ECONOMIC DEVELOPMENT AUTHORITY AGENDA

PUBLIC MEETING ROOM THURSDAY, OCTOBER 20, 2022 7:00 AM

1. Call to Order
2. Approval of the Minutes
3. Routine Business: *Agenda items below are approved by one motion unless an EDA member requests separate action.*
   - A. Monthly Loan Status Report
   - B. Permit Activity Update Report
   - C. Budget Status Report
4. Public Hearings
5. Items for Discussion
   - A. 2021 MicroGrant Award Updates
   - B. Resolution 2022-16 Approving the Downtown Revitalization Program Guidelines
   - C. 2023 Draft Work Plan and EDA Budget
   - D. Resolution 2022-17 Approval of 2023 EDA Tax Levy
6. Project Updates
7. Adjournment

Faribault Economic Development Authority
MEETING MINUTES

Thursday | September 15, 2022

1. Call to Order / Roll Call / Agenda Approval

Action: Chair Gramse called the meeting to order at 7:04 a.m.

Present: Campbell, Drevlow, Viscomi, Voracek and Chair Gramse.

Absent: Fort and Smith

Staff Present: Community & Economic Development Director Deanna Kuennen, Community Development Coordinator, Stephanie Aman and Recording Secretary, Kari Casper

Jason Aarsvold with Ehlers appears via Zoom.

2. Approval Minutes of August 18, 2022

A motion was made by Campbell and seconded by Voracek to approve the Minutes of August 18, 2022 presented. Motion carried on a _4/0 vote.

3. Routine Business: Agenda items below are approved by one motion unless an EDA member requests separate action.

A. Monthly Loan Status Report
B. Permit Activity Update Report
C. Budget Status Report

Chair Gramse noted that the number of permits were up considerably.

Motion was made by Viscomi and seconded by Voracek to receive and file the monthly status reports as presented. Motion carried on a 4/0 vote.

3. Public Hearings

A. None.

Kuennen asked to modify the agenda and start with 5B and 5C first to accommodate a potential scheduling issue for Mr. Aarsvold.

4. Items for Discussion

B. Approve Contract for Private Development – Tax Increment Financing District No. 18: Willow Street Apartments (Resolution 2022-12)

C. Approve Contract for Private Development – Tax Increment Financing District No. 16: Farmer Seed Building (Resolution 2022-13)

Drevlow arrived at 7:10 a.m.

Mr. Aarsvold begin his presentation on TIF District 18. He explained the terms of the TIF agreement – including the project will consist of 192 units that will be constructed in three phases. Phase One will have 72 units, qualifying for up to $676,000 in TIF, with construction complete before 6/1/2024, Phase Two will have 48 units, qualifying for $428,000 in TIF assistance, with a completion date of 12/31/2025. Phase Three will have 72 units, qualifying for $560,000 in TIF assistance, with a completion date of 12/31/2026. The district will be a maximin of nine-years and utilize PAYGO TIF. The notes will be issued upon completion of each phase. The increment will be 90% generated from the District and 10% for administration. Another term is the Developer will pay the City for legal and administrative fees. The last term described as other standard and customary TIF agreement terms. Aarsvold then showed the members a Pro Forma Analysis “But For Test” which he described as a detailed review of the developer’s budget and revenues. Over each phase he stated that the Cash for Cash in Phase One is anticipated at 9.2%; Phase Two at 9% and Phase Three also at 9% cash for cash.

Aarsvold then presented a table showing the comparison of other TIF districts highlighting the percent of total development costs and costs per unit stating.

The board had no further questions and Kuennen asked Aarsvold to discuss the next district, District 16 which is the Former Farmer Seed project. He stated that they will anticipate a project start date of October, 2022 and to be completed by 12/31/2024. There will be $1,300,000 in TIF PAYGO and reimbursement only for eligible redevelopment costs.

Aarsvold then presented the Pro Forma “But for Test” for this district – which is a redevelopment district and payments will be over 22 years. He then explained the projected cash return with TIF at 6.1% versus without TIF at 2.2%. He stated that developers typically are safe at a 10% cash on cash. Chair Gramse stated that it was helpful that he showed the with and without cash on cash

Chair Gramse then asked if there was any further discussion and Drevlow asked Aarsvold if on District 16 they are counting the returns on both the storage units and the apartment; Aarsvold stated yes. With that, a motion was made by Drevlow; seconded by Voracek to Approve Contract for Private Development – Tax Increment Financing District No. 18: Willow Street Apartments (Resolution 2022-12) as presented. Motion carried on a 5/0 vote.

Chair Gramse then asked for a motion on District 16. A motion was made by Campbell, seconded by Voracek to Approve Contract for Private Development – Tax Increment Financing District No. 16: Farmer Seed Building (Resolution 2022-13) as presented. Motion carried on a 5/0 vote

A. Approve 2022 Micro-Grants Awards

Nort Johnson presented the list of businesses that were awarded the grants which totaled the $25,000 that was provided to the Chamber for this project.

The Faribault Main Street Economic Restructuring Committee recommended the following Micro Grant funding allocations for 2022:

Applicant: Central Ave Nutrition
Micro-Grant Amount: $1396
To be utilized for: Point of Sale System and Signage

Applicant: SI Hobby
Micro-Grant Amount: $1560
To be utilized for: Tables, shelving, sound panels

Applicant: Sunset Salon
Micro-Grant Amount: $5000
To be utilized for: Hairstyling Chairs, new window blinds

Applicant: Humfeld Chiropractic
Micro-Grant Amount: $4950
To be utilized for: 3D-Foot scanner, Heart Sound Recorder, updated Website

Applicant: Actualize Fabrication
Micro-Grant Amount: $5000
To be utilized for: CNC Plasma Cutting Table

Applicant: Stroh & Co
Micro- Grant Amount: $2697
To be utilized for: Backdrops, props/furniture, utility cart, additional lenses, ladder, reflectors,

Applicant: Crack of Dawn
Micro- Grant Amount: $1500
To be utilized for: Parklet

Applicant: Basilleo’s Pizza 2.0 LLC
Micro- Grant Amount: $2600
To be utilized for: Mobile Unit signage and digital menu board, mobile unit ovens

The EDA discussed the blend of projects and complimented Kelly Nygaard for an excellent job.

A motion was made by Voracek, seconded by Viscomi to Approve 2022 Micro Grands Awards as presented. Motion carried on a 5/0 vote.

5. Updates/Project Reports

Kuennen stated that there was joint public hearing regarding tax abatement for TruVue. The EDA then asked questions about various projects listed and discussion ensued.

6. Adjourn

A motion was made by Viscomi and seconded by Voracek to adjourn at 7:53 a.m. Motion carried on a 5/0 vote.

Respectfully Submitted,

By:_________________________
Kari Casper, Recording Secretary

Faribault Economic Development Authority
SPECIAL MEETING MINUTES

Thursday | September 28, 2022

1. Call to Order / Roll Call / Agenda Approval

Action: Chair Gramse called the meeting to order at 8:04 a.m.

Present: Campbell, Fort, Smith, Viscomi, Voracek and Chair Gramse.

Absent: Drevlow

Staff Present: Community & Economic Development Director Deanna Kuennen, Recording Secretary, Kari Casper and City Attorney Scott Riggs, Kennedy & Graven.

Attorney Riggs began by explaining how the potential for a conflict of interest would affect each individual and potentially the EDA as a whole. With that being said, if an individual may have the potential for any personal financial interest in the group or project they would be held accountable under MN Stat. 469.098. He explained that there could be some exceptions but that if they are found to have any interest as described, they could be charged with criminal prosecution. At this time, Chair Gramse recused himself from Items 2A and 2B. The meeting was then turned over the Vice Chair Voracek to continue the meeting at 8:10 a.m.

2. Items for Discussion

A. Funding Support - Faribo Downtown Central (FDC) LLC - formerly Downtown Investment Group (DIG Holdings, LLC)
B. Faribault Downtown Central - Loan Request

It was presented that 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.

Nort Johnson and Brett Reese came forward to explain the acquisition of the buildings has been completed and initial assessments have been done as well. They presented a list of what they felt would need immediate attention to mitigate any future damages to the properties. A list will be attached that was presented at the meeting which outlined what they described as "buttoning up" on "significant" issues which consisted of a lot of roof repairs. The initial assessment will be around $700,000 for these repairs. This ask is outside of any programs the EDA current has.

Riggs identified that there are statutes that regulate business subsidies. Anything over $175,000 requires the owner to hold the property for five years.

Kuennen affirmed that the EDA balance is around $990,000. The ask is for the grant of the $500,000 and then the loan of the additional $500,000. The loan is repayable. Kuennen stated that the interest rate is prime +1.

Campbell was concerned about the fund balance being depleted, and both Fort and Smith echoed that concern. They felt that they needed more information. Discussion followed. Fort stated that he would be okay with the grant but would not ok with the loan. Campbell stated it would be a lot of money on one project. Johnson stated it would be 13 different projects. EDA's current program allows up to $15K per PID. Smith asked for a phasing plan. Campbell asked that this be tabled to find a creative way to try to bring the money to the table and asked if they could get an idea on the EDA fund balance projected out.

Campbell brought the motion to table for a couple of weeks and add another special meeting, seconded by Smith. Motion carried on a 4/0 vote.

Chair Gramse continued the meeting.

C. Downtown Commercial Rehab Loan - 213 Central Ave

Owners, Russell and Suzanne Schwichtenberg are requesting funding through the Downtown Commercial Rehabilitation Loan Program for their building, located at 213 Central Ave. The building's roof is in need of repair and replacement, as there are leaks into the building and the apartments on the upper floors. The roof leak is getting progressively worse and they would like to get repairs done soon so the roof doesn't worsen, especially with winter and snow coming soon.

Of the two bids received, the lower combined bid is $57,600, therefore the requested Downtown Commercial Rehabilitation Loan is $11,520.00.

All members were confident in this request that it meets all the requirements for the requested amount and Voracek made a motion, seconded by Smith to approve Resolution 2022-14 Approving the Downtown Commercial Rehabilitation Loan for 213 Central Ave as requested. Motion carried on a 5/0 vote.

6. Adjourn

A motion was made by Voracek and seconded by Smith to adjourn at 9:40 a.m. Motion carried on a 5/0 vote.

Respectfully Submitted,

By:_________________________
Kari Casper, Recording Secretary

Faribault Economic Development Authority
SPECIAL MEETING MINUTES

Wednesday, October 12, 2022

1. Call to Order / Roll Call / Agenda Approval

Action: Vice Chair Voracek called the meeting to order at 8:01 a.m.

Present: Campbell, Fort, Smith and Vice Chair Voracek.

Absent: Drevlow, Viscomi and Chair Gramse

Staff Present: Community & Economic Development Director Deanna Kuennen, Recording Secretary, Kari Casper and City Attorney Scott Riggs, Kennedy & Graven.

2. Items for Discussion

A. Funding Support - Faribault Downtown Central (Continuation from Special EDA Meeting on 9-27-22)

As a continuation from the previous meeting, Kuennen started out by stating that she met with Attorney Scott Riggs, Nort Johnson and Brett Reese. The request of the EDA at this time is now only the forgivable loan/grant and request for $500,000 distributed in two phases. The first request would be as outlined in the spreadsheet they revised for this meeting for $250,000 this year and then come back to the EDA next year for the additional $250,000 with details on how it will be appropriated. The spreadsheet outlining the funding sources as well is attached.

Voracek inquired about the four buildings that did not have funds associated with them. It was discussed that while they would not receive funding under this request, they could come back under another program to apply for money from the EDA.

Campbell stated that he would be more comfortable with the $250,000 commitment, one year at a time. Voracek stated that with the $500,000 they still have the same vision and focus for the entire project.

After some discussion all seemed to agree that a time frame of five years be a condition of the funding.

Campbell then brought a motion, seconded by Fort to Approve Resolution 2022-15 Approving Preliminary Development Agreement with Faribo Downtown Central LLC, for

Certain Property in the City of Faribault with conditions to be included with the condition that none of the buildings out of the 13 that receive these dollars can ask for EDA funding for five-years regardless of building ownership. Motion carried on a 4/0 vote.

6. Adjourn

A motion was made by Campbell and seconded by Smith to adjourn at 8:40 a.m. Motion carried on a 4/0 vote.

Respectfully Submitted,

By:_________________________
Kari Casper, Recording Secretary

Agenda Item: 3.A

Request for Action

TO:	Faribault Economic Development Authority
FROM:	Stephanie Aman, Economic Development Coordinator
MEETING DATE:	October 20, 2022
SUBJECT:	Monthly Loan Status Report

BACKGROUND:

The Economic Development Authority (EDA) has the authority to provide financial incentives to businesses growing and/or relocating to the City. The various different loan funds in the EDA's portfolio are made up of local, state, and federal dollars – all with their own set of criteria associated with each type of funding source. Staff continually reviews loan files to ensure that loan obligations have been met and loans are closed out as appropriate.

The historical loan information is valuable in understanding how the EDA has assisted projects in the past, and what kinds of loans have been beneficial/impactful. This information can inform various EDA decisions as it relates to developing new loan programs and retooling existing loan programs. Cataloguing which businesses have utilized the various different programs over time is also an important data set that can be used for other purposes, such as identifying tiers of businesses to visit as part of a business retention and expansion (BRE) program.

The attached is a summary of the various City and EDA loan programs and their current available balances as of October 1, 2022.

REQUESTED ACTION:

No action required.

ATTACHMENTS:

1. 3A - Loan Status Reports - October22

Fund	Program Name	Available Balance	Notes
Fund 249	Minnesota Investment Fund (MIF)	$13,214.33	2018 MN Legislature authorized one-time exception to "cash out" MN MIF funds. The cashed out funds are now part of the EDA's program budget. Available MIF balance must follow re-use guidelines.
Fund 292	EDA Revolving Loan	$429,125.11 *($229,125.11)*	
	- Commercial Development Loan Program (and Grant)		
	- Façade Improvement Micro Loan		
	- EDIF - Economic Development Incentive Program		New program in 2021 – dedicated $200,000 of loan balance. Two loans approved: $100,000 for Trystar; $100,000 for Tru Vue (not reflected in available balance; is reflected in in yellow)
Fund 243	Industrial Development Loan	$288,347.15	Last activity was loan for Cry Baby Craig's
TOTAL EDA LOAN FUNDS AVAILABLE		***$730,686.59*** *($530,686.84)*	
Fund 290	EDA Operating Fund/Fund Balance	$2,127,713.44	Includes one-time transfer of $249,175 from 2002 land sale
			12/20/2017 – Authorized $100,000 for the airport building demo/site prep (paid 12/2019) to support commercial development at airport
			Authorized $150,000 forgivable loan for Daikin
			Includes EDA Program Funds Includes Fund 245 (See below for fund 245)
Fund 245 This fund has been moved into Fund 290, but tracked separately here.	Downtown Commercial Rehab & Exterior Improvement Program	$61,068.84	Allocated Funds 2016 - $300,000 from City Council 2018 - $200,000 from City Council 2019 - $200,000 from EDA 2020 - $100,000 from EDA (total of $200,000 identified in budget, only $100,000 transferred) 2021 - $0 (total of $200,000 identified in budget, no funds transferred due to lack of program activity) 2022 – TBD (total of $200,000 identified in budget for "downtown") 2022 – July: Repayment of $60,000 loan
Fund 248	Federal MIF Loan	$589,258.36	Funds are difficult to spend. Uses must meet a national (federal) objective, public benefit standard, environmental review, Davis-Bacon, and extra business reporting requirements. The City Council may request that funds are transferred into the Small Cities Development Program (same federal objectives). This required spending plan and DEED/HUD approval

Agenda Item: 3A

Agenda Item: 3.B

Request for Action

TO:	Faribault Economic Development Authority
FROM:	Stephanie Aman, Economic Development Coordinator
MEETING DATE:	October 20, 2022
SUBJECT:	Permit Activity Update Report

BACKGROUND:

Permit activity (building permits, etc.) is a reflection on the status of the economy. Over the last few years, the City of Faribault has seen an increase in permit activity – which translates into investment in our community.

To track and follow trends, monthly permit activity reports are prepared. This information is shared on a monthly basis with the Economic Development Authority (EDA) to ensure the EDA has a pulse on the development activity occurring in the community. Trend information will also be one resource that the EDA can utilize to develop annual work plans and develop/modify programs to respond to and address business needs.

Residential projects are the bulk of the permits this month, with siding and roofing make up a significant percentage of the requests.

REQUESTED ACTION:

No action required.

ATTACHMENTS:

1. Monthly Permit Activity Report - October 22

Agenda Item: 3B

The following summarizes building permit activity:

	January	February	March	April	May	June
Total Building Permits Total Valuation	15 $1,411,787.89	19 $4,585,039.62	39 $6,180,438.37	69 $5,659,386.00	159 $6,941,889.02	162 $14,155,755.50
Total ALL Permits* Total ALL Permits Valuation	52 $1,492,107.89	70 $6,021,764.62	91 $6,344,248.37	152 $6,951,136.00	231 $7,400,267.02	249 $14,538,296.50
	July	**August**	**September**	**October**	**November**	**December**
Total Building Permits Total Valuation YTD Building Permits** YTD Total Valuation**	165 $10,186,083.56 692 $58,287,937.83	157 $13,954,821.78 784 $63,073,221.74	115 $3,932,204.00 899 $64,020,971.74			
Total ALL Permits* Total ALL Permits Valuation Total YTD ALL Permits** Total YTD Valuation ALL Permits	237 $11,042,152.56 1,192 $63,171,077.63	249 $14,559,388.58 1,330 $68,347,361.54	182 $4,257,249.00 1,511 $69,620,156.54			

**Total ALL Permit activity includes plumbing, heating, signs, electrical, etc.*
***YTD includes all activity through 9/30/2022*

Agenda Item: 3.C

Request for Action

TO:	Faribault Economic Development Authority
FROM:	Stephanie Aman, Economic Development Coordinator
MEETING DATE:	October 20, 2022
SUBJECT:	Budget Status Report

BACKGROUND:

The Economic Development Authority (EDA) approved a 2022 budget, levy request, and work plan. The budget is divided into “operating expenses” and “program funds.” The Program Funds budget is made up of fund balances and various different one-time lump funds. These funds are targeted for specific projects based on the approved Work Plan in the categories of: Available Land, Gateways, Regionalism, Workforce/Data Analysis, and Ongoing Operations.

Attached is the Budget Status report for Fund 290 (Economic Development Authority). This information is being provided for informational purposes. No significant expenses to report.

REQUESTED ACTION:

No action required.

ATTACHMENTS:

1. 9,2022 Budget Status

General Ledger

Budget Status

User: kcasper
Printed: 10/17/2022 - 3:20 PM
Period: 9, 2022

Account Number	Description	Budget Amount	Period Amount	YTD Amount	YTD Var	Encumbered Amount	Available	% Available
Fund 290	Economic Development Authority							
Dept 290-00000								
R01	Taxes							
290-00000-462-31010	Current Ad Valorem Taxes	303,623.00	0.00	161,447.14	142,175.86	0.00	142,175.86	46.83
290-00000-462-31020	Delinquent Ad Valorem Taxes	0.00	0.00	1,505.70	-1,505.70	0.00	-1,505.70	0.00
290-00000-462-31030	Mobile Home Taxes	0.00	0.00	0.00	0.00	0.00	0.00	0.00
290-00000-462-31035	Delinquent Mobile Home Taxes	0.00	0.00	76.01	-76.01	0.00	-76.01	0.00
290-00000-462-31040	Excess Tax Increment	0.00	0.00	500.83	-500.83	0.00	-500.83	0.00
290-00000-462-31500	PILOT	0.00	0.00	0.00	0.00	0.00	0.00	0.00
290-00000-462-31550	Green Acres	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	R01 Sub Totals:	303,623.00	0.00	163,529.68	140,093.32	0.00	140,093.32	46.14
R02	Permit & Licenses							
290-00000-462-36215	Loan Interest	383.00	28.68	262.96	120.04	0.00	120.04	31.34
	R02 Sub Totals:	383.00	28.68	262.96	120.04	0.00	120.04	31.34
R03	Intergovernmental Revenue							
290-00000-462-33402	Market Value Homestead Credit	0.00	0.00	0.00	0.00	0.00	0.00	0.00
290-00000-462-33422	Other State Grants & Aids	0.00	0.00	750,000.00	-750,000.00	0.00	-750,000.00	0.00
	R03 Sub Totals:	0.00	0.00	750,000.00	-750,000.00	0.00	-750,000.00	0.00
R04	Charges for Services							
290-00000-462-34108	Administrative Fees	0.00	0.00	0.00	0.00	0.00	0.00	0.00
290-00000-462-34700	Application Fees	2,500.00	150.00	3,090.00	-590.00	0.00	-590.00	0.00
	R04 Sub Totals:	2,500.00	150.00	3,090.00	-590.00	0.00	-590.00	0.00
R06	Miscellaneous Revenue							
290-00000-462-36200	Other Miscellaneous Revenue	500.00	0.00	0.00	500.00	0.00	500.00	100.00
290-00000-462-36210	Interest on Investments	5,200.00	0.00	10,500.50	-5,300.50	0.00	-5,300.50	0.00
290-00000-462-36211	Interest Market Value	0.00	0.00	-62,929.80	62,929.80	0.00	62,929.80	0.00
290-00000-462-36240	Refunds & Reimbursements	0.00	0.00	0.00	0.00	0.00	0.00	0.00
290-00000-462-36400	Loan Principal	0.00	18,285.00	78,285.00	-78,285.00	0.00	-78,285.00	0.00
	R06 Sub Totals:	5,700.00	18,285.00	25,855.70	-20,155.70	0.00	-20,155.70	0.00

Account Number	Description	Budget Amount	Period Amount	YTD Amount	YTD Var	Encumbered Amount	Available	% Available
R07	Other Sources							
290-00000-462-39100	Sale of Land	0.00	0.00	0.00	0.00	0.00	0.00	0.00
290-00000-462-39200	Transfer In	0.00	0.00	466,660.04	-466,660.04	0.00	-466,660.04	0.00
	R07 Sub Totals:	0.00	0.00	466,660.04	-466,660.04	0.00	-466,660.04	0.00
	Revenue Sub Totals:	312,206.00	18,463.68	1,409,398.38	-1,097,192.38	0.00	-1,097,192.38	0.00
	Dept 00000 Sub Totals:	-312,206.00	-18,463.68	-1,409,398.38	1,097,192.38	0.00		
Dept 290-46500	Economic Development							
E02	Supplies							
290-46500-462-42110	General Supplies	0.00	0.00	0.00	0.00	0.00	0.00	0.00
290-46500-462-42115	Meeting	250.00	0.00	77.98	172.02	0.00	172.02	68.81
	E02 Sub Totals:	250.00	0.00	77.98	172.02	0.00	172.02	68.81
E03	Other Services & Charges							
290-46500-462-43040	Legal Fees - Civil Process	25,000.00	865.20	5,552.40	19,447.60	0.00	19,447.60	77.79
290-46500-462-43080	Indirect Cost Allocation	0.00	0.00	0.00	0.00	0.00	0.00	0.00
290-46500-462-43090	Expert & Professional Services	50,000.00	1,306.25	8,461.25	41,538.75	0.00	41,538.75	83.08
290-46500-462-43095	Software Maintenance & Support	0.00	0.00	0.00	0.00	0.00	0.00	0.00
290-46500-462-43130	EDA Program Budget	1,000,000.00	0.00	0.00	1,000,000.00	0.00	1,000,000.00	100.00
290-46500-462-43140	Training & Education	0.00	0.00	0.00	0.00	0.00	0.00	0.00
290-46500-462-43220	Postage	0.00	0.00	0.00	0.00	0.00	0.00	0.00
290-46500-462-43250	Other Communications	0.00	0.00	0.00	0.00	0.00	0.00	0.00
290-46500-462-43310	Travel Expense	0.00	0.00	0.00	0.00	0.00	0.00	0.00
290-46500-462-43430	Advertising - Other	50,000.00	0.00	13,709.29	36,290.71	0.00	36,290.71	72.58
290-46500-462-43510	Legal Notices Publishing	500.00	510.50	510.50	-10.50	0.00	-10.50	0.00
290-46500-462-43520	Recording Fees	0.00	46.00	46.00	-46.00	0.00	-46.00	0.00
290-46500-462-43610	Insurance & Bonds	1,889.00	0.00	1,913.00	-24.00	0.00	-24.00	0.00
290-46500-462-43810	Electric Utilities	0.00	0.00	0.00	0.00	0.00	0.00	0.00
290-46500-462-43860	Storm Water Utilities	40.00	0.00	0.00	40.00	0.00	40.00	100.00
290-46500-462-44330	Dues & Subscriptions	24,000.00	0.00	22,195.00	1,805.00	0.00	1,805.00	7.52
290-46500-462-44370	Miscellaneous Charges	0.00	0.00	0.00	0.00	0.00	0.00	0.00
290-46500-462-44390	Taxes & Licenses	50.00	0.00	0.00	50.00	0.00	50.00	100.00
290-46500-462-44600	Loans & Grants	75,000.00	0.00	758,500.00	-683,500.00	0.00	-683,500.00	0.00
	E03 Sub Totals:	1,226,479.00	2,727.95	810,887.44	415,591.56	0.00	415,591.56	33.88
E04	Capital Outlay							
290-46500-462-45100	Land	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	E04 Sub Totals:	0.00	0.00	0.00	0.00	0.00	0.00	0.00
E06	Other Uses							

Account Number	Description	Budget Amount	Period Amount	YTD Amount	YTD Var	Encumbered Amount	Available	% Available
290-46500-462-47200	Transfer Out	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	E06 Sub Totals:	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Expense Sub Totals:	1,226,729.00	2,727.95	810,965.42	415,763.58	0.00	415,763.58	33.89
	Dept 46500 Sub Totals:	1,226,729.00	2,727.95	810,965.42	415,763.58	0.00		
	Fund Revenue Sub Totals:	312,206.00	18,463.68	1,409,398.38	-1,097,192.38	0.00	-1,097,192.38	0.00
	Fund Expense Sub Totals:	1,226,729.00	2,727.95	810,965.42	415,763.58	0.00	415,763.58	33.89
	Fund 290 Sub Totals:	914,523.00	-15,735.73	-598,432.96	1,512,955.96	0.00		
	Revenue Totals:	312,206.00	18,463.68	1,409,398.38	-1,097,192.38	0.00	-1,097,192.38	0.00
	Expense Totals:	1,226,729.00	2,727.95	810,965.42	415,763.58	0.00	415,763.58	33.89
	Report Totals:	914,523.00	-15,735.73	-598,432.96	1,512,955.96	0.00		

Agenda Item: 5.A

Request for Action

TO:	Faribault Economic Development Authority
FROM:	Stephanie Aman, Economic Development Coordinator
MEETING DATE:	October 20, 2022
SUBJECT:	2021 MicroGrant Award Updates

BACKGROUND:

In February, 2019, the EDA passed Resolution 2019-02, establishing the Downtown MicroGrant Program, dedicating $25,000 for the program and authorizing Faribault Main Street to administer the program on behalf of the EDA. The Downtown MicroGrant program guidelines outlines the review, evaluation, and recommendation procedures. The Faribault Main Street is responsible for all aspects of the program, in cooperation with a staff liaison, including making recommendations to the EDA for funding with each grant cycle.

Kelly Nygaard will be presenting the final follow-up to the award cycle for 2021, and the impact EDA funding has made on local businesses in our community.

REQUESTED ACTION:

No action required.

ATTACHMENTS:

Agenda Item: 5.B

Request for Action

TO:	Faribault Economic Development Authority
FROM:	Stephanie Aman, Economic Development Coordinator
MEETING DATE:	October 20, 2022
SUBJECT:	Resolution 2022-16 Approving the Downtown Revitalization Program Policy

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BACKGROUND:

Based on the in-depth discussion held at the Special EDA Meeting on October 12, 2022 - Staff worked with the City Attorney to draft a Downtown Revitalization Program Policy and an accompanying application in order to allow the EDA to provide funding to Faribo Downtown Central LLC. (Please see attached October 12, 2022 EDA packet for additional details). The attached program policy adhere to the state's business subsidy laws, and formalize the EDA's conditions associated with the $500,000 funding commitment.

Phase 1 funding will be available for the following addresses in 2022, and then these address will be ineligible for future EDA program assistance for a period of five (5) years from the date of the execution of the individual loan agreements:

Property addresses for which Phase 1 funding is allocated	
Address:	Funding Allocation:
219 Central	$75,000
223 Central	$75,000
227 Central	$25,000
229 Central	$25,000
313 Central	$25,000
329 Central	$25,000
Total Funding Phase 1	$250,000

A loan agreement, a promissory note, and a personal guarantee will be required for each loan, and funding will be dispersed upon receipt of fully executed loan documents. Faribo Downtown Central LLC will also be required to provide contractor quotes and upon receipt of proof of inspection, closed building permit, and signed affidavit confirming that the funds provided by the EDA were used in the manner that was presented and included in the policy - the loan on the corresponding property will be forgiven.

The accompanying application is currently being reviewed by the City Attorney.

REQUESTED ACTION:

The EDA is asked to approve Resolution 2022-16 Establish Downtown Revitalization Program Policy. The policy formalizes the EDA's direction pertaining to providing the funding, and ensures that business subsidy laws are followed.

ATTACHMENTS:

1. EDA - Attachment to Downtown Revitalization Discussion - ALL
2. Downloaded Packet - Special EDA Meeting of 10-12-22

Resolution 2022-16

ESTABLISHING THE DOWNTOWN REVITALIZATION PROGRAM POLICY

WHEREAS, Community Vision 2040 provides a framework to help ensure success of the community; and

WHEREAS, "a vibrant downtown" is one of the strategic priorities identified in the vision – with the specific goal of enhancing the appearance of downtown buildings and the streetscape; and

WHEREAS, the Economic Development Authority has reviewed the following Downtown Revitalization Program policy set forth in Exhibit "A" and desires to adopt such policy; and

WHEREAS, as a means to further the community vision, encourage investment, and leverage private investment in the Central Business District the Economic Development Authority has made available a total of $500,000 for the program - $250,000 in forgivable loans for Phase 1 available for disbursement in 2022, and a second $250,000 for disbursement in 2023 for Phase 2, for the specific buildings as set forth in the policy guidelines; and

WHEREAS, all funding provided in the form of a forgivable loan pursuant to this Program shall comply with Minnesota Statutes, Section 116J.993 to 116J.995 (Minnesota subsidy provisions), or such other applicable laws, as necessary.

NOW, THEREFORE, BE IT RESOLVED, by the Economic Development Authority for the City of Faribault, Minnesota that the recitals and exhibits set forth in this Resolution are incorporated into and made a part of this Resolution.

BE IT FURTHER RESOLVED, by the Economic Development Authority for the City of Faribault, Minnesota that the Economic Development Authority adopts the following Downtown Revitalization Program Policy, as essentially set forth and attached in Exhibit "A".

BE IT FURTHER RESOLVED, by the Economic Development Authority for the City of Faribault, Minnesota that the Economic Development Authority will administer the program.

BE IT FINALLY RESOLVED, by the Economic Development Authority for the City of Faribault, Minnesota that the Community and Economic Development staff and consultants are hereby authorized and directed to take any and all additional steps and actions necessary or convenient in order to accomplish the intent of this Resolution.

ADOPTED: October 20, 2022

ATTEST:

Rodney Gramse, President

AJ Smith, Secretary

Exhibit A

2022 Downtown Revitalization Program Policy

FARIBAULT ECONOMIC DEVELOPMENT AUTHORITY
DOWNTOWN REVITALIZATION PROGRAM POLICY

PROGRAM DESCRIPTION

The purpose of the Faribault EDA Downtown Revitalization Program (the “Program”) is to provide financial support in the form of forgivable loans to the thirteen (13) building property investment made by Faribo Downtown Central LLC. The Faribault EDA has made available a total of $500,000 for the Program – $250,000 in forgivable loans for Phase 1 of this project available for disbursement in 2022, and a second $250,000 for disbursement in 2023 for Phase 2. Actual projects associated with the Phase 2 funding, and the specific buildings within the 13-building portfolio that are eligible for funding, will be defined at the time funding is requested. All funding provided in the form of a forgivable loan pursuant to this Program shall comply with Minnesota Statutes, Sections 116J.993 to 116J.995 (Minnesota business subsidy provisions), or such other applicable laws, as necessary.

As identified in Attachment A, Phase 1 funding is available for the following addresses:

Property addresses for which Phase 1 funding is allocated	
Address:	Funding Allocation:
219 Central	$75,000
223 Central	$75,000
227 Central	$25,000
229 Central	$25,000
313 Central	$25,000
329 Central	$25,000
Total Funding Phase 1	$250,000

The addresses listed above have been deemed eligible properties to receive this funding from this EDA program, and will be ineligible for future EDA program assistance for a period five (5) years from the date of the execution of the individual loan agreements. Loan agreements, and promissory notes and a personal guaranty will be required for each building, to secure the forgivable loans. These six (6) properties will be eligible to receive Phase 1 funding in the form of forgivable loans to repair roofs on the buildings to prevent further damage.

Faribo Downtown Central, LLC acquired a total of thirteen (13) properties as part of this portfolio. All properties in the portfolio are eligible for consideration for funding. Pursuant to Attachment A, the seven (7) properties below will not be accessing Phase 1 funding.

Other Properties that are part of the purchased portfolio:	
116 Central	225 Central
Eastman Building – 301 Central (4 buildings, 1 PID)	311 Central

ELIGIBILITY

To be eligible for the Downtown Revitalization Program funds the property must be one of the addresses identified in Attachment A. Unless amended, six (6) of the thirteen (13) buildings will be accessing Phase 1 funding and seven (7) buildings remain eligible for all other EDA funded programs. Any building/address that accesses Phase 1 funding will not be eligible to apply for EDA funding of any type for a period of five (5) years regardless of ownership, from the date of the executed loan agreement.

Faribault's Community and Economic Development department will provide a loan agreement, a promissory note and a personal guaranty, based on the funding allocation, to Faribo Downtown Central LLC for each property as identified to receive Phase 1 funding. Funding will be dispersed to Faribault Downtown Central LLC upon receipt of fully executed loan documents. Faribo Downtown Central LLC shall provide appropriate documentation to support all disbursed loan proceeds pursuant to the loan agreements.

Faribo Downtown LLC will provide staff with contractor quotes that correlate to the project as presented to the Faribault EDA. Upon receipt of proof of inspection and a closed building permit and a signed affidavit confirming that the funds provided by the Faribault EDA were used in the manner that was presented on the attached spreadsheet, the loan on the corresponding property will be forgiven.

CITY CONTACT INFORMATION

Stephanie Aman
Economic Development Coordinator
Phone: 507-333-0388
Email: saman@ci.faribault.mn.us

Attachment A

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 Building 4 Properties - 1 Building	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
Total ongoing costs p I & II	*1,543,973*	
Phase II renovations	*5,436,729*	
Estimated Total Investment	***10,665,992***	

Notes	
*	***indicates current tenants***
219 Buildout	office and apartment buildout
223 Buildout	apartment plan/rough in (student housing)
Roof Reserve	expected repairs for decking and beams

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

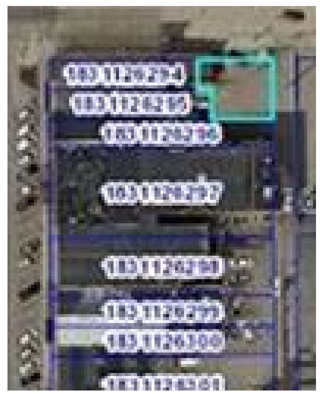
229 Central Avenue - Sheesley

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

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
Phase I Clean and Dry	753,920
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
Estimated Total Investment	*10,665,992*

Acquisition is complete.

Includes roof work, contingency for structural repairs, cleaning, & buildout of 2 properties.

Proposed Funding Phase 1: EDA, HRA, DEED, & private capital

Anticipated future work – buy FDC and/or new owners.

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

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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

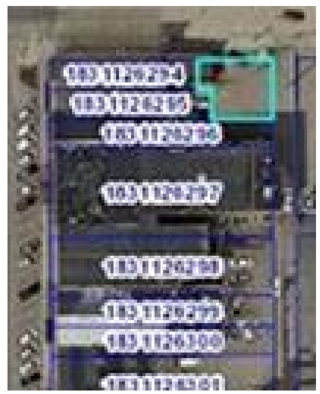
229 Central Avenue - Sheesley

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

Agenda Item: 5.C

Request for Action

TO:	Faribault Economic Development Authority
FROM:	Stephanie Aman, Economic Development Coordinator
MEETING DATE:	October 20, 2022
SUBJECT:	2023 Draft Work Plan and EDA Budget

BACKGROUND:

2023 Budget and Planning Discussions - Background Information:

Over the last few EDA meetings, discussions have occurred regarding the EDA's current work plan and progress, 2023 goals, and budget allocations to support the EDA's ongoing and future initiatives. At the August meeting, the EDA reviewed their overarching budget and programming philosophy – and directed that the 2023 work plan and accompanying budget focus on actions and activities that lend themselves to the following:

1. Serve as an economic driver
2. Utilize and support housing initiatives as an economic development tool
3. Support/identify/advance catalyst projects
4. Strategic work with the allocated resources
5. Focus on corridors, gateways and downtown

The EDA also provided input on initiatives going forward. The EDA's work plan has included four (4) primary work plan categories (plus ongoing operations). The EDA continues to see the ongoing importance and benefit of these categories. In addition, the EDA directed that the work plan also add a "small business" category to include more small business assistance, along with continued downtown programming, larger investments along corridors, and joint efforts with the HRA to increase housing.

The attached draft work plan reflects the EDA's priorities moving into 2023. The work plan includes six distinct priorities, with specific action items associated with each. Specific actions include:

- Available Land – Identify underutilized parcels, be prepared to assemble land if/when appropriate, fund projects that serve as catalyst (example: Farmer Seed structural report), continue discussions to understand business expansion/land needs, utilize the GIS team to create maps and better market available land to current conditions.

- Gateways – Clear hurdles to encourage investment, focus on programs that will make a visual impact, continue to participate in the I-35 interchange initiatives, continue the work to facilitate Hwy 60 master planning and engage consultants as needed, continue investments in the downtown.
- Regionalism – Understand Faribault's place in the region, continue/grow regional marketing efforts, focus on housing, stay involved in statewide marketing efforts.
- Work Force – participate and partner with other organizations involved in work force solutions, participate in talent-attraction initiatives, tell Faribault's story.
- Small Business Assistance – Support small business growth, create and enhance synergies in the downtown, develop programming specific to small business.
- Ongoing Operations – roll out a robust BRE program that allows the EDA to understand the needs of business so that dollars can be leveraged appropriately, continue to work with outside entities that help promote all that Faribault has to offer, be creative in our use of land while being cognizant of the ongoing workforce issues in our community, actively recruit and encourage housing developments using housing as a economic development tool.

Staff is also updating the 2023 budget documents (Operating and Program Budgets) to reflect the proposed 2023 Work Plan, and account for funding obligations that the EDA has made.The budget document will be distributed at the meeting.

REQUESTED ACTION:

Review and approve the 2023 Work Plan and review the 2023 EDA budgets. Staff will make any directed modifications to the budget and bring it forward for approval at the November meeting. The approved EDA budget will be forwarded to the City's Finance Director for incorporation into the City's 2023 budget. The City Council will take action on the final budget and levy requests for the General Fund, HRA, and EDA at a City Council Meeting in December.

ATTACHMENTS:

1. 2023 DRAFT - EDA WORK PLAN

2023 EDA WORK / ACTION PLAN

<table>
<tr><td>AVAILABLE LAND</td><td>

Identify underutilized parcels throughout and adjacent to city limits –
Work with GIS to build an interactive display for web that is intuitive and user-friendly
Identify infill development opportunities
Be prepared to assemble and acquire land if/when appropriate
Proactively identify “highly-visible/catalyst” sites for development/redevelopment
Continue the conversation to fund studies/projects that will help market catalyst sites
Start discussions with business owners about expansion/land needs
Build an “inventory needs” assessment based on business input
Understand the opportunities that have the potential to be most successful now (ie – warehousing/data centers) and how that fits into the overall strategic plan (Vision 2040) for the City.
Identify developable land and owner willingness to sell
Support/encourage annexation
Position Faribault Municipal Airport to be an economic development engine
Marketing – existing and future airport opportunities

</td></tr>
<tr><td>GATEWAYS

(Formerly I-35 Transportation Corridor)</td><td>

Identify (and map) opportunities and threats along major gateways (SWOT)
Encourage investment / redevelopment along major gateways
Provide funding (loans/grants) to clear hurdles to kick-start investment
Develop programs to infuse funds/leverage private resources
Replicate success on north side of Faribault in other areas of the city – investment in infrastructure, etc.
Develop programs to encourage visual enhancements
Develop programs that will make a visual impact on the community
Support/actively participate in I-35 interchange and frontage road initiatives
Develop initiatives to enhance Hwy 60 reconstruction project
Develop infrastructure plan
Develop master plan/concept plan/engineering plans to show the potential for development and to use to market the area
Develop plan to understand the power capacity and needs of corridor areas with service providers (ie – Xcel/SWEC)
Continue investments into the downtown
Map areas with highest traffic patterns (foot/bike/vehicle) – provide investments
Focus on back sides of buildings, ROW, etc.
Develop priority scoring and funding system to deploy funds to have biggest impact
Partner with City/HRA/HPC/Others on downtown initiatives
Partner with PCA on placemaking initiatives that bring people downtown

</td></tr>
<tr><td>REGIONALISM</td><td>

Understand regional issues impacting economic development
Continue to partner with Owatonna on regional marketing
Work with employers to address workforce housing needs and initiatives
Identify developers that are interested in projects in Faribault. Connect to local businesses as appropriate
Define, understand, and market Faribault’s place in the region
I-35 Corridor / Corridors of Commerce
Greater MSP
SE MN
Minnesota Marketing Partnership
State of MN Trade Office / Foreign Direct Investment -

</td></tr>
</table>

WORKFORCE & DATA ANALYSIS	• Continue to meet regularly with SCC to ensure that the City/EDA is aware of opporutnities to partner with and promote programming the benefits business partners.
	• Participate in virtual and in person networking opportunities with outside agencies that provide information and creative solutions to the ongoing workforce issues.
	• Continue to work with housing developers and local businesses to find creative solutions to the workforce housing crisis.
	• Partner with the Faribault Area Chamber of Commerce and other partners on their “Career and Workforce Development” initiative
	• Work with employers to understand workforce needs
	    o Develop specific workforce strategies for local employers
	    o Develop “creative” talent attraction initiatives
	• Participate with DEED on talent-attraction efforts/events/initiatives
	• Tell Faribault’s story
	    o Growing workforce population
	    o Positive impact of proximity to south metro
	    o Training opportunities

SMALL BUSINESS ASSISTANCE	• Identify ways to attract more small businesses • Assess current programs and determine the feasibility of reworking to include small business assistance program that is inclusive of businesses outside of the downtown. • Create synergy in the downtown • Provide programs to encourage investments in small business • Understand how the EDA can further assist in the infill opportunity that exists in the next few years that is available in the downtown, providing information to potential businesses and connecting them with available programs and buildings. • Utilize resources to understand what programs exist and work in other similar sized communities

ONGOING OPERATIONS	• Review support to other organizations and ensure that the funding is focused on those that align with the EDA’s core economic development focus and mission. Reallocate as appropriate.
	• Continue to tell the Faribault story through various media including LinkedIn and through the City Communication team as appropriate
	• Understand and utilize economic development tools that are available to us to include TIF, MIF, Tax Abatement, and Job Creation Programs.
	• Continue enhanced marketing and networking initiatives
	    o Leverage marketing funds by pursuing joint marketing efforts
	    o Assess and pursue targeted marketing campaigns that include site selection partnership/consultant services
	    o Actively participate in MMP, targeted industry visits, FAM Tour, FDI opportunities, talent attraction events
	    o Participate in MREJ and EDAM events as appropriate
	    o Utilize the assets of the City as marketing tools (ie – new water tower)
	• Work between departments to ensure continuity in conversations to best utilize resources available and serve current and potential businesses
	• Develop a robust BRE program that will further assist in understanding the needs of all local businesses.

Agenda Item: 5.D

Request for Action

TO:	Faribault Economic Development Authority
FROM:	Stephanie Aman, Economic Development Coordinator
MEETING DATE:	October 20, 2022
SUBJECT:	Resolution 2022-17 Approval of 2023 EDA Tax Levy

BACKGROUND:

The EDA is asked to submit its final levy request for City Council consideration and approval, which will take place in December.

Resolution 2022-17 is attached – recommending and requesting the maximum EDA property tax levy per state statutes, consistent with the preliminary levy request passed in August 2022. The maximum levy for 2023 is $322,273.

REQUESTED ACTION:

Adopt Resolution 2022-17 approving the final property tax levy request for FY 2023.

ATTACHMENTS:

1. Res 2022-17 Approving the EDA FY 2023Final Tax Levy

ECONOMIC DEVELOPMENT AUTHORITY OF FARIBAULT

Resolution 2022-17

RESOLUTION APPROVING THE FINAL TAX LEVY FOR FISCAL YEAR 2023

WHEREAS, the Economic Development Authority of the City of Faribault may request the establishment of a special benefit tax pursuant to Minnesota Statutes 469.107, Subdivision 1; and

WHEREAS, the Economic Development Authority of the City of Faribault passed Resolution 2022-10 on August 18, 2022, adopting a preliminary property tax levy for taxable property in the City of Faribault, Rice County, Minnesota for FY 2023 in an amount not to exceed 0.01813 percent of taxable market value as permitted by Minnesota Statutes; and,

NOW, THEREFORE BE IT RESOLVED by the Economic Development Authority of Faribault that there be and hereby requested a levy on the taxable property of the City of Faribault, Rice County, Minnesota for fiscal year 2023 a special benefit tax not to exceed 0.01813 percent of taxable market value as permitted in Minnesota Statutes. Based upon the City's existing capacity, it is estimated that $322,273 will be the maximum appropriation available through taxation; the requested tax levy amount is $322,273.

Adopted: October 20, 2022

ECONOMIC DEVELOPMENT AUTHORITY
OF FARIBAULT

____
Rodney Gramse, President

ATTEST:

____
AJ Smith, Secretary/Treasurer

Agenda Item: 6

Request for Action

TO: Faribault Economic Development Authority

FROM: Stephanie Aman, Economic Development Coordinator

MEETING DATE: October 20, 2022

SUBJECT: Project Updates

BACKGROUND:

Project updates are attached.

REQUESTED ACTION:

No action required.

ATTACHMENTS:

1. 6 - Project Updates - October22

Agenda Item: 6

City Of Faribault

Project Updates

Active Prospects/Business Updates:

Twisted Chicken	Staff was provided a lead last summer for a local food production/restaurant that may be interested in opening a brick and mortar facility to Faribault Staff continue to work with Twisted Chicken to secure funding for the build out of their building – assisting in connecting them with the proper resources.
Project Rock – Tru Vue	Staff continue to work with Tru Vue and the consultants on funding and incentives to ensure that their 70,000 square foot expansion and the automation of manufacturing process continue to move forward.
Acreage Request	A broker contacted staff seeking 6-10 acres of land for their client. While they did not disclose the industry type, suitable land opportunities were sent to the broker to share with their client. Staff will follow up with the broker and assist them with any further information that might be needed.
Food Manufacturing Business	Staff attended a presentation from a food manufacturer at the August CVN meeting and have presented possible properties for consideration. Staff will provide support to this business as they look to expand their current Minnesota operations to a larger facility for their own manufacturing. They seek space to provide value-added services to other food manufacturers. Staff met with the owner of the business at their current location and toured the facility. The owner requested more information and site visits as well as a tour of the city with staff. The owner spent the day in Faribault on 10.14.22 and conversations continue.
HWY 60 Project(s)	Staff has participated in a number of different meetings regarding potential development/redevelopment along the Hwy 60 W corridor. Staff will continue to be an active participant in development/redevelopment opportunities, and will bring potential projects/requests to the EDA as appropriate. Conversations are ongoing.

Warm Prospects/Business Updates:

Food Manufacturing Expansion	A local business contacted staff seeking help in finding property to expand and already successful food business. They seek space for automating their manufacturing process and staff prepared several sites that would meet their current needs and criteria. Business was happy with the sites presented and they are good options. They may have found a commercial kitchen that meets their needs.

	While still in their busy season, staff have followed up with the business and await a response on their intentions moving forward.
Transportation Service Business	Staff attended a presentation given by a regionally based service industry manufacturer that is seeking to add another warehouse/plant in order to grow. Staff presented the business with possible properties and will work with them as they choose their additional location.
Truck Driving School/Training	Staff were asked to help identify possible property/location for a truck driving school. Staff met with the owners and connected them with the owners of possible properties to explore. Staff continue to follow up to ensure the business owners have the information they need to make a decision. Staff have followed up and the owners continue to look for the right property and fit. Staff will continue to help with that process. They are still looking for the right property/fit.

Inactive Prospects/Business Updates:

Automotive Business	Staff were contacted about a possible business venture in the automotive field. Staff connected the owner with a possible site and toured the site with them. They are in contact with City Staff to ensure zoning, permitting, and timelines all work correctly. Staff will remain in contact with the owners through the process of site selection. Staff were recently informed that this project is on hold due to the economy. The business is still interested in the site, but are looking more toward fall. This business is no longer responding – move to inactive.
Service Agency	Staff were presented with an RFI seeking 10,000 square feet of office space for an expansion of an established business. Staff returned the RFI with two possible properties that fit the criteria that was presented. Staff will continue to follow up with the business to ensure they have all the information they need to make a decision on location. This business is no longer responding – move to inactive.
Family Restaurant	A broker has contacted staff seeking potential sites in Faribault for a family restaurant. Staff has provided contact information for sites that match their criteria. Staff will work with the broker to ensure that their client has the information that is needed. Staff learned of another available property and has connected the property owner with the broker.

Other:

- Staff participated in several Business Retention and Expansion visits in September, and were pleased to hear about potential expansion efforts as well as successful expansion. Staff will continue follow up on those expansion efforts, as well as visit other businesses in the coming months.
- Staff participate in regional and state webinar sessions that include information on job placement, retention and how we can play a role in ensuring successful business practices in recruitment and retention.
- Staff attended an afternoon session hosted by EDAM with a focus around workforce development and economic development.
- In the spring, staff met with a developer that has interest in working with rural areas to construct all levels of housing from workforce to market rate rentals. Staff then asked local businesses to participate in a conversation with the developer so they could understand the needs in Faribault. The developer has had successful conversations with land owners and are moving forward with conversations with employers. These conversations will determine if this developer decides to move forward with a project in Faribault.
- Staff continue conversations with Steele Waseca Electric Cooperative to discuss properties and possible economic development opportunities.

Marketing:
Minnesota Real Estate Journal

  - Staff continue to participate by sponsoring events being held by MREJ and have plans to attend and table at several summits this fall.

- **Minnesota Marketing Partnership**
  - Faribault continues to be active participants in the Minnesota Marketing Partnership (MMP). Last year Faribault elected to participate in the MMP digital marketing campaign, and now has access to all of the video and social medial materials. In addition – Staff was selected to help represent the State of MN – specifically Faribault/SE MN, with DEED and others, at the Site Selector Guild table talks. This has generated additional connections with the site selector community.