0.8%, indicating that the rental market in Faribault is very tight. These units were identified in traditional rental properties with property sizes ranging from four units to 144 units. The average size of properties surveyed was 47 units, which is modest size.

Conversations with rental property owners and managers revealed that rents have been gradually increasing in Faribault and vacancies have decreased in each year since 2012. Most stated that the current vacancy situation in Faribault is very tight and that it is the tightest rental market they have seen in many years. Again, no new rental buildings have been constructed in recent years.

In 2016, the overall rental vacancy rate in Faribault was identified to be 1.2% and in 2015, was estimated at 1.3%. As noted above, the rental vacancy rate has continued to decrease in Faribault and is now less than 1.0%. Again, vacancy rates that are this low in the market substantially reduce consumer choice and turnover and also reduce the potential for economic development as companies that would consider locating in a community want to make certain that there is sufficient housing to accommodate workers, especially if they are adding jobs to the area and expect that some workers would desire to relocate.

Owatonna

Maxfield surveyed rental properties in Owatonna in 2017, 2016, 2015 and 2013. Two of these surveys were completed as a result of the Comprehensive Housing Needs Analysis, one was completed for a private developer and the most recent, at the request of the City of Faribault. Findings of the surveys revealed the following overall rental vacancy rate. A total of 1,142 units was surveyed. These same properties were surveyed in 2013, 2015 and 2016. In 2013, the vacancy rate was 5.5%. In 2015, the vacancy rate had dropped to 4.8%. By 2016, the vacancy rate had decreased to 4.2% and by 2017, it had decreased to 2.1% (a decrease of 2.7% over the period), showing that overall demand for rental housing has increased over the period. The overall vacancy rate of 2.7% in Owatonna, similar to the other two communities, reflects strong demand and a vacancy rate well below the 5% market equilibrium level. Owatonna had the highest market rate rental vacancy rate of the three communities surveyed, but was still well below the equilibrium rate.

Rents have increased in Owatonna by approximately 2.0% annually over the period between 2013 and 2017.

Summary

Given the most recent vacancy rates and the lack of new rental construction, Northfield and Faribault currently exhibit the greatest need for additional rental housing.

The table below summarizes the estimated average overall vacancy rate in each of the three communities over the past two years (2015 through 2017) and an average overall vacancy rate for the three communities combined for each of the years, reflecting a two-year period.

VACANCY RATE SUMMARY SURVEYED RENTAL UNITS FARIBAULT, NORTHFIELD AND OWATONNA 2015 through 2017			
Community	Units Surveyed	Units Vacant	Vacancy Rate
Faribault			
2017	1,133	9	0.8
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Owatonna			
2017	1,142	14	1.2
2016	1,142	29	2.5
2015	1,142	32	2.8
Combined			
2017	3,407	27	0.8%
2016	3,407	60	1.8%
2015	3,407	70	2.1%
Source: Maxfield Research and Consulting LLC			

In communities where there has been a limited supply of rental housing that has not kept pace with increasing demand, rents are increasing, on average, 2% to 3% annually, above the annual national inflation rate. Vacancies have decreased and continue to remain low, suggesting that demand for rental units has increased and continues to remain strong. An overall vacancy rate however, of less than 1% not only constricts consumer choice in the market, but also reduces the potential for future employment growth as companies may be deterred from locating in a community that does not have sufficient housing for workers and/or may be deterred from

hiring new workers, especially from outside of the area, if there is not sufficient housing availability.

High land and construction costs (substantial labor shortages) and construction and development companies focusing on housing markets where they are able to achieve higher yields for their investments has resulted in a substantial lack of investment in rental housing in outlying communities over the past four years and in some communities, new rental construction has not occurred for an even longer period of time. Single-family homes and owner-occupied townhomes have been converted to rental to support some of the demand for larger size units, but this takes away from the existing owner-occupied stock and in some cases, has created a severe shortage of entry-level housing for first-time homebuyers.

Demographic and Employment Review

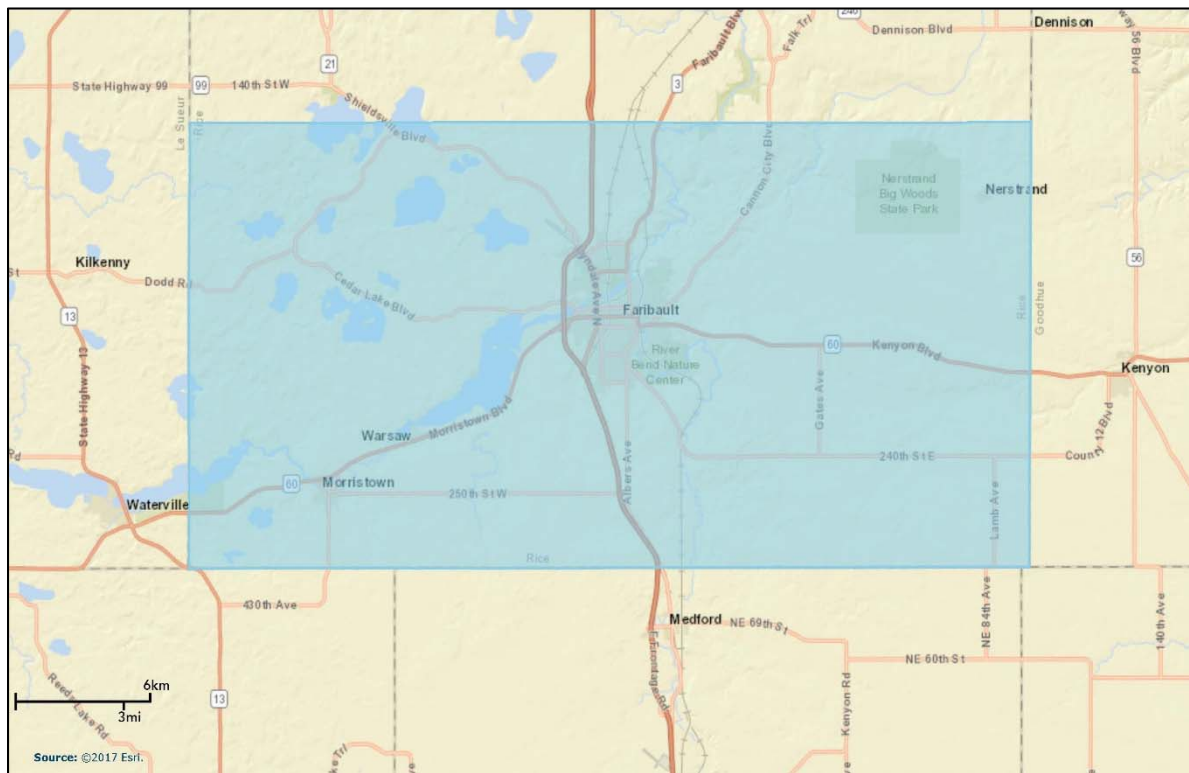
This section provides information on population and household growth trends, employment growth trends and demographic characteristics for each of the communities included in the analysis: Northfield, Faribault and Owatonna. Where appropriate, demographic data is also provided for Rice and Steele Counties as a comparison.

Draw areas were compiled for each of the communities with the understanding that there is also likely to be some cross-over between each of these communities in terms of employment and residential options, including apartments. As such, the draw areas identified for this memorandum would not necessarily reflect the draw area for a specific development that might be proposed in any one of the three communities. Jurisdictions included for the draw areas are shown on Table 1 below.

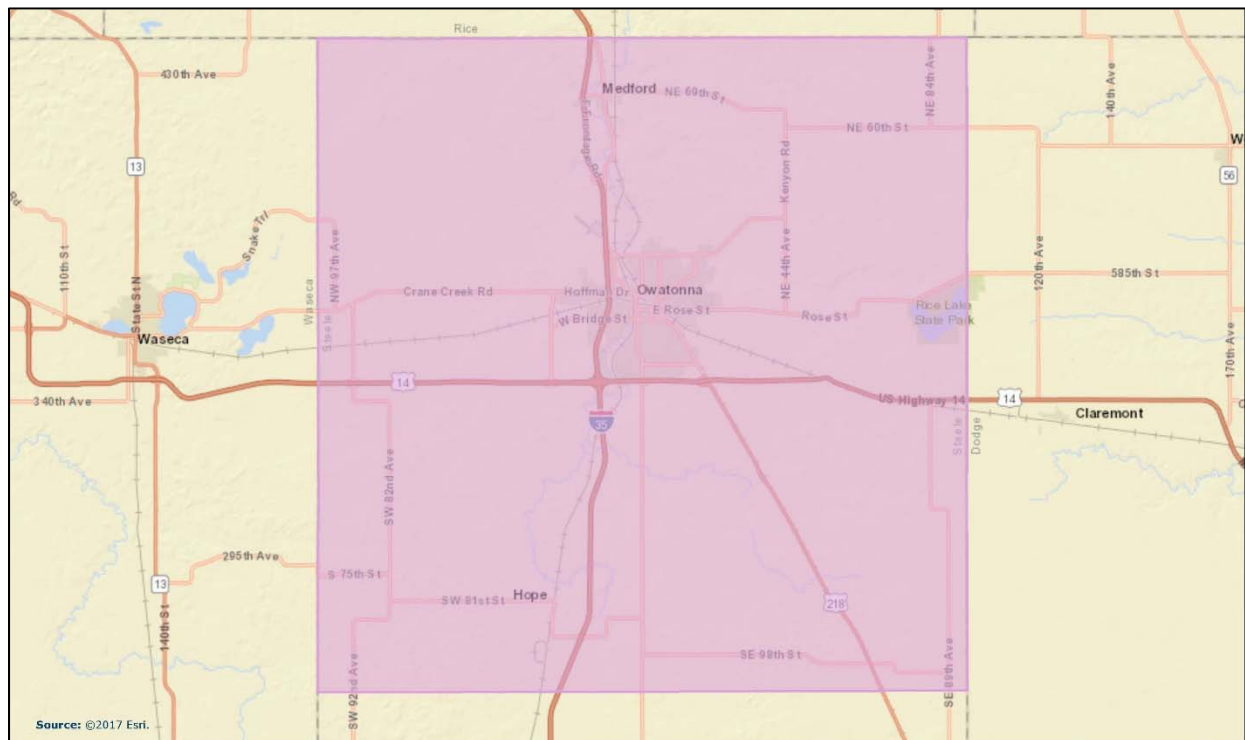
TABLE 1 DRAW AREAS NORTHFIELD, FARIBAULT, OWATONNA		
Northfield	Faribault	Owatonna
Bridgewater Twp.	Cannon City Twp.	Aurora Twp.
Dennison city	Faribault city	Clinton Falls Twp.
Dundas city	Morristown city	Deerfield Twp.
Forest Twp.	Morristown Twp.	Havana Twp.
Greenvale Twp.	Nerstrand city	Lemond Twp.
Lonsdale city	Richland Twp.	Medford city
Northfield city	Walcott Twp.	Medford Twp.
Northfield Twp.	Warsaw Twp.	Merton Twp.
Sciota Twp.	Wells Twp.	Owatonna city
Waterford Twp.	Wheeling Twp.	Owatonna Twp.
Webster Twp.		Somerset Twp.
Source: US Census		

Map of the New Prague area in Minnesota, showing the location of the New Prague Area School District highlighted in orange. The map includes major roads like Highway 19, Highway 99, and Highway 50, and nearby towns such as New Market, Elko, Northfield, and Dundas. The source is cited as ©2017 Esri.

Faribault Draw Area



Owatonna Draw Area



Population and Household Growth Trends

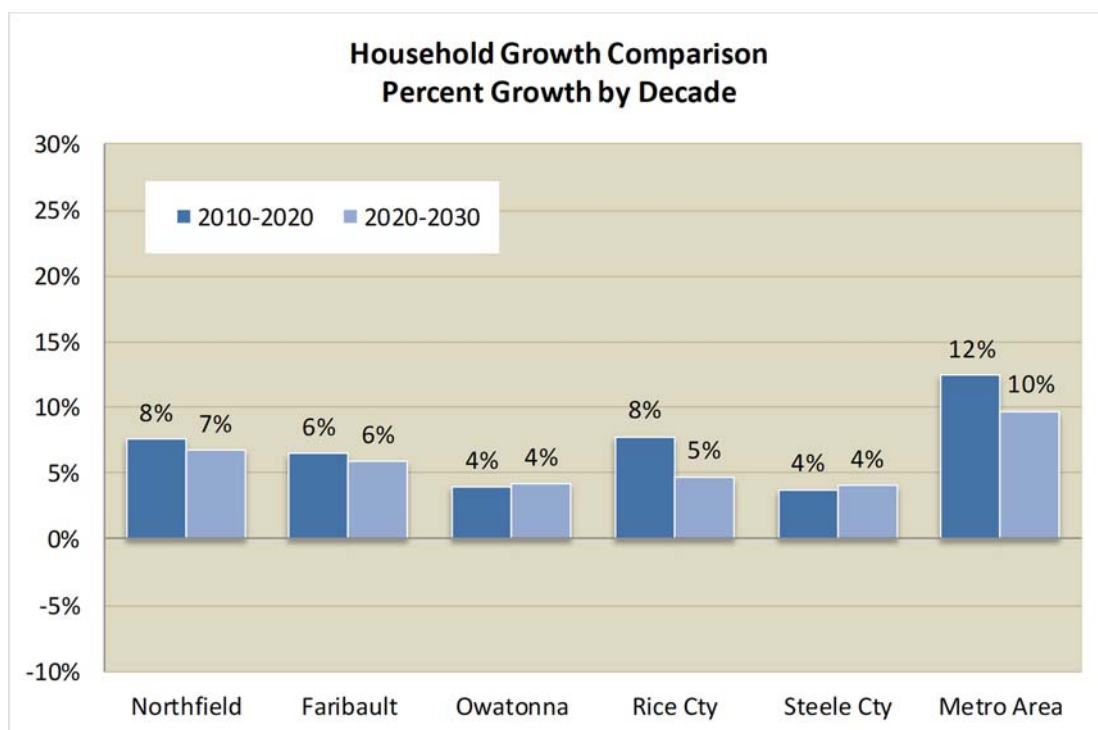
Table 2 shows a summary of population and household growth trends for each of the community draw areas along with Rice and Steele Counties and the 7-County Twin Cities Metro Area. Data was compiled from the US Census and from ESRI Inc., a national demographics forecasting and mapping provider. The projections for 2030 were derived from data provided by ESRI Inc. and were reviewed against data compiled by the Minnesota Demographic Center.

TABLE 2 POPULATION AND HOUSEHOLD GROWTH TRENDS AND PROJECTIONS DRAW AREAS 2000 - 2030									
	Census		Estimate	Forecast		Change			
						2000-2010		2010-2020	
	2000	2010	2017	2020	2030	No.	Pct.	No.	Pct.
Population									
Northfield Draw Area	26,319	32,576	33,961	34,513	36,407	6,257	23.8%	1,937	5.9%
Faribault Draw Area	30,234	32,517	33,765	34,297	36,069	2,283	7.6%	1,780	5.5%
Owatonna Draw Area	29,615	32,474	33,261	33,658	34,980	2,859	9.7%	1,184	3.6%
Rice County	56,665	64,142	66,489	68,179	70,883	7,477	13.2%	4,037	6.3%
Steele County	33,680	36,576	37,398	37,832	39,278	2,896	8.6%	1,256	3.4%
Twin Cities Metro Area*	2,642,062	2,849,567	3,073,520	3,127,660	3,388,950	207,505	7.9%	278,093	9.8%
Households									
Northfield Draw Area	8,081	10,808	11,389	11,622	12,400	2,727	33.7%	814	7.5%
Faribault Draw Area	10,822	11,839	12,380	12,603	13,345	1,017	9.4%	764	6.5%
Owatonna Draw Area	11,305	12,705	13,040	13,206	13,758	1,400	12.4%	501	3.9%
Rice County	18,888	22,315	23,338	24,046	25,179	3,427	18.1%	1,731	7.8%
Steele County	12,846	14,330	14,684	14,865	15,467	1,484	11.6%	535	3.7%
Twin Cities Metro Area*	1,021,456	1,117,749	1,204,920	1,256,580	1,378,470	96,293	9.4%	138,831	12.4%
*Includes the 7-County Area (Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington Counties)									
Sources: US Census Bureau; ESRI; Metropolitan Council; MN Demographic Ctr.; Maxfield Research & Consulting, LLC									

The table shows that during the 2000s, population and household growth in the Northfield draw area was robust, with that area increasing its population and household bases by 23.8% and 33.7%, respectively. Growth in Owatonna was second with 9.7% and 12.4% increases followed by Faribault with increases of 9.4% and 9.7%. All of these growth rates were very healthy and indicate that these regional centers continued to attract people and households. Higher growth rates for households versus population suggest shrinking household sizes and an overall aging of the household base with fewer people living in each household. Faribault had a slightly higher growth rate for population, which suggests that this community may have attracted larger households during the period from 2000 to 2010.

Growth rates are anticipated to moderate during the 2010s as each of these communities continues to age overall and as the economic recession in the early part of the decade reduced economic development throughout Minnesota. Growth from 2020 to 2030 is anticipated to be about the same rate as growth projected for 2010 to 2020, between 4% and 7% for each of the draw areas. These growth rates, while lower than during the 2000s, are nevertheless, considered to be healthy.

The graph below shows the percent growth by decade projected for each of the draw areas, the counties and the Twin Cities Metro Area.



Age Distribution

Tables 3 through 5 present age distribution trends for the Northfield, Faribault and Owatonna draw areas along with Rice and Steele Counties for the period 2000 to 2022. Data for 2000 and 2010 is compiled from the US Census while the 2017 estimates and 2022 projections were derived from data provided by ESRI, Inc.

Northfield

The table shows that the Northfield Draw Area expanded substantially during the 2000s with the age groups, 55 to 64 and 45 to 54 exhibiting the largest increases over the period, 1,514 (83%) for those ages 55 to 64 and 1,121 (35%) for those ages 45 to 54.

Over the next five years, 2017 to 2022, seniors are projected to experience the greatest growth in the area, with increases of 444 (17%) for people ages 65 to 74 and 362 for people age 75 years or older (17%). People ages 25 to 34 are projected to exhibit the third largest growth, 242 people or 7% over the five-year period. Similar trends are anticipated for Rice County, but the third largest numerical growth is projected for people ages 35 to 44 (400 people) in the county as a whole.

TABLE 3 AGE DISTRIBUTION NORTHFIELD DRAW AREA 2000 - 2022								
Age	Census		Estimate	Projection	Change			
					2000-2010		2017-2022	
	2000	2010	2017	2022	No.	Pct.	No.	Pct.
Draw Area								
Under-20	8,423	9,761	9,677	9,748	1,338	15.9	71	0.7
20 to 24	3,891	4,247	4,377	4,257	356	9.1	-120	-2.7
25 to 34	2,540	3,384	3,504	3,746	844	33.2	242	6.9
35 to 44	3,808	3,846	3,705	3,902	38	1.0	197	5.3
45 to 54	3,228	4,349	4,032	3,711	1,121	34.7	-321	-8.0
55 to 64	1,813	3,327	3,945	3,990	1,514	83.5	45	1.1
65 to 74	1,250	1,854	2,641	3,085	604	48.3	444	16.8
75+	1,366	1,808	2,080	2,442	442	32.4	362	17.4
Total	26,319	32,576	33,961	34,881	6,257	23.8	920	2.7
Rice County								
Under-20	17,474	18,243	17,922	18,158	769	4.4	236	1.3
20 to 24	5,775	6,174	6,293	6,073	399	6.9	-220	-3.5
25 to 34	6,628	7,653	8,057	8,272	1,025	15.5	215	2.7
35 to 44	8,894	8,019	7,822	8,222	-875	-9.8	400	5.1
45 to 54	6,972	9,265	8,543	7,873	2,293	32.9	-670	-7.8
55 to 64	4,447	6,907	8,153	8,374	2,460	55.3	221	2.7
65 to 74	3,201	4,146	5,447	6,269	945	29.5	822	15.1
75+	3,274	3,735	4,252	4,938	461	14.1	686	16.1
Total	56,665	64,142	66,489	68,179	7,477	13.2	1,690	2.5
Sources: U.S. Census Bureau; ESRI; Maxfield Research & Consulting, LLC								

Faribault

The table shows that the Faribault Draw Area experienced the strongest growth those in their middle ages, the cohorts age 45 to 54 and 55 to 64 during the 2000s. These age groups expanded 1,162 (30%) and 1,142 (40%) over the period.

Over the next five years, 2017 to 2022, seniors are projected to experience the greatest growth in the area, with increases of 423 (14%) for people ages 65 to 74 and 338 for people age 75

years or older (15%). People ages 35 to 44 are projected to exhibit the third largest growth, 203 people or 5% over the five-year period. As mentioned previously, similar trends are anticipated for Rice County.

TABLE 4 AGE DISTRIBUTION FARIBAUT DRAW AREA 2000 - 2022								
Age	Census		Estimate	Projection	Change			
					2000-2010		2017-2022	
	2000	2010	2017	2022	No.	Pct.	No.	Pct.
Draw Area								
Under-20	8,927	8,814	8,619	8,794	-113	-1.3	175	2.0
20 to 24	1,879	1,928	1,974	1,886	49	2.6	-88	-4.5
25 to 34	4,083	4,375	4,620	4,616	292	7.2	-4	-0.1
35 to 44	5,036	4,302	4,256	4,459	-734	-14.6	203	4.8
45 to 54	3,818	4,980	4,663	4,337	1,162	30.4	-326	-7.0
55 to 64	2,610	3,750	4,379	4,544	1,140	43.7	165	3.8
65 to 74	1,933	2,342	2,952	3,375	409	21.2	423	14.3
75+	1,948	2,026	2,302	2,640	78	4.0	338	14.7
Total	30,234	32,517	33,765	34,651	2,283	7.6	886	2.6
Rice County								
Under-20	17,474	18,243	17,922	18,158	769	4.4	236	1.3
20 to 24	5,775	6,174	6,293	6,073	399	6.9	-220	-3.5
25 to 34	6,628	7,653	8,057	8,272	1,025	15.5	215	2.7
35 to 44	8,894	8,019	7,822	8,222	-875	-9.8	400	5.1
45 to 54	6,972	9,265	8,543	7,873	2,293	32.9	-670	-7.8
55 to 64	4,447	6,907	8,153	8,374	2,460	55.3	221	2.7
65 to 74	3,201	4,146	5,447	6,269	945	29.5	822	15.1
75+	3,274	3,735	4,252	4,938	461	14.1	686	16.1
Total	56,665	64,142	66,489	68,179	7,477	13.2	1,690	2.5
Sources: U.S. Census Bureau; ESRI; Maxfield Research & Consulting, LLC								

Owatonna

The table shows that the Owatonna Draw Area experienced the strongest growth those in their middle ages, the cohorts age 45 to 54 and 55 to 64 during the 2000s. These age groups expanded 1,404 (58%) and 881 (23%) over the period.

Over the next five years, 2017 to 2022, seniors are projected to experience the greatest growth in the area, with increases of 546 (18%) for people ages 65 to 74 and 273 for people age 75 years or older (11%). People ages 35 to 44 are projected to exhibit the third largest growth, 224 people or 5.5% over the five-year period. These trends are similar for Steele County, which is

projected to show growth of 20% among people 65 to 74 and 11% among people age 75 years or older and 5.6% among people ages 35 to 44.

TABLE 5 AGE DISTRIBUTION OWATONNA DRAW AREA 2000 - 2022								
Age	Census		Estimate	Projection	Change			
					2000-2010		2017-2022	
	2000	2010	2017	2022	No.	Pct.	No.	Pct.
Draw Area								
Under-20	9,118	9,349	9,018	9,168	231	2.5	150	1.7
20 to 24	1,649	1,595	1,844	1,704	-54	-3.3	-140	-7.6
25 to 34	3,882	4,033	4,059	4,008	151	3.9	-51	-1.3
35 to 44	4,842	4,290	4,059	4,283	-552	-11.4	224	5.5
45 to 54	3,947	4,828	4,504	4,108	881	22.3	-396	-8.8
55 to 64	2,442	3,846	4,416	4,471	1,404	57.5	55	1.2
65 to 74	1,882	2,263	2,967	3,513	381	20.2	546	18.4
75+	1,853	2,270	2,394	2,667	417	22.5	273	11.4
Total	29,615	32,474	33,261	33,922	2,859	9.7	661	2.0
Steele County								
Under-20	10,316	10,472	10,062	10,233	156	1.5	171	1.7
20 to 24	1,836	1,774	2,053	1,879	-62	-3.4	-174	-8.5
25 to 34	4,313	4,506	4,528	4,461	193	4.5	-67	-1.5
35 to 44	5,462	4,759	4,507	4,758	-703	-12.9	251	5.6
45 to 54	4,467	5,449	5,064	4,594	982	22.0	-470	-9.3
55 to 64	2,798	4,346	4,995	5,048	1,548	55.3	53	1.1
65 to 74	2,182	2,589	3,369	4,027	407	18.7	658	19.5
75+	2,306	2,681	2,820	3,121	375	16.3	301	10.7
Total	33,680	36,576	37,398	38,121	2,896	8.6	723	1.9
Sources: U.S. Census Bureau; ESRI; Maxfield Research & Consulting, LLC								

Household Incomes

Tables 6 through 8 show household income by age of householder as estimated for 2017 with a projection for 2022. Data is compiled by ESRI Inc. and separated into seven income categories. Also shown is the median household income for each of the draw areas. Housing is considered affordable is a household spends no more than 30% of their income on housing costs. Homeowners are likely to spend somewhat less than this proportion (25% to 28%) while renters, especially those with lower incomes, may be spending more than this percentage and would be considered cost-burdened. Tight rental markets with rising rental rates typically placed the greatest pressure on low and moderate income households who may already be stretching their housing dollars to find and keep a suitable residence.

Northfield

The estimated 2017 median household income is highest in Northfield at \$76,451. Younger households in the Northfield Draw Area are estimated to have relatively high median incomes at \$52,843 for households under age 25 and \$72,439 for households age 25 to 34. This suggests that households in this area who are renting may be able to afford higher priced rental units depending on the proportion of households that are most likely to rent their housing. The median household income is projected to rise to \$83,796 by 2022, an increase of 1.9% per year, equal to the annual inflation rate.

TABLE 6 HOUSEHOLD INCOME BY AGE OF HOUSEHOLDER NORTHFIELD DRAW AREA 2017 & 2022								
	Age of Householder							
Total	<25	25-34	35-44	45-54	55-64	65 -74	75+	
2017								
Less than \$15,000	674	45	74	66	69	122	105	193
\$15,000 to \$24,999	771	46	85	80	69	99	139	253
\$25,000 to \$34,999	639	37	103	79	73	96	94	157
\$35,000 to \$49,999	1,309	65	214	183	199	199	182	267
\$50,000 to \$74,999	2,131	94	363	345	378	375	339	237
\$75,000 to \$99,999	2,071	70	289	395	484	402	302	129
\$100,000 or more	3,793	61	498	773	969	927	433	132
Total	11,389	418	1,626	1,921	2,241	2,220	1,594	1,368
Median Income	\$76,451	\$52,843	\$72,439	\$85,954	\$90,199	\$86,599	\$68,780	\$38,411
2022								
Less than \$15,000	641	42	73	62	54	96	107	207
\$15,000 to \$24,999	692	40	78	58	52	77	127	260
\$25,000 to \$34,999	542	30	86	63	46	69	87	161
\$35,000 to \$49,999	1,095	55	178	136	135	142	168	281
\$50,000 to \$74,999	1,996	88	345	311	292	327	354	280
\$75,000 to \$99,999	2,146	78	312	406	429	393	358	171
\$100,000 or more	4,667	74	658	957	1,030	1,099	630	221
Total	11,778	407	1,729	1,992	2,037	2,202	1,830	1,580
Median Income	\$83,796	\$57,886	\$81,648	\$96,763	\$100,580	\$99,786	\$78,745	\$42,360
Change 2017-2022								
Less than \$15,000	-33	-3	-1	-4	-15	-26	2	14
\$15,000 to \$24,999	-79	-6	-7	-22	-17	-22	-12	7
\$25,000 to \$34,999	-97	-7	-17	-16	-27	-27	-7	4
\$35,000 to \$49,999	-215	-10	-36	-47	-64	-57	-14	14
\$50,000 to \$74,999	-135	-6	-18	-34	-86	-48	15	43
\$75,000 to \$99,999	75	8	23	11	-55	-9	56	42
\$100,000 or more	874	13	160	184	60	171	197	89
Total	389	-11	103	71	-204	-18	236	212
Median Income	\$7,345	\$5,043	\$9,209	\$10,809	\$10,381	\$13,187	\$9,965	\$3,949
Sources: ESRI; US Census Bureau; Maxfield Research & Consulting, LLC								

Faribault

The estimated 2017 median household income in the Faribault Draw Area was \$58,682. Younger households in the Faribault Draw Area are also estimated to have relatively high median household incomes compared to the other age groups. Households under age 25 are estimated to have a household income of \$50,674 while households age 25 to 34 are estimated to have a median household income of \$58,014. The median income is expected to rise to \$66,964 by 2022, an average annual increase of 2.7%, well above the annual inflation rate.

TABLE 7 HOUSEHOLD INCOME BY AGE OF HOUSEHOLDER FARIBAULT DRAW AREA 2017 & 2022								
	Age of Householder							
Total	<25	25-34	35-44	45-54	55-64	65 -74	75+	
2017								
Less than \$15,000	867	56	93	85	84	159	161	229
\$15,000 to \$24,999	946	67	100	100	93	137	159	290
\$25,000 to \$34,999	1,063	79	141	151	126	161	185	220
\$35,000 to \$49,999	2,074	144	323	283	306	352	337	329
\$50,000 to \$74,999	2,729	178	486	470	529	535	352	179
\$75,000 to \$99,999	2,107	123	272	382	497	415	248	170
\$100,000 or more	2,572	61	324	499	673	659	276	80
Total	12,358	708	1,739	1,970	2,308	2,418	1,718	1,497
Median Income	\$58,682	\$50,674	\$58,014	\$67,469	\$75,539	\$66,601	\$50,779	\$35,278
2022								
Less than \$15,000	827	53	92	82	61	131	161	247
\$15,000 to \$24,999	861	62	84	78	64	106	158	309
\$25,000 to \$34,999	912	65	109	129	87	124	178	220
\$35,000 to \$49,999	1,771	122	263	223	221	278	322	342
\$50,000 to \$74,999	2,632	177	455	462	426	507	385	220
\$75,000 to \$99,999	2,348	152	298	422	473	457	318	228
\$100,000 or more	3,385	81	430	660	776	871	419	148
Total	12,736	712	1,731	2,056	2,108	2,474	1,941	1,714
Median Income	\$66,964	\$55,332	\$64,910	\$77,268	\$83,104	\$78,721	\$57,510	\$37,576
Change 2017-2022								
Less than \$15,000	-40	-3	-1	-3	-23	-28	0	18
\$15,000 to \$24,999	-85	-5	-16	-22	-29	-31	-1	19
\$25,000 to \$34,999	-151	-14	-32	-22	-39	-37	-7	0
\$35,000 to \$49,999	-303	-22	-60	-60	-85	-74	-15	13
\$50,000 to \$74,999	-97	-1	-31	-8	-103	-28	33	41
\$75,000 to \$99,999	241	29	26	40	-24	42	70	58
\$100,000 or more	813	20	106	161	103	212	143	68
Total	378	4	-8	86	-200	56	223	217
Median Income	\$8,282	\$4,658	\$6,896	\$9,799	\$7,565	\$12,120	\$6,731	\$2,298

Sources: ESRI; US Census Bureau; Maxfield Research & Consulting, LLC

Owatonna

The estimated 2017 median household income in the Faribault Draw Area was \$58,682. Younger households in the Faribault Draw Area are also estimated to have relatively high median household incomes compared to the other age groups. Households under age 25 are estimated to have a household income of \$50,674 while households age 25 to 34 are estimated to have a median household income of \$58,014. The median income is expected to rise to \$66,964 by 2022, an average annual increase of 2.7%, well above the annual inflation rate.

TABLE 8 HOUSEHOLD INCOME BY AGE OF HOUSEHOLDER OWATONNA DRAW AREA 2017 & 2022								
	Age of Householder							
Total	<25	25-34	35-44	45-54	55-64	65 -74	75+	
2017								
Less than \$15,000	1,076	67	97	108	100	193	184	327
\$15,000 to \$24,999	843	32	88	76	83	111	139	314
\$25,000 to \$34,999	905	52	122	119	108	124	160	220
\$35,000 to \$49,999	1,721	96	265	227	234	296	283	320
\$50,000 to \$74,999	2,935	135	567	499	597	549	381	207
\$75,000 to \$99,999	2,286	55	371	429	605	450	261	115
\$100,000 or more	3,281	32	415	748	791	798	375	122
Total	13,047	469	1,925	2,206	2,518	2,521	1,783	1,625
Median Income	\$64,489	\$47,354	\$64,474	\$78,155	\$79,028	\$74,173	\$56,024	\$32,250
2022								
Less than \$15,000	1,036	64	93	107	71	160	198	343
\$15,000 to \$24,999	759	31	73	56	59	90	135	315
\$25,000 to \$34,999	774	41	95	98	74	94	157	215
\$35,000 to \$49,999	1,448	84	209	179	161	223	272	320
\$50,000 to \$74,999	2,752	132	517	471	476	490	423	243
\$75,000 to \$99,999	2,402	63	386	460	550	457	332	154
\$100,000 or more	4,167	41	519	945	881	1,014	573	194
Total	13,338	456	1,892	2,316	2,272	2,528	2,090	1,784
Median Income	\$73,799	\$50,861	\$72,077	\$86,291	\$86,005	\$84,332	\$64,419	\$35,613
Change 2017-2022								
Less than \$15,000	-40	-3	-4	-1	-29	-33	14	16
\$15,000 to \$24,999	-84	-1	-15	-20	-24	-21	-4	1
\$25,000 to \$34,999	-131	-11	-27	-21	-34	-30	-3	-5
\$35,000 to \$49,999	-273	-12	-56	-48	-73	-73	-11	0
\$50,000 to \$74,999	-183	-3	-50	-28	-121	-59	42	36
\$75,000 to \$99,999	116	8	15	31	-55	7	71	39
\$100,000 or more	886	9	104	197	90	216	198	72
Total	291	-13	-33	110	-246	7	307	159
Median Income	\$9,310	\$3,507	\$7,603	\$8,136	\$6,977	\$10,159	\$8,395	\$3,363
Sources: ESRI; US Census Bureau; Maxfield Research & Consulting, LLC								

Tenure by Age of Householder

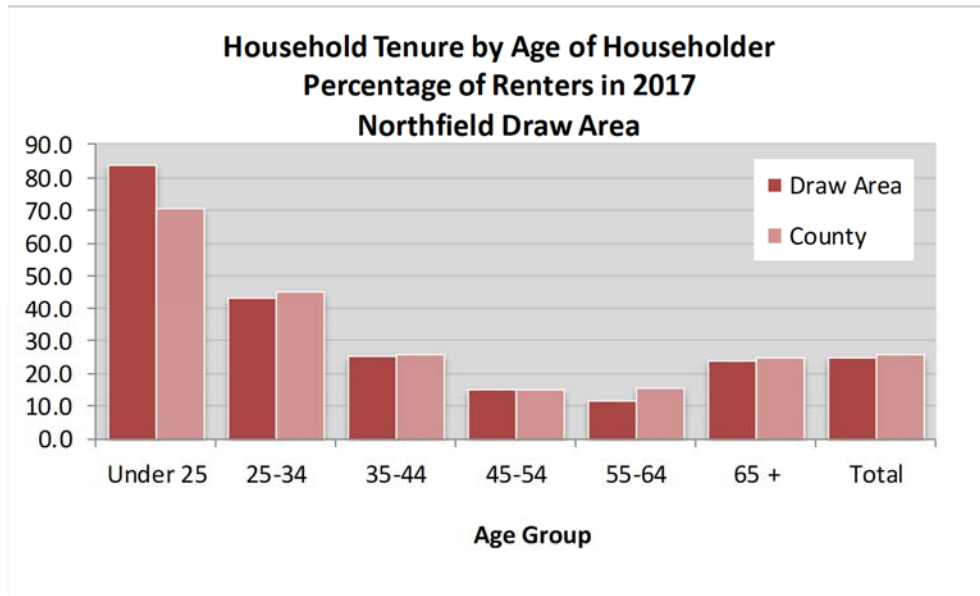
Tables 9 through 11 shows tenure by age of householder for each of the draw areas along with comparison data for Rice and Steele Counties. The data is shown for 2010 and 2017 from the Decennial Census (2010) and from the 5-year American Community Survey estimates.

Northfield

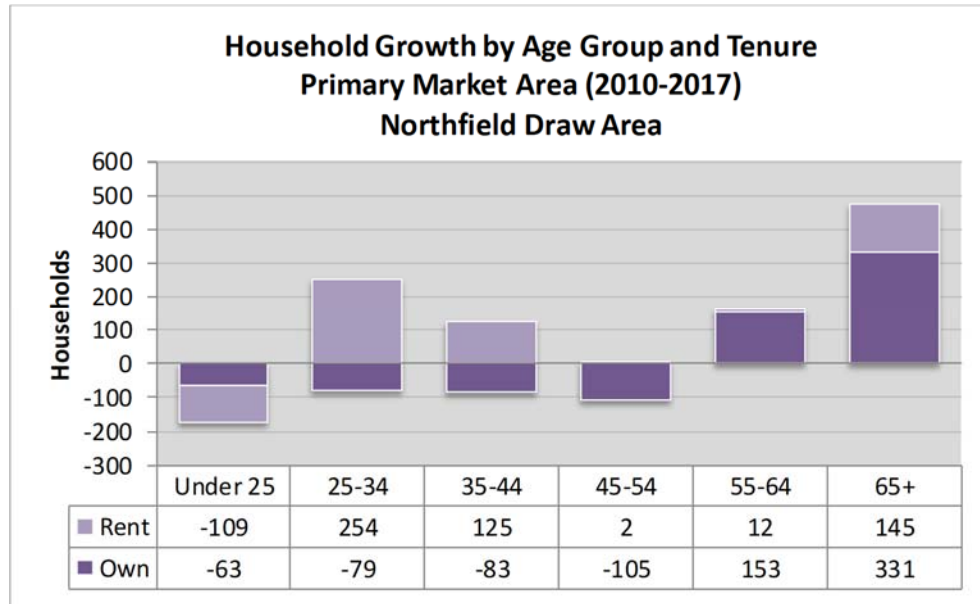
The table shows that the proportion of renter households increased to 24.6% from 22.0% while the proportion of owner households decreased over the same period. In Rice County as a whole, owner and renter households increased numerically but renter households increased more, causing the proportion of owner households to drop slightly. Large proportional increases in renter households for the Draw Area were in the under 45 age groups.

TABLE 9 TENURE BY AGE OF HOUSEHOLDER NORTHFIELD DRAW AREA 2010 & 2017									
Age		Draw Area				Rice County			
		2010		2017		2010		2017	
		No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.
Under 25	Own	106	24.1	43	16.0	254	21.6	216	29.3
	Rent	333	75.9	224	84.0	923	78.4	521	70.7
	Total	439	100.0	267	100.0	1,177	100.0	738	100.0
25-34	Own	1,084	67.6	1,005	56.5	2,047	63.6	1,936	54.4
	Rent	520	32.4	774	43.5	1,172	36.4	1,619	45.6
	Total	1,604	100.0	1,779	100.0	3,219	100.0	3,555	100.0
35-44	Own	1,623	80.1	1,540	74.5	3,114	78.2	2,938	74.0
	Rent	403	19.9	528	25.5	867	21.8	1,034	26.0
	Total	2,026	100.0	2,067	100.0	3,981	100.0	3,972	100.0
45-54	Own	2,106	85.6	2,001	84.9	4,151	83.7	4,074	84.9
	Rent	353	14.4	355	15.1	809	16.3	722	15.1
	Total	2,459	100.0	2,356	100.0	4,960	100.0	4,797	100.0
55-64	Own	1,687	87.9	1,840	88.3	3,398	86.2	3,718	84.6
	Rent	233	12.1	245	11.7	546	13.8	679	15.4
	Total	1,920	100.0	2,084	100.0	3,944	100.0	4,397	100.0
65 +	Own	1,823	77.2	2,154	76.0	3,933	78.1	4,420	75.2
	Rent	537	22.8	682	24.0	1,101	21.9	1,460	24.8
	Total	2,360	100.0	2,835	100.0	5,034	100.0	5,879	100.0
TOTAL	Own	8,429	78.0	8,582	75.4	16,897	75.7	17,302	74.1
	Rent	2,379	22.0	2,807	24.6	5,418	24.3	6,036	25.9
	Total	10,808	100.0	11,389	100.0	22,315	100.0	23,338	100.0

Sources: U.S. Census Bureau; Maxfield Research & Consulting, LLC



The graph below shows the numerical increase or decrease in renter and owner households by age group for the Northfield draw area. The largest increases are among households age 25 to 34, 35 to 44 and 65+.

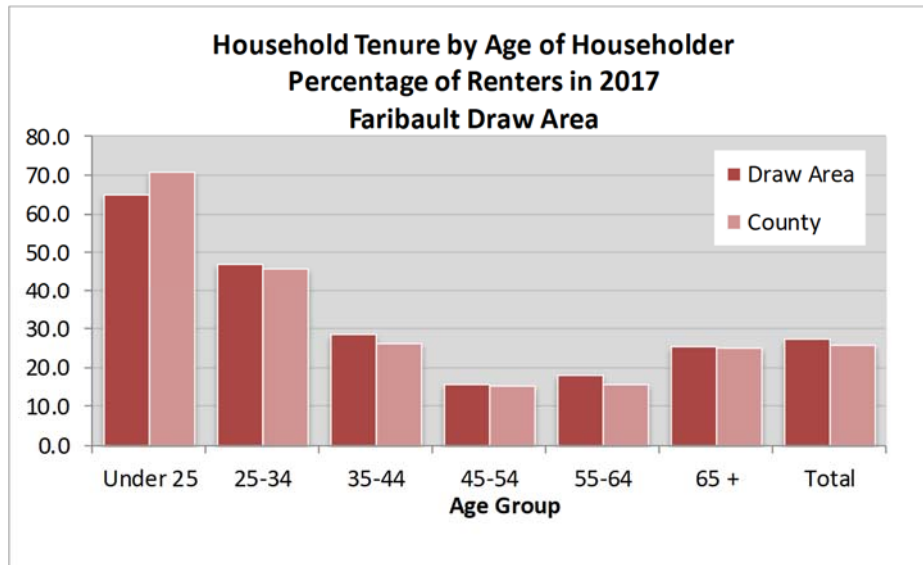


Faribault

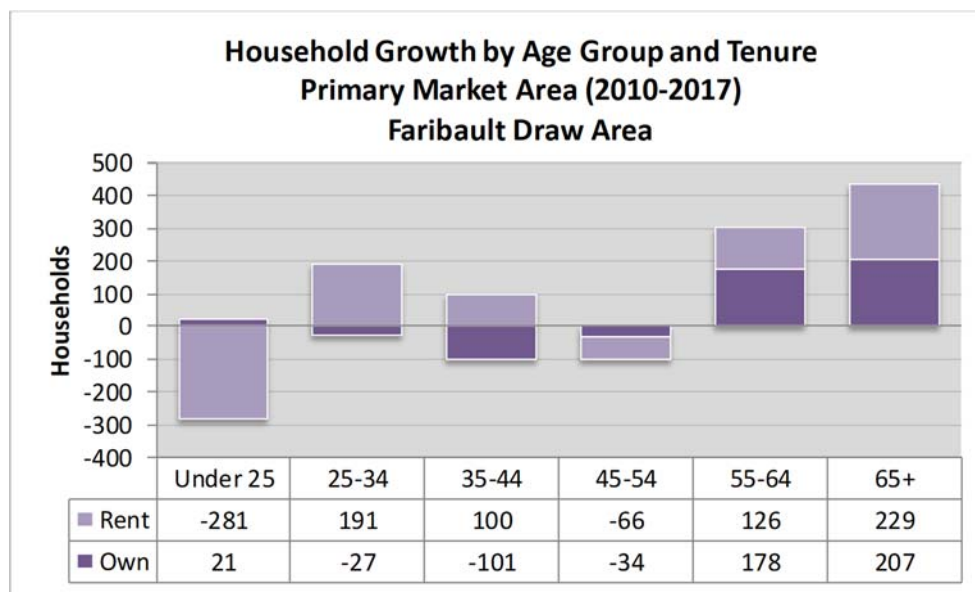
The table shows that the proportion of renter households in the Faribault Draw Area increased to 27.2% from 25.2% while the proportion of owner households decreased over the same period. In Rice County as a whole, owner and renter households increased, but the increase in renter households was much larger, causing the renter household proportion to increase to nearly 26.0% in Rice County. Large proportional increases in renter households in the Faribault Draw Area are shown primarily for the age categories, 25 to 34 and 35 to 44, the prime renter age cohorts. Households under age 25 decreased overall in terms of number, which resulted in a significant decrease in the renter household base.

TABLE 10 TENURE BY AGE OF HOUSEHOLDER FARIBAULT DRAW AREA 2010 & 2017									
Age		Draw Area				Rice County			
		2010		2017		2010		2017	
		No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.
Under 25	Own	147	19.8	168	34.9	254	21.6	216	29.3
	Rent	594	80.2	313	65.1	923	78.4	521	70.7
	Total	741	100.0	481	100.0	1,177	100.0	738	100.0
25-34	Own	1,006	60.1	979	53.2	2,047	63.6	1,936	54.4
	Rent	669	39.9	860	46.8	1,172	36.4	1,619	45.6
	Total	1,675	100.0	1,838	100.0	3,219	100.0	3,555	100.0
35-44	Own	1,551	76.6	1,450	71.6	3,114	78.2	2,938	74.0
	Rent	474	23.4	574	28.4	867	21.8	1,034	26.0
	Total	2,025	100.0	2,024	100.0	3,981	100.0	3,972	100.0
45-54	Own	2,090	82.3	2,056	84.3	4,151	83.7	4,074	84.9
	Rent	450	17.7	384	15.7	809	16.3	722	15.1
	Total	2,540	100.0	2,440	100.0	4,960	100.0	4,797	100.0
55-64	Own	1,801	85.3	1,979	81.9	3,398	86.2	3,718	84.6
	Rent	311	14.7	437	18.1	546	13.8	679	15.4
	Total	2,112	100.0	2,416	100.0	3,944	100.0	4,397	100.0
65 +	Own	2,173	79.1	2,380	74.8	3,933	78.1	4,420	75.2
	Rent	573	20.9	802	25.2	1,101	21.9	1,460	24.8
	Total	2,746	100.0	3,181	100.0	5,034	100.0	5,879	100.0
TOTAL	Own	8,768	74.1	9,011	72.8	16,897	75.7	17,302	74.1
	Rent	3,071	25.9	3,369	27.2	5,418	24.3	6,036	25.9
	Total	11,839	100.0	12,380	100.0	22,315	100.0	23,338	100.0

Sources: U.S. Census Bureau; Maxfield Research & Consulting, LLC



The graph below shows the numerical increase or decrease in renter and owner households by age group for the Faribault draw area. The largest increases in renter households are among the age groups 65+ and 25 to 34. The age cohorts 55 to 64 and 35 to 44 however, also showed significant increases in renter households over the period.

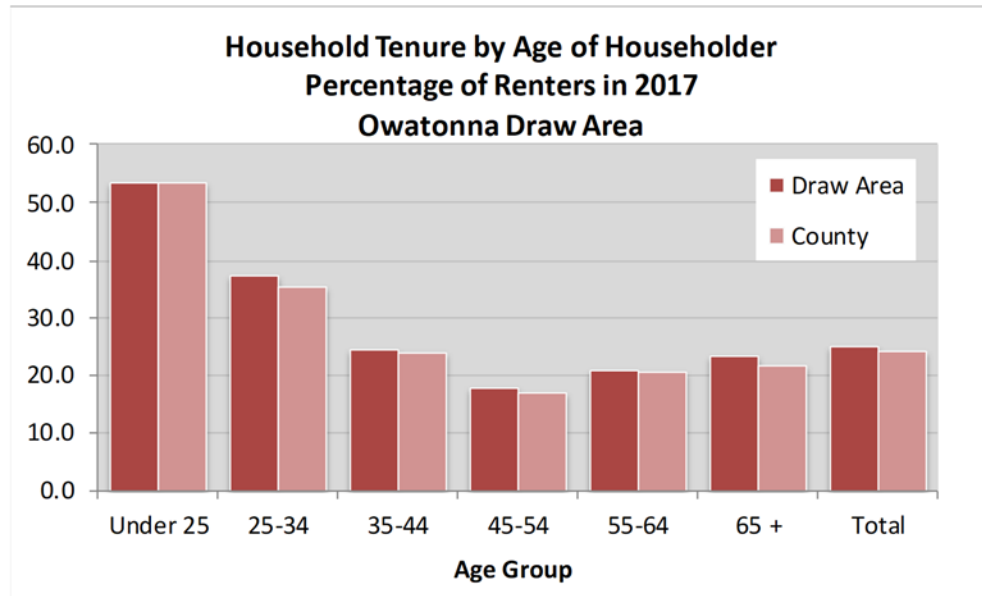


Owatonna

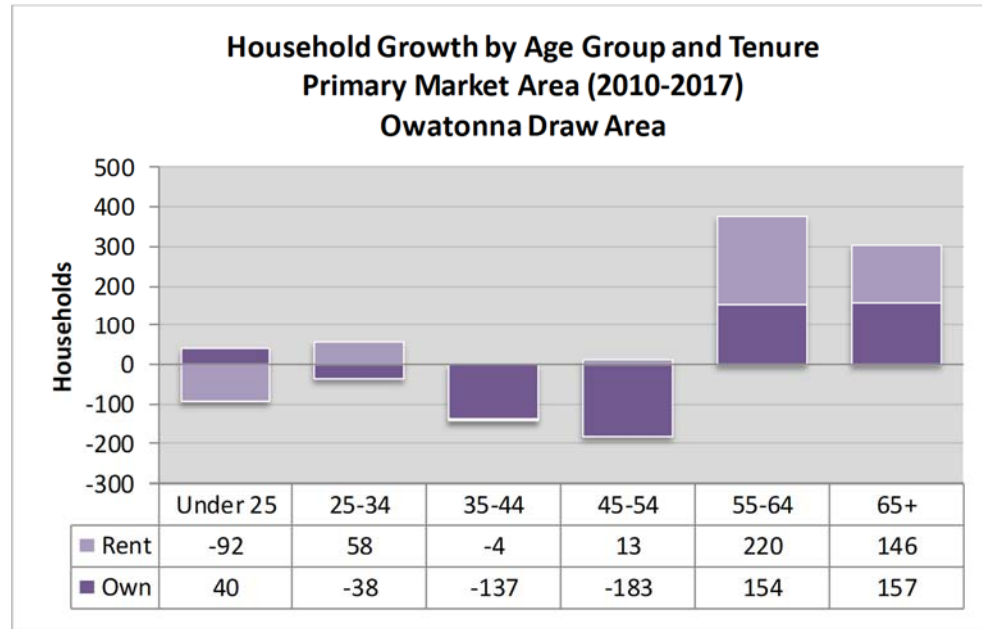
The table shows that the proportion of renter households in the Owatonna Draw Area increased to 24.9% from 22.9% while the proportion of owner households decreased over the same period. In Steele County as a whole, owner households and renter households both increased numerically, but renter households increased by a larger number, causing the proportion of renter households to rise against the owner household base. Large proportional increases in renter households for the Owatonna Draw Area are shown primarily for the age categories, 25 to 34 and 35 to 44, the prime renter age cohorts. Households under age 25 decreased overall in terms of number, which resulted in a significant decrease in the renter household base.

TABLE 11 TENURE BY AGE OF HOUSEHOLDER OWATONNA DRAW AREA 2010 & 2017									
Age		Draw Area				Steele County			
		2010		2017		2010		2017	
		No.	Pct.	No.	Pct.	No.	Pct.	No.	Pct.
Under 25	Own	162	33.4	202	46.6	179	33.6	232	46.5
	Rent	323	66.6	231	53.4	353	66.4	267	53.5
	Total	485	100.0	433	100.0	532	100.0	499	100.0
25-34	Own	1,265	65.3	1,227	62.7	1,436	66.3	1,427	64.6
	Rent	673	34.7	731	37.3	731	33.7	784	35.4
	Total	1,938	100.0	1,958	100.0	2,167	100.0	2,211	100.0
35-44	Own	1,824	76.9	1,687	75.6	2,030	77.6	1,839	76.3
	Rent	548	23.1	544	24.4	586	22.4	570	23.7
	Total	2,372	100.0	2,232	100.0	2,616	100.0	2,409	100.0
45-54	Own	2,292	84.0	2,109	82.4	2,591	84.3	2,382	83.2
	Rent	437	16.0	450	17.6	481	15.7	480	16.8
	Total	2,729	100.0	2,559	100.0	3,072	100.0	2,861	100.0
55-64	Own	1,920	85.6	2,074	79.3	2,186	86.2	2,341	79.5
	Rent	322	14.4	542	20.7	351	13.8	604	20.5
	Total	2,242	100.0	2,617	100.0	2,537	100.0	2,944	100.0
65 +	Own	2,336	79.5	2,493	76.9	2,713	79.7	2,946	78.4
	Rent	603	20.5	749	23.1	693	20.3	813	21.6
	Total	2,939	100.0	3,242	100.0	3,406	100.0	3,759	100.0
TOTAL	Own	9,799	77.1	9,792	75.1	11,135	77.7	11,167	76.0
	Rent	2,906	22.9	3,248	24.9	3,195	22.3	3,517	24.0
	Total	12,705	100.0	13,040	100.0	14,330	100.0	14,684	100.0

Sources: U.S. Census Bureau; Maxfield Research & Consulting, LLC



The graph below shows the numerical increase or decrease in renter and owner households by age group for the Owatonna Draw Area. The largest increases in renter households are among the age groups 55 to 64 and 65+.



Employment Growth Trends – Rice and Steele Counties

Table 12 below shows growth in employment for Rice and Steele Counties from 2000 through 2nd Quarter 2017 with projections for 2020 and 2025. This information was compiled from the Quarterly Census of Employment and Wages (QCEW) produced by the Department of Labor and published by the Minnesota Department of Employment and Economic Development (MN DEED). Southeast Minnesota, which includes Rice and Steele Counties is projected to be the second fastest growing region in the State.

Table 12 shows that Rice County gained a net four jobs between 2000 and 2010 after losing jobs during the recession. Steele County however, gain jobs over the period, increasing by 1.4% during the 2000s and again by 829 jobs (4.1%) between 2010 and 2017. Similarly, Rice County's job growth surged between 2010 and 2017, increasing by 2,817 jobs or 12.6%. The proportional increase in jobs in Rice County nearly matched that of the Twin Cities Metro Area which experienced a 13.0% increase in jobs during the same period.

Looking forward to 2020 and 2025, projections were calculated based on recent job growth trends for each county and for the Southeast Region as a whole. Projections to 2020 show each county forecast to increase its employment base, Rice County by 6.1% and Steele County by 3.0%. From 2020 to 2025, Rice County is projected to add 2,800 new jobs while Steele County is projected to add 1,110 jobs.

TABLE 12 EMPLOYMENT GROWTH TRENDS AND PROJECTIONS RICE AND STEELE COUNTIES 2000 to 2025						
Annual Employment	Rice County		Steele County		Twin Cities Metro Area	
2000	22,340		19,988		1,600,741	
2005	22,166		20,019		1,593,692	
2010	22,344		20,272		1,537,041	
2017	25,161		21,101		1,737,532	
2020 Forecast	26,700		21,740		1,791,080	
2025 Forecast	29,500		22,850		1,852,065	
Change	No.	Pct.	No.	Pct.	No.	Pct.
2000 - 2010	4	0.0%	284	1.4%	-63,700	-4.0%
2010 - 2017	2,817	12.6%	829	4.1%	200,491	13.0%
2017 - 2020	1,539	6.1%	639	3.0%	53,548	3.1%
2020 - 2025	2,800	10.5%	1,110	5.1%	60,985	3.4%
Sources: MN DEED; Metropolitan Council; Maxfield Research & Consulting, LLC						

Job growth is closely tied to household growth and the need for housing units. A lack of housing can constrain economic development and job growth if workers are not able to find suitable housing. Workers may not be willing to commute significant distances for certain types of jobs or they may prefer to reside closer to their work. If housing is not available in communities where there is a growing employment base, companies may be forced to consider other locations or may relocate to areas that have a larger labor force or more housing to accommodate a growing worker base.



Request for Action

TO: Faribault Housing & Redevelopment Authority
FROM: Deanna Kuennen, Community & Economic Development Director
MEETING DATE: August 8, 2022
SUBJECT: 2023 Budget Discussion

BACKGROUND:

The HRA annually approves a budget that reflects their work plan and priorities. In 2022 funds were identified for special programs, however there has been limited activity due to lack of staff resources and the necessary focus placed on the RAD repositioning process. It is anticipated that a new Housing Coordinator will be onboard in mid-September. The new hire will spend the majority of 2022 becoming familiar with the HRA programs, assets, and HUD rules/regulations. The goal is that the Housing Coordinator will then be positioned to develop and administer additional HRA programs in 2023.

Attached is the approved 2022 budget, and fund balance report. The HRA has approximately \$1,200,000 in fund balance as of 8/1/2022:

12/31/2021 FUND BALANCE	\$1,109,590
2022 REVENUE to date	\$223,153
2022 EXPENSES to date	\$124,475

(The estimated Public Housing budget/proforma is also attached for informational purposes. These are separate budgets, but it will provide context as to how the Public Housing program, once the repositioning is complete, will be self-sufficient and will generate revenue to cover all expenses and reserve requirements.)

REQUESTED ACTION:

The HRA is asked to discuss funding priorities, proposed HRA initiatives, and potential desired funding levels for programs/projects. Staff will then prepare a draft budget for review at the September meeting.

ATTACHMENTS:

1. Final 2022 HRA for HRA
2. Fund Balance Report
3. Public Housing Budget - 20 Year Estimated Proforma 04.29.2022
(002)

HRA FUND 280 - 2022 BUDGET

Entry Name	Acct 1	Acct 2	Acct 3	Acct 4	Account Description	Detail Description	Detail Amount
HRA	280	00000	461	31010	Current Ad Valorem Taxes		\$309,820.00
HRA	280	00000	461	34108	Administrative Fees	Public Housing Administration	\$80,484.00
						Robinwood Administration - rent increase results in mgmt fee increase	
HRA	280	00000	461	34108	Administrative Fees		\$45,250.00
HRA	280	00000	461	34700	Application Fees		\$0.00
HRA	280	00000	461	36200	Other Miscellaneous Revenue		\$1,000.00
HRA	280	00000	461	36210	Interest on Investments		\$10,000.00
HRA	280	00000	461	36215	Loan Interest		\$360.00
HRA	280	00000	461	36400	Loan Principal		\$12,000.00
						Revenue	\$458,914.00
HRA	280	46310	461	43040	Legal Fees - Civil Process		\$5,000.00
HRA	280	46310	461	43070	Management Services		\$0.00
HRA	280	46310	461	43080	Indirect Cost Allocation		\$216,620.00
HRA	280	46310	461	43090	Expert & Professional Services		\$20,000.00
HRA	280	46310	461	43095	Software Maintenance & Support	Direct charge for HDS software	\$3,200.00
HRA	280	46310	461	43130	Special Programs	Fix Up Program	\$50,000.00
HRA	280	46310	461	43130	Special Programs	Mobile Home Buyout - activity decreasing for program	\$20,000.00
HRA	280	46310	461	43130	Special Programs	Mobile Home Heat Tape	\$10,000.00
						Downpayment Assistance	\$100,000.00
HRA	280	46310	461	43130	Special Programs	Downtown Rehab (2nd floor apartments)	\$100,000.00
HRA	280	46310	461	43140	Training & Education		\$0.00
HRA	280	46310	461	43310	Travel Expense		\$0.00
HRA	280	46310	461	43430	Advertising - Other		\$1,500.00
HRA	280	46310	461	43510	Legal Notices Publishing		\$1,500.00
HRA	280	46310	461	43520	Recording Fees		\$0.00
						Includes Heritage Bluff Park \$3,596 - HRA will go through process in 2020 to transfer land to the City	
HRA	280	46310	461	43610	Insurance & Bonds		\$9,116.00
HRA	280	46310	461	44330	Dues & Subscriptions		\$500.00
						Expenses	\$537,436.00
						Use of Fund Balance	-\$78,522.00

General Ledger

Summary Trial Balance

User: dkuennen
 Printed: 08/02/2022 - 11:17AM
 Period: 08, 2022



Account Number	Description	Budget Amount	Beginning Balance	Debit This Period	Credit This Period	Ending Balance
Fund 280	Faribault HRA					
ASSETS						
280-00000-000-10100	Cash	0.00	1,172,453.26	1,078.12	0.00	1,173,531.38
280-00000-000-10120	Cash Escrow	0.00	0.00	0.00	0.00	0.00
280-00000-000-10410	Investments - Fair Value Adj	0.00	-52,339.30	0.00	0.00	-52,339.30
280-00000-000-10450	Interest Receivable	0.00	3,147.91	0.00	0.00	3,147.91
280-00000-000-10500	Taxes Receivable - Current	0.00	0.00	0.00	0.00	0.00
280-00000-000-10700	Taxes Receivable - Delinquent	0.00	3,118.05	0.00	0.00	3,118.05
280-00000-000-11500	Accounts Receivable	0.00	0.00	1,078.12	1,078.12	0.00
280-00000-000-13100	Due From Other Funds	0.00	0.00	0.00	0.00	0.00
280-00000-000-13200	Due From Other Governments	0.00	0.00	0.00	0.00	0.00
280-00000-000-13700	Loans Receivable	0.00	41,805.73	0.00	971.62	40,834.11
280-00000-000-13710	Loans Receivable-Deferred	0.00	406,666.06	0.00	0.00	406,666.06
280-00000-000-15500	Prepaid Items	0.00	0.00	0.00	0.00	0.00
280-00000-000-16250	Property Held for Resale	0.00	43,095.01	0.00	0.00	43,095.01
ASSETS Totals:		0.00	1,617,946.72	2,156.24	2,049.74	1,618,053.22
LIABILITIES						
280-00000-000-20200	Accounts Payable	0.00	0.00	0.00	0.00	0.00
280-00000-000-20800	Due To Other Governments	0.00	0.00	0.00	0.00	0.00
280-00000-000-20910	Advances From Primary Govt	0.00	0.00	0.00	0.00	0.00
280-00000-000-22200	Deferred Revenues	0.00	-3,118.05	0.00	0.00	-3,118.05
280-00000-000-22210	Loans Receivable - Deferred	0.00	-406,666.06	0.00	0.00	-406,666.06
LIABILITIES Totals:		0.00	-409,784.11	0.00	0.00	-409,784.11
FUND BALANCE						
280-00000-000-25300	Unreserved Fund Balance	0.00	-1,109,590.77	0.00	0.00	-1,109,590.77

Account Number	Description	Budget Amount	Beginning Balance	Debit This Period	Credit This Period	Ending Balance
	FUND BALANCE Totals:	0.00	-1,109,590.77	0.00	0.00	-1,109,590.77
REVENUE						
280-00000-461-31010	Current Ad Valorem Taxes	309,820.00	-164,741.52	0.00	0.00	-164,741.52
280-00000-461-31020	Delinquent Ad Valorem Taxes	0.00	-1,535.66	0.00	0.00	-1,535.66
280-00000-461-31030	Mobile Home Taxes	0.00	0.00	0.00	0.00	0.00
280-00000-461-31035	Delinquent Mobile Home Taxes	0.00	-77.55	0.00	0.00	-77.55
280-00000-461-31040	Excess Tax Increment	0.00	-510.94	0.00	0.00	-510.94
280-00000-461-31500	PILOT	0.00	0.00	0.00	0.00	0.00
280-00000-461-31550	Green Acres	0.00	0.00	0.00	0.00	0.00
280-00000-461-33160	Federal Grants	0.00	0.00	0.00	0.00	0.00
280-00000-461-33402	Market Value Homestead Credit	0.00	0.00	0.00	0.00	0.00
280-00000-461-33422	Other State Grants & Aids	0.00	0.00	0.00	0.00	0.00
280-00000-461-34108	Administrative Fees	125,734.00	-63,424.58	0.00	0.00	-63,424.58
280-00000-461-34700	Application Fees	0.00	-35.00	0.00	0.00	-35.00
280-00000-461-36200	Other Miscellaneous Revenue	1,000.00	0.00	0.00	0.00	0.00
280-00000-461-36210	Interest on Investments	12,500.00	-5,406.68	0.00	0.00	-5,406.68
280-00000-461-36211	Interest Market Value	0.00	52,115.85	0.00	0.00	52,115.85
280-00000-461-36215	Loan Interest	1,297.00	-801.78	0.00	106.50	-908.28
280-00000-461-36240	Refunds & Reimbursements	0.00	0.00	0.00	0.00	0.00
280-00000-461-36400	Loan Principal	11,640.00	-13,729.50	0.00	0.00	-13,729.50
280-00000-461-39101	Sale of Capital Assets	0.00	-24,900.00	0.00	0.00	-24,900.00
280-00000-461-39200	Transfer In	0.00	0.00	0.00	0.00	0.00
	REVENUE Totals:	461,991.00	-223,047.36	0.00	106.50	-223,153.86
EXPENSE						
Department 46310	Urban Redevelopment & Housing					
280-46310-461-42115	Meeting	0.00	0.00	0.00	0.00	0.00
280-46310-461-43010	Auditing & Accounting Services	0.00	0.00	0.00	0.00	0.00
280-46310-461-43040	Legal Fees - Civil Process	5,000.00	4,530.00	0.00	0.00	4,530.00
280-46310-461-43080	Indirect Cost Allocation	228,245.00	114,122.52	0.00	0.00	114,122.52
280-46310-461-43090	Expert & Professional Services	20,000.00	0.00	0.00	0.00	0.00
280-46310-461-43095	Software Maintenance & Support	3,200.00	0.00	0.00	0.00	0.00
280-46310-461-43130	Special Programs	280,000.00	2,500.00	0.00	0.00	2,500.00
280-46310-461-43140	Training & Education	0.00	0.00	0.00	0.00	0.00
280-46310-461-43310	Travel Expense	0.00	0.00	0.00	0.00	0.00
280-46310-461-43430	Advertising - Other	1,500.00	0.00	0.00	0.00	0.00
280-46310-461-43510	Legal Notices Publishing	1,500.00	0.00	0.00	0.00	0.00

Account Number	Description	Budget Amount	Beginning Balance	Debit This Period	Credit This Period	Ending Balance
280-46310-461-43520	Recording Fees	0.00	92.00	0.00	0.00	92.00
280-46310-461-43610	Insurance & Bonds	9,116.00	2,591.00	0.00	0.00	2,591.00
280-46310-461-43810	Electric Utilities	0.00	0.00	0.00	0.00	0.00
280-46310-461-43820	Water Utilities	0.00	0.00	0.00	0.00	0.00
280-46310-461-43830	Gas Utilities	0.00	0.00	0.00	0.00	0.00
280-46310-461-43840	Refuse Disposal	0.00	0.00	0.00	0.00	0.00
280-46310-461-43850	Sewer Utilities	0.00	0.00	0.00	0.00	0.00
280-46310-461-43860	Storm Water Utilities	0.00	0.00	0.00	0.00	0.00
280-46310-461-44010	Building Maintenance	0.00	140.00	0.00	0.00	140.00
280-46310-461-44320	Bad Debt	0.00	0.00	0.00	0.00	0.00
280-46310-461-44330	Dues & Subscriptions	500.00	0.00	0.00	0.00	0.00
280-46310-461-44390	Taxes & Licenses	0.00	0.00	0.00	0.00	0.00
280-46310-461-44450	Claims & Damages	0.00	500.00	0.00	0.00	500.00
280-46310-461-45200	Building & Improvements	0.00	0.00	0.00	0.00	0.00
280-46310-461-45500	Vehicles	0.00	0.00	0.00	0.00	0.00
280-46310-461-47200	Transfer Out	0.00	0.00	0.00	0.00	0.00
280-46310-461-49999	Prior Period Adjustment	0.00	0.00	0.00	0.00	0.00
280-46310 EXPENSE Totals:		549,061.00	124,475.52	0.00	0.00	124,475.52
EXPENSE Totals:		549,061.00	124,475.52	0.00	0.00	124,475.52
Fund 280 Totals:		-87,070.00	0.00	2,156.24	2,156.24	0.00
Report Totals:		-87,070.00	0.00	2,156.24	2,156.24	0.00

Housing Authority City of Faribault
MN157000001
Faribault Scattered Sites

2023 Contract Rent With OCAF							
Unit Mix	Count	Contract Rents			With OCAF		2022 Extension
1	0	0	\$ -	\$ -	\$ -	\$ -	-
2	8	474	\$ 474	\$ 474	\$ 474	\$ 474	3,792
3	2	651	\$ 651	\$ 651	\$ 651	\$ 651	1,302
4	0	685	\$ 685	\$ 685	\$ 685	\$ 685	-
5	0	0	\$ -	\$ -	\$ -	\$ -	-
	0	0	\$ -	\$ -	\$ -	\$ -	-
	0	0	\$ -	\$ -	\$ -	\$ -	-
	0	0	\$ -	\$ -	\$ -	\$ -	-
	0	0	\$ -	\$ -	\$ -	\$ -	-
	0	0	\$ -	\$ -	\$ -	\$ -	-
	0	0	\$ -	\$ -	\$ -	\$ -	-
	0	0	\$ -	\$ -	\$ -	\$ -	-
	0	0	\$ -	\$ -	\$ -	\$ -	-
	10					\$ 5,094	
						\$ 61,128	

Utility Allowances	Gross Rent	Gross Extension
\$ -	\$ -	\$ -
\$ 167	\$ 641	\$ 5,128
\$ 208	\$ 859	\$ 1,718
\$ 234	\$ 919	\$ -
\$ -	\$ -	\$ -
\$ -	\$ -	\$ -
\$ -	\$ -	\$ -
\$ -	\$ -	\$ -
\$ -	\$ -	\$ -
\$ -	\$ -	\$ -
\$ -	\$ -	\$ -
\$ -	\$ -	\$ -
\$ -	\$ -	\$ -
\$ -	\$ -	\$ -
		\$ 6,846
		\$ 82,152

Rice County

1.1

				Payment				
Unit Mix	Count	2022 FMR	Standard Rent	Reasonable Rent	Utility Allowances	Section 18 Rent	Section 18 Extension	
1	0	\$749	\$824		\$ -	\$ 824	\$0	
2	0	\$985	\$1,084		\$ 167	\$ 917	\$0	
3	32	\$1,337	\$1,471		\$ 208	\$ 1,263	\$40,406	
4	7	\$1,493	\$1,642		\$ 234	\$ 1,408	\$9,858	
5	0	\$0	\$0		\$ -	\$ -	\$0	
0		\$0	\$0		\$ -	\$ -	\$0	
0		\$0	\$0		\$ -	\$ -	\$0	
0		\$0	\$0		\$ -	\$ -	\$0	
0		\$0	\$0		\$ -	\$ -	\$0	
0		\$0	\$0		\$ -	\$ -	\$0	
0		\$0	\$0		\$ -	\$ -	\$0	
0		\$0	\$0		\$ -	\$ -	\$0	
0		\$0	\$0		\$ -	\$ -	\$0	
	39						\$50,265	
							\$603,174	

Housing Authority City of Faribault MN157000001 49 Units Faribault Scattered Sites

Line Items	Application	180-Day Milestone	Variance
Check if there is a change for this milestone X			
INCOME			
GPR RAD		\$ 61,128	
GPR Market Rate	\$ -		
GPR Affordable (Section 18 Blend Units)	\$ -	\$ 603,174	
GPR Commercial	\$ -	\$ -	
Vacancy Loss	\$ -	\$ (19,929)	3%
Bad Debt Loss	\$ -	\$ (\$13,286)	2%
Other Income		\$ -	
Effective Gross Income	\$ -	\$ 631,087	
EXPENSES			
Administrative		\$ 80,484	
Asset Management Fee	\$ -	\$ 44,176	Revenue to City of Faribault for manqinqement services
Tenant Services	\$ -	\$ 1,225	
Utility Expense		\$ 10,600	
Ordinary Maintenance & Ops		\$ 112,500	
Protective Services	\$ -	\$ -	
Real Estate Tax/PILOT		\$ 10,000	
Property Insurance	\$ -	\$ 34,748	
Liability Insurance	\$ -	\$ -	
Other General Expenses		\$ 31,300	
Total Operating Expenses	\$ -	\$ 325,033	
Replacement Reserve Deposit		\$ 17,550	
Net Operating Income	\$ -	\$ 288,504	
First Mortgage Debt Service	\$ -	\$ -	
Operating Cash Flow	\$ -	\$ 288,504	

20-YEAR PRO FORMA

		Year 1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	
Income		\$ 631,087	\$ 643,709	\$ 656,583	\$ 669,714	\$ 683,109	\$ 696,771	\$ 710,706	\$ 724,920	\$ 739,419	\$ 754,207	\$ 769,291	\$ 784,677	\$ 800,371	\$ 816,378	\$ 832,706	\$ 849,360	\$ 866,347	\$ 883,674	\$ 901,347	\$ 919,374	\$ 15,333,752
Less V&C		\$ (33,215)	\$ (33,215)	\$ (33,215)	\$ (33,215)	\$ (33,215)	\$ (33,215)	\$ (33,215)	\$ (33,215)	\$ (33,215)	\$ (33,215)	\$ (33,215)	\$ (33,215)	\$ (33,215)	\$ (33,215)	\$ (33,215)	\$ (33,215)	\$ (33,215)	\$ (33,215)	\$ (33,215)	\$ (33,215)	
Other Income		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Net Income		\$ 631,087	\$ 643,709	\$ 656,583	\$ 669,714	\$ 683,109	\$ 696,771	\$ 710,706	\$ 724,920	\$ 739,419	\$ 754,207	\$ 769,291	\$ 784,677	\$ 800,371	\$ 816,378	\$ 832,706	\$ 849,360	\$ 866,347	\$ 883,674	\$ 901,347	\$ 919,374	
Expenses		\$ 325,033	\$ 331,534	\$ 338,164	\$ 344,928	\$ 351,826	\$ 358,863	\$ 366,040	\$ 373,361	\$ 380,828	\$ 388,445	\$ 396,214	\$ 404,138	\$ 412,221	\$ 420,465	\$ 428,874	\$ 437,452	\$ 446,201	\$ 455,125	\$ 464,227	\$ 473,512	\$ 7,897,449
Reserves	\$ 426,419	\$ 17,550	\$ 17,901	\$ 18,259	\$ 18,624	\$ 18,997	\$ 19,377	\$ 19,764	\$ 20,159	\$ 20,563	\$ 20,974	\$ 21,393	\$ 21,821	\$ 22,258	\$ 22,703	\$ 23,157	\$ 23,620	\$ 24,092	\$ 24,574	\$ 25,066	\$ 25,567	\$ 426,419
Debt Service		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Total Expenses		\$ 342,583	\$ 349,435	\$ 356,423	\$ 363,552	\$ 370,823	\$ 378,239	\$ 385,804	\$ 393,520	\$ 401,391	\$ 409,418	\$ 417,607	\$ 425,959	\$ 434,478	\$ 443,168	\$ 452,031	\$ 461,072	\$ 470,293	\$ 479,699	\$ 489,293	\$ 499,079	
NOI		\$ 288,504	\$ 294,274	\$ 300,159	\$ 306,163	\$ 312,286	\$ 318,532	\$ 324,902	\$ 331,400	\$ 338,028	\$ 344,789	\$ 351,685	\$ 358,718	\$ 365,893	\$ 373,210	\$ 380,675	\$ 388,288	\$ 396,054	\$ 403,975	\$ 412,054	\$ 420,296	
Cumulative NOI	\$ 7,009,884	\$ 288,504	\$ 582,778	\$ 882,937	\$ 1,189,100	\$ 1,501,385	\$ 1,819,917	\$ 2,144,819	\$ 2,476,219	\$ 2,814,248	\$ 3,159,036	\$ 3,510,721	\$ 3,869,439	\$ 4,235,332	\$ 4,608,542	\$ 4,989,217	\$ 5,377,505	\$ 5,773,559	\$ 6,177,534	\$ 6,589,588	\$ 7,009,884	
Income Escalation			2%																			
Expense Escalation			2%																			
PUM Cash flow		\$ 616	\$ 629	\$ 641	\$ 654	\$ 667	\$ 681	\$ 694	\$ 708	\$ 722	\$ 737	\$ 751	\$ 766	\$ 782	\$ 797	\$ 813	\$ 830	\$ 846	\$ 863	\$ 880	\$ 898	
Inflation on ADRR			2.0%																			

KEY
GPR= Gross Potential Rent
OPS= Operations
V&C= Vacancy and Concessions
NOI= Net Operating Income
PUM= Per Unit Month
ADRR=Annual Deposit to Replacement Reserve

20-Year Cash Flow Total \$ 7,009,884