Faribault Housing and Redevelopment Authority
Meeting Minutes
August 8, 2022

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1. Call to Order / Approval of the Agenda

Chair Speckhals called the meeting to order at 6:15p.m.

Members Present: Brendan Kennedy, Jonathan Wood, Travis McColley and Chair Matthew Speckhals

Members Absent: Loni Ahlers, Travis Kath and Narren Brown.

2. Minutes

A. Minutes of July 11, 2022.

A motion was made by Wood to approve the minutes of July 11, 2022 seconded by McColley as presented. Motion carried on a 4/0 vote.

3. Program Reports

A. Mobile Home Buy-Out Program

Nothing new to report.

B. Mobile Home Heat Tape Program

Nothing new to report.

C. RAD/Repositioning Process

An action item will be discussed later.

D. 230 Central Avenue Apartments

The 230 Central Avenue Apartment report was inadvertently omitted from the packer. Kuennen read the report, updating the HRA on the progress with the apartments as provided by Nelson. Per Nelson, they are still targeting a move-in date of October 1, 2022.

Kennedy made a motion, seconded by McColley to receive and file the Program Report as presented. Motion carried on a 4/0 vote.

4. Property Reports

A. Robinwood Manor - Monthly Operating and Budget Statement

Nothing new to add.

B. Public Housing - Monthly Operating and Budget Statement

Nothing new to report.

C. Scattered Sites - Monthly Operating and Budget Statement

Nothing new to report.

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

5. Public Hearings

None.

6. Items for Discussion

A. Downtown Property Acquisition Update - Faribo Downtown Central (formerly Downtown Investment Group/DIG Holdings LLC)

The acquisition of the portfolio of the 13 properties has taken place. 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. The HRA previously approved a Preliminary Development Agreement with DIG and committed $500,000 of HRA funds, to be distributed over a two-year window. Nort Johnson and Brett Reese were present at the HRA meeting, representing FDC, the new acquisition group, to answer any questions.

Johnson explained that the goal was to acquire the properties and get them in "friendly hands." He reported that this has happened, as FDC has closed on the properties. The new acquisition group still intends to request the money from the HRA and EDA, but the plan for the buildings includes holding the buildings for less time and selling to buyers who will utilize the HRA/EDA funds to make the necessary renovations. Much discussion ensued. The HRA expressed concern that new owners would request additional funds from the HRA. Kuennen responded that additional requests could potentially come forward, but any request would come back to the HRA for a decision, and the HRA could choose to place a condition on the funds and articulate those conditions in the Preliminary Development Agreement. It was ultimately made clear that the funds that the HRA commits would be put into a "bucket" and distributed among the 13 buildings based on a spreadsheet provided by the acquisition group. Each time funds were requested per building, loan and repayment agreements would be prepared and funds would not be disbursed on a reimbursement basis. The HRA would be involved in each decision.

The HRA discussed further that they want their funding prioritized for buildings that provided additional housing. Johnson, identified as the "Asset Manager" for the buildings, also indicated that he will be screening each potential owner to ensure that they have the proper road map and plans in place to ensure that the buildings are brought up to code and utilized to their highest and best use.

A motion was made by McColley, seconded by Wood to reconfirm the HRA's 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 as presented. Motion carried on a 4/0 vote.

B. Resolution 2022-05 - Approve FY2023 Preliminary Levy Request

A motion was made by Kennedy, seconded by Wood to Adopt Resolution 2022-05 Approving the Preliminary HRA Levy Request for FY2023 as presented. Motion carried on a 4/0 vote.

C. Resolution 2022-06 Authorizing the Execution of an Operating Agreement for Faribault HRA LLC

A motion was made by Wood, seconded by McColley to approve Resolution 2022-06 Authorizing the Execution of an Operating Agreement for Faribault HRA LLC, and certifying the organizational minutes as presented. Motion carried on a 4/0 vote.

D. Vacancy Analysis Update

A motion was made by McColley, seconded by Kennedy 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" as presented. Motion carried on a 4/0 vote.

E. 2023 Budget Discussion

The HRA had a limited discussion on the upcoming budget. It was directed that the HRA wants a "balanced" budget presented for 2023, understanding that they can tap into fund balance during the year if a project warrants it, and/or if the HRA would choose to add additional funding into a specific program. The HRA directed Staff to bring back a budget reflecting programs that have been discussed in the past and not utilizing fund balance.

F. Space/Use Application for 306 Central from City of Faribault.

The HRA received an application from the City of Faribault to use the space on December 7th for the purpose of holding a recognition dinner for the Boards & Commissions. A motion was made by McColley, seconded by Wood to approve the use as presented. Motion carried on a 4/0 vote.

Staff asked for administrative approval for future space/use applications. A motion was made by Wood, seconded by Kennedy to authorize administrative approval of space use requests as long as the requests met the criteria already established in the agreement, reporting to the HRA if/when space has been requested and approved. Motion carried on a 3/1 vote with McColley voting in opposition.

7. Adjournment

A motion was made by Kennedy and seconded by McColley to adjourn the meeting at 7:36 p.m. Motion carried unanimously.

Respectfully Submitted,

Kari Casper, Recording Secretary