ECONOMIC DEVELOPMENT AUTHORITY AGENDA

PUBLIC MEETING ROOM | WEDNESDAY, OCTOBER 12, 2022 | 8:00 AM

1. Call to Order
2. Items for Discussion
   A. Funding Support - Faribault Downtown Central
   (Continuation from Special EDA Meeting on 9-27-22)
3. Adjournment

Agenda Item: 2.A

Request for Action

TO:	Faribault Economic Development Authority
FROM:	Deanna Kuennen, Community & Economic Development Director
MEETING DATE:	October 12, 2022
SUBJECT:	Funding Support - Faribault Downtown Central *(Continuation from Special EDA Meeting on 9-27-22)*

BACKGROUND:

The EDA held a Special EDA meeting on September 27, 2022 to hear an update from Faribault Downtown Central (FDC) - the acquisition group which has acquired a 13-building portfolio in downtown Faribault. The purpose of the presentation was to seek a re-committment from the EDA for the $500,000 funding support that the EDA originally agreed to with the Downtown Investment Group (DIG Holdings, LLC), and seek additional support for a separate $500,000 loan. The item was tabled after much discussion, and FDC was asked to review and refine their request and provide specific information as to the sources and uses of the funds. Originally, the acquisition group intended to purchase, rehabilitate, hold (7-10 years), and then sell the buildings. The model being pursued by the new acquisition group is purchase, make the buildings "clean and dry", sell most of the portfolio within a shorter window (1-3 years) to "friendly buyers" who will rehabilitate the buildings and turn them into the highest and best use. Ultimately, the goal is the same - to invest in the downtown, and renovate and enhance underutilized buildings.

Staff and the City Attorney met with members of FDC to discuss the project and funding requests, and review how the funds could be utilized within the business subsidy laws. Based on that conversation, FDC has refined their request and prepared a more detailed spreadsheet. The current request eliminates the $500,000 loan request for now, and identifies how the EDA and HRA's funding will be distributed across the portfolio. To summarize - FDC would seek the first installment of the $500,000 in 2022 to complete the "clean and dry" work ($250,000). Upon the completion of that work, FDC would come back in 2023 with a specific work plan on how they would utilize the second $250,000 installment. The second installment would likely be targeted at the buildings that FDC intends to hold - so that future owners would have the opportunity to seek EDA funding for rehabilitation work.

Acquisition	2,674,950	Acquisition is complete.	
Phase I Clean and Dry	753,920	Includes roof work, contingency for structural repairs, cleaning, & buildout of 2 properties.	Proposed Funding Phase 1: EDA, HRA, DEED, & private capital
Phase I planned buildout	256,420		
Total Phase I	*1,010,340*		
Ongoing costs (Phases I & II)			
Structural repairs	150,000		
H-Vac reserve	175,000		
Soft Costs	1,218,973		
Total ongoing costs p I & II	*1,543,973*		
Phase II renovations	5,436,729	Anticipated future work – buy FDC and/or new owners.	
Estimated Total Investment	*10,665,992*		

Members of FDC will attend the meeting to answer questions and review the request. If the EDA elects to move forward - the EDA will be asked to confirm their funding commitment and any conditions associated with the funds.

Attached to this memo is an updated funding request letter, the detailed spreadsheet identifying sources and uses, and the September 27, 2022 EDA packet with background materials.

REQUESTED ACTION:

The EDA is asked to provide direction on the FDC request. If the EDA commits to providing funding, the EDA is asked to pass Resolution 2022-15 Authorizing the Execution of a Preliminary Development Agreement with Faribo Downtown Central and Authorizing the Creation of a Program and Policy to Facilitate the Intent of the Preliminary Development Agreement. (Resolution and updated Preliminary Development Agreement will be distributed at the meeting.)

ATTACHMENTS:

1. 10-7-22 EDA-HRA Grant Allocation Request Memo
2. 10-7-22 EDA - HRA Investment 13 buildings Phase I worksheet
3. 9-27-22 EDA Staff Report

Memorandum from the desk of Nort Johnson

Memo: Faribo Downtown Central LLC forgivable loan request
To; Deanna Kuennen, CED Director, Faribault EDA and HRA

10/7/2022

Dear Deanna and Faribault EDA and HRA,

Faribo Downtown Central LLC (FDC) is a partnership of the Faribault Industrial Corporation, Mike & Mary Richie and Brett Reese. This organization assumed the purchase agreement negotiated by our Community Investment Fund (CIF) group made with John Sheesley for 13 buildings in the Historic Downtown District of Faribault. The transaction closed in mid-July.

The CIF group presented earlier this year and the EDA and HRA each committed to $500K in forgivable loans for this project. Since that presentation the changes in economic and market factors gave us pause on fundraising. The failure of the Minnesota legislature to renew the Historic Tax Credits was one of the key factors along with surging interest rates. The FDC partners are all part of the original CIF team and agreed that it was critical for the downtown to move these properties into development friendly hands. FDC was formed and proceeded with the acquisition under the new umbrella.

FDC is moving ahead with securing the buildings from water infiltration, debris removal and general preparation for the next phases of renovation. We want to ensure that before the winter freeze the roofs are replaced/repaired so interior work is not compromised. Initial bid pricing shows costs could exceed $700,000.

Attached find the requested breakdown of grant allocations by building. As directed, no dollars are allocated to buildings with tenants that may be relocated during the renovations. The spreadsheet shows phase I and phase II investments by building and the 2022 (phase I) disbursements of $250K from each the EDA and HRA. Below find a breakdown of funding sources for phase I. Note that the acquisition was funded by investor capital and loan proceeds.

Funding Sources Phase I	
EDA forgivable loan	$250,000
HRA forgivable loan	$250,000
DEED Grant	$250,000
Private capital	$260,340
total phase I	$1,010,340

The funding sources for ongoing costs in phases I & II will be from additional private capital, loans, historic tax credits, and potential sales of properties not subject to investment of forgivable loan proceeds. Expected ongoing costs will exceed $1.5 million. The estimated total investments in these buildings will exceed $10.5 million.

Thank you for considering our request. Both FDC and the Faribault Industrial Corporation are committed to making a difference in Faribault and your participation is making this possible.

Sincerely,

Nort Johnson

Cc; FDC Team, Faribault Industrial Corp Board, file

Faribo Downtown Central LLC Properties

Property Name	***Address***	***Approx. Above Ground SF***	***Portfolio allocations***		***Roof repairs (less sheeting and structural)***	***Cleaning / Clearing***	***Buildout***	***Acquisition and Phase I work***	***Phase II Estimates***	***Phase I Grant Allocations HRA***	***Phase I Grant Allocations EDA***
116	116 Central Avenue	4,865	146,860		0	2,250		149,110	335,500.00	0	0
219	219 Central Avenue	5,940	375,246		56,425	2,000	100,000	533,671	$85,580	75,000	75,000
223	223 Central Avenue	8,129	336,995		5,100	9,145	156,420	507,660	$626,000	75,000	75,000
225	225 Central Avenue	3,520	221,339		49,250	1,800		272,389	$213,840	0	0
227	227 Central Avenue	3,520	167,840		47,850	2,000		217,690	$249,403	25,000	25,000
229	229 Central Avenue	3564	230,780		63,650	2,673		297,103	$521,125	25,000	25,000
Eastman	301 Central Avenue	19,424	576,950		238,915	21,852		837,717	$2,117,060	0	0
311	311 Central Avenue	3,564	217,773		46,150	0		263,923	$288,321	0	0
313	313 Central Avenue	4,675	236,475		51,025	2,500		290,000	$412,500	25,000	25,000
329	329 Central Avenue	3,498	164,693		47,400	3,935		216,028	$587,400	25,000	25,000
329 Lot	Vacant Lot (.06										
	totals	60,699	2,674,950	Bids	605,765	48,155	256,420	3,585,290	$5,436,729		
				Roof reserve	100,000					0	
Acquisition	*2,674,950*			Total roof	705,765			Total PH I Grant Allocations		**250,000**	**250,000**
Phase I Clean and Dry	753,920	Roof bids plus reserves for expected structural repairs & cleanup									
Phase I planned buildout	256,420										
Total Phase I	*1,010,340*										
Ongoing costs (Phases I & II)											
Structural repairs	150,000										
H-Vac reserve	175,000										
Soft Costs	1,218,973	architecture, inspection, accounting, engineering, permits, taxes,legal fees						***Notes***			
Total ongoing costs p I & II	*1,543,973*							***	***indicates current tenants***		
								219 Buildout	office and apartment buildout		
Phase II renovations	*5,436,729*							223 Buildout	apartment plan/rough in (student housing)		
								Roof Reserve	expected repairs for decking and beams		
Estimated Total Investment	***10,665,992***										

Agenda Item: 2.A

Request for Action

TO:	Faribault Economic Development Authority
FROM:	Deanna Kuennen, Community & Economic Development Director
MEETING DATE:	September 28, 2022
SUBJECT:	Funding Support - Faribo Downtown Central (FDC) LLC - *formerly Downtown Investment Group (DIG Holdings, LLC)*

BACKGROUND:

In April 2022, the EDA approved a Preliminary Development Agreement with the Downtown Investment Group (DIG Holdings, LLC) related to the acquisition and rehabilitation of 13 properties in the downtown. At that time, DIG Holdings, LLC planned to acquire, renovate, and hold the portfolio for 7-10 years, with the project having a cost of nearly $11 million. DIG Holdings, LLC was seeking financing to complete the project. The proposed funding included a total of $1 million in grant funds from the HRA and EDA combined, a DEED Main Street Revitalization grant, and Historic Tax Credits. The EDA was supportive of this initiative, recognizing the positive impact that the proposed project could have on preserving, redeveloping, and transforming the downtown - and committed to providing $500,000 in funding over two years. As part of the EDA commitment to provide $500,000 in funding, the EDA stated that the funding would be a one-time infusion of cash and that DIG would not be allowed to seek additional funding from the EDA for projects related to this portfolio for a period of 3 years (minimum). A Preliminary Development Agreement with these details was approved by the EDA.

The Preliminary Development Agreement was not fully executed after its approval. This was because the acquisition group changed due to rising costs and other factors, and ultimately a new group, Faribo Downtown Central (FDC) LLC closed on the portfolio. Today FDC is seeking a renewed commitment from the EDA for funding to support this initiative in the downtown of rehabilitating 13 buildings.

Members of FDC will attend the meeting to update the EDA on the acquisition. They will also describe their new development strategy which now involves acquisition (complete), continued assessment of the buildings, plans for "highest and best use" of each, and sale of the assets to investors/developers within a three-year window (different than the previous plan of acquiring, fixing, and holding for 7-10 years). FDC will also share the overall funding needs associated with the project, proposed sources, risks, a proposal for how the EDA funding would be allocated amongst the portfolio, and specifics of the proposed schedule moving forward. If the EDA desires to renew their commitment to funding the redevelopment initiative - with the same and/or refined conditions, the Preliminary Development Agreement would continue to be the appropriate tool to execute. Per legal counsel, the previously identified steps and actions associated with actual distribution of dollars would still be required and followed - but under the new model, the funding might be awarded to FDC or to another party.

FDC is also seeking, in addition to the $500,000, a payable loan in the amount of $500,000. The EDA will also be asked to discuss this request and provide direction.

The EDA Staff Report from the April 2022 meeting is attached, which includes the previously approved Preliminary Development Agreement.

REQUESTED ACTION:

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

ATTACHMENTS:

1. 04-2022 EDA Staff Report - Preliminary Development Agreement
2. Faribo Downtown Central Draft Plan and Strategy Document

Agenda Item: 5.A

Request for Action

TO:	Faribault Economic Development Authority
FROM:	Deanna Kuennen, Community & Economic Development Director
MEETING DATE:	April 21, 2022
SUBJECT:	Preliminary Agreement with the Downtown Investment Group (DIG Holdings, LLC)

BACKGROUND:

At the March 17, 2022 EDA meeting, Nort Johnson and Lori Bonin representing the Downtown Investment Group (DIG Holdings, LLC.) presented their plans for the purchase and redevelopment of 13 properties in downtown. The properties represent 60,000 square feet total of commercial/retail space and 29 apartments (of which only 5 are occupied). The total project cost to acquire and complete the renovations is estimated at close to $11 million. While DIG Holdings, LLC has a binding Purchase Agreement with the sellers, they are still seeking financing to complete the project - specifically $1 million of grant funds from the HRA and EDA. DIG Holdings, LLC has applied for grant funds through the DEED Main Street Revitalization program (award yet to be determined), and they will be seeking Historic Tax Credits as part of the project proforma.

The EDA discussed the positive impacts that this proposed project can have in terms of preserving and redeveloping the downtown. Ultimately, the EDA determined that they were willing to commit to providing a total of $500,000, over two (2) years, with the caveat that this contribution would be a one-time infusion of cash, and that the DIG would not be allowed to seek additional funding, from EDA sources/programs, for specific projects on any of the 13 buildings. The EDA then directed Staff to work with legal counsel to determine how best this action can be completed under the statutes regulating the EDA.

Staff has been working with legal counsel to evaluate the appropriate legal mechanism to accomplish the EDA's desired action. The EDA must adhere to a prescribed procedural process when providing public funding to ensure that evaluation of requests is universally fair and unbiased. Furthermore, actions of the EDA are subject to scrutiny by the auditor. At this juncture, legal counsel felt it was premature to enter into a Memorandum of Understanding or draft a promissory note regarding the forgivable loan. Instead, it is recommended that the EDA enter into a Preliminary Agreement with DIG Holdings, LLC, which basically outlines that the EDA will endeavor to provide funding in the amount of $500,000, and will work in good faith to review a specific funding request associated with a specific proposal at the appropriate time. This document recognizes that DIG is still in the process of raising and securing the overall funding for the project, that the EDA intends to provide funding in the amount of $500,000, but cannot do so until DIG has closed on the buildings and prepared specific plans for each building. The Preliminary Agreement sets the stage for the review and execution of all necessary loan documents at which time a specific proposal is submitted and approved.

REQUESTED ACTION:

Review, approve, and execute the Preliminary Agreement between the EDA and DIG Holdings, LLC identifying the desire of the EDA to support the DIG Holdings, LLC project of acquiring and rehabilitating 13 properties in the downtown by providing up to $500,000 in the form of a forgivable loan.

ATTACHMENTS:

1. EDA_DIG_Preliminary_Agreement

PRELIMINARY AGREEMENT

THIS AGREEMENT (the "Agreement"), made and entered into as of this ____ day of April, 2022, (the "Effective Date") by and between the Economic Development Authority of Faribault, a 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, by providing public subsidies in an amount up to $500,000, likely in the form of a forgivable loan, the City will not provide additional funding, from any/all other City programs, for these 13 properties included as part of the Development for a specific amount of time to be determined; 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:

ECONOMIC DEVELOPMENT AUTHORITY OF FARIBAULT

By: ______________________________

Rodney Gramse

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

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

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-Vue 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