



ECONOMIC DEVELOPMENT AUTHORITY AGENDA

PUBLIC MEETING ROOM

THURSDAY, NOVEMBER 17,
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. Amendment to Riverchase Apartments: TIF #17 Contract for Private Development
 - B. Statutory Tort Liability Limits
 - C. Approval and Adoption of FY2023 EDA Budget and Work Plan
 - D. Boards and Commissions Open House and Appreciation Dinner
6. Project Updates
7. Adjournment



Faribault Economic Development Authority
MEETING MINUTES

Thursday | October 20, 2022

1. Call to Order / Roll Call / Agenda Approval

Action: Chair Gramse called the meeting to order at 7:05 a.m.

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

Absent: Fort and Viscomi

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

2. Approval Minutes of August 18, 2022

A motion was made by Smith and seconded by Drevlow to approve the Minutes of September 15, September 28 and October 12, 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

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

3. Public Hearings

- A. None.

4. Items for Discussion

A. 2021 Micro-Grants Award Updates

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 was present and stated that one of the businesses has closed which appears permanently. Cry Baby Craig's did not pick theirs up and may be going in a new direction. All the others were completed.

4B. was initially tabled until the arrival of Campbell.

C. 2023 Draft Work Plan and EDA Budget

Kuennen turned that presentation over to Aman. Aman stated that the buckets stayed the same at 2022 but tried to wrap in housing as an economic tool/driver in talking with companies. We are actively worked on those things.

Working on building and interactive display on our website with the available lands. Deanna talked about "storyboard" to utilize GIS for available land. There are more ways we can share/communicate what is available in an interactive way. We still want the communications coming through the coordinator but we still want to utilize the technology. We are continuing to work on the available land component.

Moving on to the gateways, we've been working with the landowners on the north side and south side of 60 and finding what the right uses of the land. Working with the Chamber on the gateways as well. Kuennen stated that there is a massive investment into the downtown. At what point are we going to be ready to take the resources of the EDA to support all of our businesses.

Kuennen noted that the board had commented in the past that with the larger investment into the downtown, they would also like to see this expand out. We will be working on some grant money through Xcel on the southside of Hwy 60 to actively market this.

Workforce and data analysis – we need people. We are working with South Central College and sharing data with our industry partners. We have to be a facilitator and be knowledgeable with the data. The EDA is being creative at the workforce table and housing is where we can help. Without the housing we are not able to attract the industry. There are over 600+ jobs open in our industries.

Small Business is the core or a lot of what Aman has done. There is an infusion of cash into downtown – what can we do for the other small businesses. Maybe we can look at how we can utilize other grant funding. Kuennen reminded that we did have a project that took advantage of a Highway 60 project to spruce up while construction was going on. What can we do to encourage other businesses to do the same with maybe other programs?

The EDA has learned to separate out the fund balance from the program balance. The operating expenses are what we pay for coming out of that levy. For example: Ehlers, if we have an escrow for a specific TIF, those fees are paid out of that. If there is nothing specific it comes out of the levy dollars in the fund balance.

Kuennen then went on to discuss the budget and the different “buckets” identified. There may be some other small business programs that we want to look at. Placemaking was done last year and Aman will be updating the EDA on that but there are other things like this that we can do.

When opportunities come forward, there can be dedicated funding through the program budget and tie it back to the work plan.

A motion was brought by Smith, seconded by Drevlow to approve the budget as presented.

Drevlow asked about the shovel-ready and Kuennen will move that up to the other line item.

Motion carried on a 5/0.

D. Resolution 2022-17 Approval of 2023 EDA Tax Levy

The EDA is asked to submit its final levy request for City Council consideration and approval, which will take place in December. The EDA is asking for 100%.

A motion was made by Voracek, seconded by Smith to Adopt Resolution 2022-17 approving the final property tax levy request for FY 2023 as presented. Motion carried on a 5/0 vote.

Campbell had arrived at approximately 7:20 a.m.

Kuennen announced that she will be leaving the City and moving to Farmington as the Economic Development Director there. Aman will take over the handling of these meetings into the future.

Drevlow would need to recuse himself from this discussion and left at 7:36 a.m.

Kuennen reiterated the conflict of interest issues and Chair Gramse has to recuse himself and had left the meeting at 7:37 a.m. Vice Chair Voracek then took over the meeting.

B. Resolution 2022-16 Approving the Downtown Revitalization Program Policy

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 adheres 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 identified addresses what 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. Phase II will have to come back.

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.

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.

A motion was made by Smith, seconded by Campbell to approve Resolution 2022-16 Establish Downtown Revitalization Program Policy as written. Motion carried on a 4/0 vote.

5. Updates/Project Reports

Not discussed.

6. Adjourn

A motion was made by Campbell and seconded by Smith to adjourn at 7:42 a.m. Motion carried on a 4/0 vote.

Respectfully Submitted,

By: _____
Kari Casper, Recording Secretary



Request for Action

TO: Faribault Economic Development Authority
FROM: Stephanie Aman, Economic Development Coordinator
MEETING DATE: November 17, 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 November 1, 2022.

REQUESTED ACTION:

No action required.

ATTACHMENTS:

1. 3A - Loan Status Reports - November22

Agenda Item: 3A

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	\$429,165.63	
	- Commercial Development Loan Program (and Grant)	(\$229,165.63)	
	- 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 yellow)
Fund 243	Industrial Development Loan	\$288,347.15	Last activity was loan for Cry Baby Craig’s
TOTAL EDA LOAN FUNDS AVAILABLE		\$730,727.11 (\$530,727.11)	
Fund 290	EDA Operating Fund/Fund Balance	\$2,116,732.74	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	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



Request for Action

TO: Faribault Economic Development Authority
FROM: Stephanie Aman, Economic Development Coordinator
MEETING DATE: November 17, 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.

Several large commercial projects pulled permits this month, accounting for the higher dollar figure. Commercial and residential roofing were also strong in October.

REQUESTED ACTION:

No action required.

ATTACHMENTS:

1. Memo Monthly Permit Activity Report - November 22

Agenda Item: 3B

The following summarizes building permit activity:

	January	February	March	April	May	June
Total Building Permits	15	19	39	69	159	162
Total Valuation	\$1,411,787.89	\$4,585,039.62	\$6,180,438.37	\$5,659,386.00	\$6,941,889.02	\$14,155,755.50
Total ALL Permits*	52	70	91	152	231	249
Total ALL Permits Valuation	\$1,492,107.89	\$6,021,764.62	\$6,344,248.37	\$6,951,136.00	\$7,400,267.02	\$14,538,296.50
	July	August	September	October	November	December
Total Building Permits	165	157	115	163		
Total Valuation	\$10,186,083.56	\$13,954,821.78	\$3,932,204.00	\$6,027,277.00		
YTD Building Permits**	692	784	899	1,062		
YTD Total Valuation**	\$58,287,937.83	\$63,073,221.74	\$64,020,971.74	\$70,048,248.74		
Total ALL Permits*	237	249	182	229		
Total ALL Permits Valuation	\$11,042,152.56	\$14,559,388.58	\$4,257,249.00	\$9,757,610.00		
Total YTD ALL Permits**	1,192	1,330	1,511	1,740		
Total YTD Valuation ALL Permits	\$63,171,077.63	\$68,347,361.54	\$69,620,156.54	\$79,377,766.54		

*Total ALL Permit activity includes plumbing, heating, signs, electrical, etc.

**YTD includes all activity through 10/31/2022



Request for Action

TO: Faribault Economic Development Authority
FROM: Stephanie Aman, Economic Development Coordinator
MEETING DATE: November 17, 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. Budget Status - 10.22

General Ledger

Budget Status

User: saman@ci.faribault.mn.us
 Printed: 11/8/2022 - 11:22 AM
 Period: 10, 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	27.49	290.45	92.55	0.00	92.55	24.16
	R02 Sub Totals:	383.00	27.49	290.45	92.55	0.00	92.55	24.16
R03	Intergovernmental Revenue							
290-00000-462-33402	Market Value Homestead Credit	0.00	15.07	15.07	-15.07	0.00	-15.07	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	15.07	750,015.07	-750,015.07	0.00	-750,015.07	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	0.00	3,090.00	-590.00	0.00	-590.00	0.00
	R04 Sub Totals:	2,500.00	0.00	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	12,556.72	-7,356.72	0.00	-7,356.72	0.00
290-00000-462-36211	Interest Market Value	0.00	0.00	-87,271.96	87,271.96	0.00	87,271.96	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	0.00	78,285.00	-78,285.00	0.00	-78,285.00	0.00
	R06 Sub Totals:	5,700.00	0.00	3,569.76	2,130.24	0.00	2,130.24	37.37

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	42.56	1,387,155.00	-1,074,949.00	0.00	-1,074,949.00	0.00
	Dept 00000 Sub Totals:	-312,206.00	-42.56	-1,387,155.00	1,074,949.00	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	1,851.00	7,403.40	17,596.60	0.00	17,596.60	70.39
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	275.00	8,736.25	41,263.75	0.00	41,263.75	82.53
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	6,172.77	6,172.77	993,827.23	0.00	993,827.23	99.38
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	0.00	510.50	-10.50	0.00	-10.50	0.00
290-46500-462-43520	Recording Fees	0.00	0.00	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	19,043.00	777,543.00	-702,543.00	0.00	-702,543.00	0.00
	E03 Sub Totals:	1,226,479.00	27,341.77	838,229.21	388,249.79	0.00	388,249.79	31.66
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	27,341.77	838,307.19	388,421.81	0.00	388,421.81	31.66
	Dept 46500 Sub Totals:	1,226,729.00	27,341.77	838,307.19	388,421.81	0.00		
	Fund Revenue Sub Totals:	312,206.00	42.56	1,387,155.00	-1,074,949.00	0.00	-1,074,949.00	0.00
	Fund Expense Sub Totals:	1,226,729.00	27,341.77	838,307.19	388,421.81	0.00	388,421.81	31.66
	Fund 290 Sub Totals:	914,523.00	27,299.21	-548,847.81	1,463,370.81	0.00		
	Revenue Totals:	312,206.00	42.56	1,387,155.00	-1,074,949.00	0.00	-1,074,949.00	0.00
	Expense Totals:	1,226,729.00	27,341.77	838,307.19	388,421.81	0.00	388,421.81	31.66
	Report Totals:	914,523.00	27,299.21	-548,847.81	1,463,370.81	0.00		



Request for Action

TO: Faribault Economic Development Authority
FROM: Stephanie Aman, Economic Development Coordinator
MEETING DATE: November 17, 2022
SUBJECT: Amendment to Riverchase Apartments: TIF #17 Contract for Private Development

BACKGROUND:

Section 3 of the EDA's Enabling Resolution establishes that the EDA is responsible for the review and processing of tax increment finance districts (TIF). At the August 18, 2022 meeting, the EDA approved Resolution 2022-07 which approved the contract for Private Development - TIF District No. 17: Riverchase Apartments. Since that time, the developer has incurred significant unanticipated corrective costs to the formerly city-owned property of approximately \$70,000, and is requesting an amendment to the TIF note to help offset those costs.

The original TIF note was established with a budget that included a \$200,000 contingency as well as a 4% developer fee that totals \$450,000. Ehlers completed an assessment of this project and is able to factor in 3% inflation, which could ease the developer's corrective costs by increasing the TIF note from \$700,000 to \$755,000.

REQUESTED ACTION:

The EDA is asked to discuss and approve an amendment to TIF District #17 that would increase the TIF Note for Riverchase Apartments from \$700,000 to \$755,000.

ATTACHMENTS:

1. TIF Run 7-8-22 - 3% Inflation
2. EXECUTED Contract for Private Development - Riverchase
3. Res. 2022-07 Approving CPD -- Riverchase Apartments

Riverchase Apartments - 3% Inflation

City of Faribault, MN

77 Workforce Rental Units



ASSUMPTIONS AND RATES

DistrictType: Economic Development

District Name/Number:

County District #:

First Year Construction or Inflation on Value 2022

Existing District - Specify No. Years Remaining

Inflation Rate - Every Year: 3.00%

Interest Rate: 4.50%

Present Value Date: 1-Aug-23

First Period Ending 1-Feb-24

Tax Year District was Certified: Pay 2022

Cashflow Assumes First Tax Increment For Development 2024

Years of Tax Increment 9

Assumes Last Year of Tax Increment 2032

Fiscal Disparities Election [Outside (A), Inside (B), or N/A] NA

Incremental or Total Fiscal Disparities NA

Fiscal Disparities Contribution Ratio NA Pay 2022

Fiscal Disparities Metro-Wide Tax Rate NA Pay 2022

Maximum/Frozen Local Tax Rate: 108.864% Pay 2022

Current Local Tax Rate: (Use lesser of Current or Max.) 108.864% Pay 2022

State-wide Tax Rate (Comm./Ind. only used for total tax) 36.2890% Pay 2022

Market Value Tax Rate (Used for total taxes) 0.20456% Pay 2022

Tax Rates

Exempt Class Rate (Exempt)	0.00%
Commercial Industrial Preferred Class Rate (C/I Pref.)	
First \$150,000	1.50%
Over \$150,000	2.00%
Commercial Industrial Class Rate (C/I)	2.00%
Rental Housing Class Rate (Rental)	1.25%
Affordable Rental Housing Class Rate (Aff. Rental)	
First \$100,000	0.75%
Over \$100,000	0.25%
Non-Homestead Residential (Non-H Res. 1 Unit)	
First \$500,000	1.00%
Over \$500,000	1.25%
Homestead Residential Class Rate (Hmstd. Res.)	
First \$500,000	1.00%
Over \$500,000	1.25%
Agricultural Non-Homestead	1.00%

BASE VALUE INFORMATION (Original Tax Capacity)

Map ID	PID	Owner	Address	Land Market Value	Building Market Value	Total Market Value	Percentage Of Value Used for District	Original Market Value	Tax Year Original Market Value	Property Tax Class	Current Original Tax Capacity	Class After Conversion	After Conversion Orig. Tax Cap.	Area/Phase
1	18.31.4.26.001	City of Faribault	55 Willow St.	163,700	85,500	249,200	100%	249,200	Pay 2022	Exempt	-	Rental	3,115	1
2	18.31.4.00.005	City of Faribault	Unassigned	30,600	0	30,600	80%	24,480	Pay 2022	Exempt	-	Rental	306	
3	18.31.4.00.004	City of Faribault	Unassigned	46,300	0	46,300	100%	46,300	Pay 2022	Exempt	-	Rental	579	
4	18.31.4.00.003	City of Faribault	217 Mill St.	450,000	59,100	509,100	10%	50,910	Pay 2022	Exempt	-	Rental	636	
				690,600	144,600	835,200		370,890			0		4,636	

Note:

1. Base values are for pay 2023 based upon review of County website on 7-8-2022.

2. Located in SD # 656 and TAG: FARIBO-SD656-HSP-HRA-EDA

Riverchase Apartments - 3% Inflation

City of Faribault, MN
77 Workforce Rental Units



PROJECT INFORMATION (Project Tax Capacity)													
Area/Phase	New Use	Estimated Market Value Per Sq. Ft./Unit	Taxable Market Value Per Sq. Ft./Unit	Total Sq. Ft./Units	Total Taxable Market Value	Property Tax Class	Project Tax Capacity	Project Tax Capacity/Unit	Percentage Completed 2022	Percentage Completed 2023	Percentage Completed 2024	Percentage Completed 2025	First Year Full Taxes Payable
1	Apartments	125,000	125,000	77	9,625,000	Rental	120,313	1,563	25%	75%	100%	100%	2026
TOTAL					9,625,000		120,313						
Subtotal Residential				77	9,625,000		120,313						
Subtotal Commercial/Ind.				0	0		0						

Note:

1. Market values are based upon estimates from the County Assessor.

TAX CALCULATIONS									
New Use	Total Tax Capacity	Fiscal Disparities Tax Capacity	Local Tax Capacity	Local Property Taxes	Fiscal Disparities Taxes	State-wide Property Taxes	Market Value Taxes	Total Taxes	Taxes Per Sq. Ft./Unit
Apartments	120,313	0	120,313	130,977	0	0	19,689	150,666	1,956.70
TOTAL	120,313	0	120,313	130,977	0	0	19,689	150,666	

Note:

1. Taxes and tax increment will vary significantly from year to year depending upon values, rates, state law, fiscal disparities and other factors which cannot be predicted.
2. If tax increment is received in 2023, then the district will be one year shorter.

WHAT IS EXCLUDED FROM TIF?	
Total Property Taxes	150,666
less State-wide Taxes	0
less Fiscal Disp. Adj.	0
less Market Value Taxes	(19,689)
less Base Value Taxes	(5,047)
Annual Gross TIF	125,930



Riverchase Apartments - 3% Inflation

City of Faribault, MN

77 Workforce Rental Units

TAX INCREMENT CASH FLOW														
% of OTC	Project Tax Capacity	Original Tax Capacity	Fiscal Disparities NA	Captured Tax Capacity	Local Tax Rate	Annual Gross Tax Increment	Semi-Annual Gross Tax Increment	State Auditor 0.36%	Admin. at 10%	Semi-Annual Net Tax Increment	Semi-Annual Present Value	PERIOD ENDING Yrs.	Tax Year	Payment Date
100%	30,078	(4,636)	-	25,442	108.864%	27,697	13,849	(50)	(1,380)	12,419	11,878	0.5	2024	02/01/24
							13,849	(50)	(1,380)	12,419	23,495	1	2024	02/01/25
100%	90,234	(4,636)	-	85,598	108.864%	93,186	46,593	(168)	(4,643)	41,783	61,720	1.5	2025	08/01/25
							46,593	(168)	(4,643)	41,783	99,103	2	2025	02/01/26
100%	120,313	(4,636)	-	115,676	108.864%	125,930	62,965	(227)	(6,274)	56,464	148,511	2.5	2026	08/01/26
							62,965	(227)	(6,274)	56,464	196,832	3	2026	02/01/27
100%	123,922	(4,636)	-	119,286	108.864%	129,859	64,930	(234)	(6,470)	58,226	245,563	3.5	2027	08/01/27
							64,930	(234)	(6,470)	58,226	293,223	4	2027	02/01/28
100%	127,640	(4,636)	-	123,003	108.864%	133,906	66,953	(241)	(6,671)	60,041	341,286	4.5	2028	08/01/28
							66,953	(241)	(6,671)	60,041	388,292	5	2028	02/01/29
100%	131,469	(4,636)	-	126,833	108.864%	138,075	69,038	(249)	(6,879)	61,910	435,695	5.5	2029	08/01/29
							69,038	(249)	(6,879)	61,910	482,054	6	2029	02/01/30
100%	135,413	(4,636)	-	130,777	108.864%	142,369	71,184	(256)	(7,093)	63,835	528,803	6.5	2030	08/01/30
							71,184	(256)	(7,093)	63,835	574,524	7	2030	02/01/31
100%	139,475	(4,636)	-	134,839	108.864%	146,791	73,396	(264)	(7,313)	65,818	620,627	7.5	2031	08/01/31
							73,396	(264)	(7,313)	65,818	665,716	8	2031	02/01/32
100%	143,659	(4,636)	-	139,023	108.864%	151,346	75,673	(272)	(7,540)	67,861	711,181	8.5	2032	08/01/32
							75,673	(272)	(7,540)	67,861	755,646	9	2032	02/01/33
Total							1,089,160	(3,921)	(108,524)	976,715				
Present Value From 08/01/2023							842,640	(3,034)	(83,961)	755,646				

CONTRACT
FOR
PRIVATE REDEVELOPMENT
By and Between
THE ECONOMIC DEVELOPMENT AUTHORITY OF THE CITY OF FARIBAULT
and
RIVERCHASE FARIBAULT LLC

This document drafted by:

KENNEDY & GRAVEN, CHARTERED (SJR)
150 South Fifth Street, Suite 700
Minneapolis, MN 55402
(612) 337-9300

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EXHIBIT E	FORM OF AUTHORIZING RESOLUTION
EXHIBIT F	FORM OF INVESTMENT LETTER

CONTRACT FOR PRIVATE REDEVELOPMENT

This Contract for Private Redevelopment (the "Agreement") is made this 25th day of August, 2022, by and between the Economic Development Authority of the city of Faribault, a public body corporate and politic under the laws of Minnesota ("EDA"), and Riverchase Faribault LLC, a limited liability company formed under the laws of Minnesota and having its principal office at 4057 28th Street NW, Suite 200, Rochester MN 55901 (the "Redeveloper").

WITNESSETH:

WHEREAS, the EDA finds there to exist within the community buildings that have a blighting influence on surrounding properties and are structurally substandard due to their poor physical condition or functional obsolescence and which, because of those conditions, threaten the health, safety and welfare of the community; and

WHEREAS, the EDA finds that it is in the public interest, helpful for the tax base and beneficial for the health, safety and welfare of the community as a whole to remove vacant, underutilized, obsolete, and structurally substandard buildings and to replace them with new market-rate housing; and

WHEREAS, the EDA finds that, due to market conditions which exist today and are likely to persist for the foreseeable future, the private sector alone is not able to accomplish redevelopment of the type needed within the community and, therefore, such will not occur without public intervention; and

WHEREAS, in order to foster the redevelopment described above, the City established Development District No. 1 and a Development Program associated therewith, as modified, and adopted a redevelopment project plan related thereto, to implement the goals and objectives thereof, all pursuant to Minnesota Statutes, sections 469.001 through 469.047; and

WHEREAS, the EDA established Tax Increment Financing District No. 17 – Riverchase Apartments (an economic development - workforce housing district) and adopted a tax increment financing plan related thereto, all pursuant to Minnesota Statutes, sections 469.174 through 469.1799; and

WHEREAS, the Redeveloper has proposed to redevelop the area located at 110 Riverchase Court SE, and legally described as Lot 1, Block 1, RIVERCHASE ADDITION (the "Redevelopment Property") through a project which the EDA believes is in the vital and best interests of Faribault and the health, safety, morals, and welfare of its residents, and in accord with the public purposes and provisions of the applicable state and local laws and requirements for which Development District No. 1 and Tax Increment Financing District No. 17 – Riverchase Apartments were established; and

NOW, THEREFORE, in consideration of the covenants and the mutual obligations of the parties hereto, each of them does hereby covenant and agree with the other as follows:

ARTICLE I

Definitions

Section 1.1. Definitions. In this Agreement the following terms shall have the meanings given unless a different meaning clearly appears from the context:

“Administrative Costs” means the administrative expenses incurred by EDA as defined in section 469.174, subd. 14 of the TIF Act;

“Agreement” means this Agreement, as the same may be from time to time modified, amended, or supplemented.

“Assessor” means the county assessor of Rice County.

“Authorizing Resolution” means the resolution, in substantially the form attached hereto as Exhibit E, to be adopted by the EDA to authorize issuance of the Note;

“Available Tax Increment” means 90 percent of the Tax Increment paid to the EDA by the County with respect to the Redevelopment Property and the Minimum Improvements.

“Certificate of Completion” means the certificate, in substantially the form attached hereto as Exhibit D, which will be provided to the Redeveloper pursuant to Article IV of this Agreement.

“City” means the city of Faribault, a municipal corporation under the laws of Minnesota.

“Construction Plans” means the final plans for construction of the Minimum Improvements which shall be submitted by the Redeveloper pursuant to section 4.2 of this Agreement.

“County” means Rice County, Minnesota.

“Economic Development Authorities Act” or “EDA Act” means Minnesota Statutes, sections 469.090 through 469.108, as amended.

“EDA” has the meaning set forth in the preamble of this Agreement.

“Event of Default” means an action by the Redeveloper or EDA listed in Article VIII of this Agreement.

“Housing and Redevelopment Authorities Act” or “HRA Act” means Minnesota Statutes, sections 469.001 through 469.047, as amended.

“Material Change” means a change in the Construction Plans which may reasonable be expected to adversely affect the generation of tax increment from the Minimum Improvements.

“Maturity Date” means the date the Note has been paid in full or terminated, whichever is earlier.

“Minimum Improvements” means demolition of the existing structures and construction of a new 77-unit market rate multi-family workforce housing residential building on the Redevelopment Property. After completion of the Minimum Improvements, the term shall mean the Redevelopment Property as improved by the Minimum Improvements. The Minimum Improvements are generally depicted on Exhibit B attached hereto.

“Note” means the taxable Tax Increment Revenue Note, in substantially the form contained in the Authorizing Resolution, to be delivered by EDA to the Redeveloper pursuant to Article III of this Agreement.

“Preliminary Plans” means the preliminary plans for construction of the Minimum Improvements which have been submitted by the Redeveloper and approved by the EDA and which are attached hereto as Exhibit C.

“Qualifying Costs” means the cost of land acquisition, site preparation, demolition, utility installation, landscaping, grading, earthwork, retaining walls, storm water ponding, structured and surface parking, and all other expenditures made by the Redeveloper related to completion of the Minimum Improvements which the EDA intends to partially reimburse through the Note.

“Redeveloper” has the meaning set forth in the preamble of this Agreement.

“Redevelopment Assistance” means the financial assistance to be offered by the EDA to the Redeveloper through issuance of the Note.

“Redevelopment Plan” means the Redevelopment Plan for Redevelopment Project No. 17 which was approved by the EDA on August 18, 2022.

“Redevelopment Property” means all those properties which are included in Lot 1, Block 1 RIVERCHASE ADDITION. The Redevelopment Property is legally described in Exhibit A and depicted on Exhibit B attached hereto.

“Sale” means any conveyance of fee simple title in and to the Minimum Improvements or the Redevelopment Property, as more fully defined in Article VII of this Agreement.

“State” means the state of Minnesota.

“Substantial Completion” means completion of the Minimum Improvements to a degree allowing the issuance of a certificate of occupancy by the City’s building official.

“Tax Increment” means the tax increment, as that term is defined in Minnesota Statutes, section 469.174, subd. 25, which is paid to the EDA by the County with respect to the Redevelopment Property and the Minimum Improvements.

“Tax Increment Financing Act” or “TIF Act” means Minnesota Statutes, sections 469.174 through 469.1799, as amended.

“Tax Increment Financing District” or “TIF District” means Tax Increment Financing District No. 17 – Riverchase Apartments (an economic development - workforce housing district).

“Tax Increment Financing Plan” or “TIF Plan” means the tax increment plan for Tax Increment Financing District No. 17 – Riverchase Apartments which was approved by the EDA on August 18, 2022.

“Tax Official” means the Assessor, County auditor, County or state board of equalization, the commissioners of revenue of the State, or any State or federal district court, the tax court of the State, or the State Supreme Court.

“Termination Date” means the date Tax Increment Financing District No. 17 – Riverchase Apartments terminates, which is estimated to be after nine (9) years after the date of receipt of the first increment, or the date the Note has been paid through Available Tax Increment or terminated, whichever occurs first.

“Unavoidable Delays” means delays which are the direct result of unanticipated adverse weather conditions; strikes or other labor troubles; shortages of materials or labor; fire or other casualty to the Minimum Improvements; litigation commenced by third parties which, by injunction or other similar judicial action, directly results in delays; or, except those of the EDA or the City reasonably contemplated by this Agreement, any acts or omissions of any federal, State or local governmental unit which directly result in delays in construction of the Minimum Improvements; approved changes to the Construction Plans that result in delays; delays caused by the discovery of any previously unknown adverse environmental condition on or within the Redevelopment Property to the extent reasonably necessary to comply with federal and state environmental laws, regulations, orders or agreements; unanticipated future local events occurring within such proximity of the Redevelopment Property, and not caused by nor within the control of the Redeveloper, having a significantly adverse impact upon the marketability and reasonable profitability of the Minimum Improvements; and any other cause or force majeure beyond the control of the Redeveloper which directly results in delays.

Section 1.2. Exhibits. The following exhibits are attached to and by reference made a part of this Agreement:

- | | |
|------------|--|
| Exhibit A. | Legal description of the Redevelopment Property |
| Exhibit B. | Depiction of the Redevelopment Property and Minimum Improvements |
| Exhibit C. | Preliminary Plans |
| Exhibit D. | Form of Certificate of Completion |
| Exhibit E. | Form of Authorizing Resolution |
| Exhibit F. | Form of Investment Letter |

Section 1.3. Rules of Interpretation. (a) This Agreement shall be interpreted in accordance with and governed by the laws of Minnesota.

(b) The words “herein” and “hereof” and words of similar import, without reference to any particular section or subdivision, refer to this Agreement as a whole rather than any particular section or subdivision hereof.

(c) References herein to any particular section or subdivision hereof are to the section or subdivision of this Agreement as originally executed.

(d) Any titles of the several parts, articles and sections of this Agreement are inserted for convenience and reference only and shall be disregarded in construing or interpreting any of its provisions.

Section 1.4. Incorporation of Recitals and Exhibits. 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.

ARTICLE II

Representations and Warranties

Section 2.1. Representations by the EDA. The EDA makes the following representations as the basis for the undertaking on its part herein contained:

(a) The EDA is an economic development authority duly organized and existing under the EDA Act. EDA has the authority to enter into this Agreement and carry out its obligations hereunder.

(b) The individual(s) executing this Agreement and related agreements and documents on behalf of the EDA has the authority to do so and to bind the EDA by their actions.

(c) Development District No. 1 is a development district within the meaning of the Minnesota Statutes, section 469.125, subd. 9.

(d) TIF District No. 17 – Riverchase Apartments is an economic development - workforce housing tax increment financing district within the meaning of the TIF Act and was created, adopted and approved in accordance with the TIF Act.

(e) There are no previous agreements to which the EDA is a party pertaining to the Redevelopment Property which would preclude the parties from entering into this Agreement or which would impede the fulfillment of the terms and conditions of this Agreement.

(f) The activities of the EDA pursuant to this Agreement are undertaken pursuant to the Redevelopment Plan and are for the purpose of redevelopment of the Redevelopment Property by removing the structurally substandard structures currently existing on the Redevelopment Property and replacing them with new market-rate housing.

(g) The EDA will act in a timely manner to consider all approvals required under this Agreement and will cooperate with the Redeveloper in seeking consideration by the City of approvals which must be granted by the City.

Section 2.2. Representations and Warranties by the Redeveloper. The Redeveloper makes the following representations and warranties as the basis for the undertaking on its part herein contained:

(a) The Redeveloper is a limited liability company validly existing under the laws of the State of Minnesota. The Redeveloper has the authority to enter into this Agreement and carry out its obligations hereunder.

(b) The Redeveloper will attempt to acquire the Redevelopment Property in fee title.

(c) The persons executing this Agreement and related agreements and documents on behalf of the Redeveloper have the authority to do so and to bind the Redeveloper by their actions.

(d) Upon acquisition of the Redevelopment Property, the Redeveloper will construct the Minimum Improvements in substantial accordance with the terms of this Agreement, the Redevelopment Plan, the TIF Plan, the Construction Plans and all local, State and federal laws and regulations, including, but not limited to, environmental, zoning, building code and public health laws and regulations.

(e) The Redeveloper will apply for and use all reasonable efforts to obtain, in a timely manner, all required permits, licenses and approvals from the EDA and the City, and will meet, in a timely manner, the requirements of all applicable local, State, and federal laws and regulations which must be obtained or met before the Minimum Improvements may be lawfully constructed or used for their intended purpose.

(f) The Redeveloper has analyzed the economics of acquisition of the Redevelopment Property, the cost of site improvements, including installation of any necessary utilities and construction of the Minimum Improvements and concluded that, absent the Redevelopment Assistance to be offered under this Agreement, it would not undertake this project.

(g) Neither the execution and delivery of this Agreement, the consummation of the transactions contemplated hereby, nor the fulfillment of or compliance with the terms and conditions of this Agreement is prevented, limited by or conflicts with or results in a breach of, the terms, conditions or provisions of any corporation organizational documents or any evidence of indebtedness, agreement or instrument of whatever nature to which the Redeveloper is now a party or by which it is bound, or constitutes a default under any of the foregoing.

Section 2.3. Redeveloper Responsible for Costs. The Redeveloper agrees to pay to the EDA an administrative fee in the amount necessary to reimburse EDA for its reasonable costs and expenses in reviewing the redevelopment proposal, including the drafting and negotiation of this Agreement. The EDA may require the Redeveloper to deposit funds with the EDA, in an amount to be determined by the EDA, in order to cover the Redeveloper's obligations under this section. In the event that the deposit made herein reaches \$1,000.00, the EDA may require the Redeveloper to deposit an additional amount as may be deemed necessary by the EDA to pay for its future expenses. Upon the EDA's request for additional funds, the Redeveloper shall deposit such funds with EDA within 10 days.

ARTICLE III

Acquisition of Redevelopment Property; Redevelopment Assistance

Section 3.1. Acquisition of Redevelopment Property. The Redeveloper shall acquire the Redevelopment Property in fee no later than December 31, 2022. The EDA makes no representations to the Redeveloper regarding the suitability of the Redevelopment Property or the Minimum Improvements for the use and purpose intended by the Redeveloper. The failure by Redeveloper to close on the purchase of the Redevelopment Property by December 31, 2022 shall result in this Agreement being canceled and terminated and of no further force and/or effect without any action by any party hereto, and neither party shall have any liability to the other in connection with such termination or cancellation.

Section 3.2. Issuance of Pay-As-You-Go Note. (a) In consideration of the Redeveloper constructing the Minimum Improvements and to finance the reimbursement of the Qualifying Costs, the EDA will issue and the Redeveloper will purchase the Note in the principal amount of \$700,000.00 in substantially the form set forth in the Authorizing Resolution attached hereto as Exhibit E. The EDA and the Redeveloper agree that the consideration from the Redeveloper for the purchase of the Note will consist of the Redeveloper's payment of the Qualifying Costs of land acquisition, site preparation, including utility installation, and other expenditures which are eligible for reimbursement with Tax Increment and which are incurred by the Redeveloper in at least the principal amount of the Note. The EDA will deliver the Note upon satisfaction by the Redeveloper of all the conditions precedent specified in section 3.3 of this Agreement.

(b) The Redeveloper understands and acknowledges that the EDA makes no representations or warranties regarding the amount of Available Tax Increment, or that revenues pledged to the Note will be sufficient to pay the principal of and interest on the Note. Any estimates of Tax Increment prepared by the EDA or its financial advisors in connection with the TIF District or this Agreement are for the sole benefit of the EDA and are not intended as representations on which the Redeveloper may rely.

Section 3.3. Conditions Precedent to Issuance of Note. Notwithstanding anything in this Agreement to the contrary, the EDA shall not be obligated to issue the Note until all of the following conditions precedent have been satisfied:

- (a) The Redeveloper has acquired the Redevelopment Property in fee;
- (b) The Redeveloper has submitted and the EDA has approved the Construction Plans;
- (c) The Redeveloper has constructed the Minimum Improvements and the EDA has issued the Certificate of Completion;
- (d) The Redeveloper has submitted evidence it has paid for the Qualifying Costs, including paid receipts and lien waivers;
- (e) The Redeveloper has reimbursed the EDA for all of its administrative costs incurred in conjunction with the processing of Redeveloper's request;

- (f) The Redeveloper has submitted the Investment Letter; and
- (g) There has been no Event of Default on the part of the Redeveloper which has not been cured.

Section 3.4. Records. The EDA and its representatives will have the right at all reasonable times after reasonable notice to inspect, examine and copy invoices paid by Redeveloper and/or its general contractor relating to the Minimum Improvements and the Qualifying Costs for which the Redeveloper will be reimbursed under the Note.

Section 3.5. No Business Subsidy. The Redeveloper proposes to utilize the financial assistance from EDA to construct workforce housing and therefore such assistance is not a “business subsidy” within the meaning of Minnesota Statutes, sections 116J.993 to 116J.995.

ARTICLE IV

Construction of Minimum Improvements

Section 4.1. Construction of Minimum Improvements. If the Redeveloper acquires the Redevelopment Property in accordance with the terms of this Agreement, the Redeveloper agrees that it will construct the Minimum Improvements on the Redevelopment Property in accordance with the Construction Plans. The Redeveloper acknowledges that, in addition to the requirements of this Agreement, construction of the Minimum Improvements will necessitate compliance with other reviews and approvals by the City and possibly other governmental agencies and, to the extent such approvals have not already been obtained, agrees to submit all applications for and pursue to their conclusion all other approvals needed prior to constructing the Minimum Improvements.

Section 4.2. Preliminary and Construction Plans. (a) The Redeveloper has submitted and EDA has approved the Preliminary Plans listed in Exhibit C attached hereto. Prior to beginning construction on the Minimum Improvements, the Redeveloper shall submit dated Construction Plans to EDA. The Construction Plans shall provide for the construction of the Minimum Improvements and shall be in substantial conformity with the Preliminary Plans and this Agreement. The EDA will approve the Construction Plans if they (1) are consistent with the Preliminary Plans; (2) conform to all applicable federal, State and local laws, ordinances, rules and regulations; (3) are adequate to provide for the construction of the Minimum Improvements; (4) conform to the State building code; and (5) if there has occurred no uncured Event of Default on the part of the Redeveloper. Except as otherwise set forth herein, no approval by EDA shall relieve the Redeveloper of the obligation to comply with the terms of this Agreement, the terms of all applicable federal, State and local laws, ordinances, rules and regulations in the construction of the Minimum Improvements. Except as otherwise set forth herein, no approval by EDA shall constitute a waiver of an Event of Default.

(b) If the Redeveloper desires to make any Material Change or any other change in the Construction Plans affecting the size, height, footprint, exterior building materials, or any other change regarding the Minimum Improvements which would also require approval under any applicable code, ordinance or regulation after approval by the EDA, the Redeveloper shall submit the proposed change to the EDA for its prior written approval. If the proposed change is consistent with the Preliminary Plans or is otherwise acceptable to the EDA and meets all other

requirements of section 4.2(a) above, the EDA shall approve the proposed change. Such change in the Construction Plans shall be deemed approved by the City unless rejected, in whole or in part, by written notice by the EDA to the Redeveloper, setting forth in detail the reasons therefore. Such rejection shall be made within 30 business days after receipt of the written notice of such change from the Redeveloper.

Section 4.3. Commencement and Completion of Construction. Subject to Unavoidable Delays, the Redeveloper shall commence construction of the Minimum Improvements by no later than October 1, 2022. The Redeveloper shall substantially complete the Minimum Improvements by December 31, 2023. All work with respect to the Minimum Improvements to be constructed or provided by the Redeveloper on the Redevelopment Property shall be in conformity with the Construction Plans. The Redeveloper shall make such reports to the EDA regarding construction of the Minimum Improvements as the EDA deems necessary or helpful in order to monitor progress on construction of the Minimum Improvements.

Section 4.4. Certificate of Completion. (a) After Substantial Completion of the Minimum Improvements in accordance with the Construction Plans and all terms of this Agreement and at the written request of the Redeveloper, the EDA will, within 20 days thereafter, furnish the Redeveloper with an appropriate certificate so certifying in the form of Exhibit D attached hereto. Such certification by EDA shall be a conclusive determination of satisfaction and termination of the agreements and covenants in this Agreement with respect to the obligations of the Redeveloper to construct the Minimum Improvements and the dates for the beginning and completion thereof. Following issuance of the Certificate of Completion pursuant to this section, the sole outstanding obligation is for the EDA to issue the Note and to make payments thereunder, subject to the terms of this Agreement and the Note.

(b) The Certificate of Completion shall be in such form as will enable it to be recorded in the proper County office for the recordation of deeds and other instruments pertaining to the Redevelopment Property. If the EDA shall refuse to provide such certification in accordance with the provisions of this section 4.4, the EDA shall promptly notify Redeveloper of the same within 20 days following receipt of request therefore from Redeveloper and shall provide the Redeveloper with a written statement, indicating in adequate detail in what respects the Redeveloper has failed to complete the relevant portion of the Minimum Improvements in accordance with the provisions of the Agreement, or is otherwise in default of a material term of this Agreement, and what measures or acts will be necessary, in the opinion of EDA, for the Redeveloper to take or perform in order to obtain such certification. If the EDA fails to issue such a written statement within such 20-day period, the EDA shall be deemed to have waived its right to do so and shall be deemed to have issued a Certificate of Completion to the Redeveloper. The Redeveloper shall have 60 days following receipt of the EDA's written response to cure or agree to terms with the EDA regarding issues to be resolved prior to the Redeveloper obtaining a Certification of Completion from the EDA.

requirements of section 4.2(a) above, the EDA shall approve the proposed change. Such change in the Construction Plans shall be deemed approved by the City unless rejected, in whole or in part, by written notice by the EDA to the Redeveloper, setting forth in detail the reasons therefore. Such rejection shall be made within 30 business days after receipt of the written notice of such change from the Redeveloper.

Section 4.3. Commencement and Completion of Construction. Subject to Unavoidable Delays, the Redeveloper shall commence construction of the Minimum Improvements by no later than October 1, 2022. The Redeveloper shall substantially complete the Minimum Improvements by March 31, 2024. All work with respect to the Minimum Improvements to be constructed or provided by the Redeveloper on the Redevelopment Property shall be in conformity with the Construction Plans. The Redeveloper shall make such reports to the EDA regarding construction of the Minimum Improvements as the EDA deems necessary or helpful in order to monitor progress on construction of the Minimum Improvements.

Section 4.4. Certificate of Completion. (a) After Substantial Completion of the Minimum Improvements in accordance with the Construction Plans and all terms of this Agreement and at the written request of the Redeveloper, the EDA will, within 20 days thereafter, furnish the Redeveloper with an appropriate certificate so certifying in the form of Exhibit D attached hereto. Such certification by EDA shall be a conclusive determination of satisfaction and termination of the agreements and covenants in this Agreement with respect to the obligations of the Redeveloper to construct the Minimum Improvements and the dates for the beginning and completion thereof. Following issuance of the Certificate of Completion pursuant to this section, the sole outstanding obligation is for the EDA to issue the Note and to make payments thereunder, subject to the terms of this Agreement and the Note.

(b) The Certificate of Completion shall be in such form as will enable it to be recorded in the proper County office for the recordation of deeds and other instruments pertaining to the Redevelopment Property. If the EDA shall refuse to provide such certification in accordance with the provisions of this section 4.4, the EDA shall promptly notify Redeveloper of the same within 20 days following receipt of request therefore from Redeveloper and shall provide the Redeveloper with a written statement, indicating in adequate detail in what respects the Redeveloper has failed to complete the relevant portion of the Minimum Improvements in accordance with the provisions of the Agreement, or is otherwise in default of a material term of this Agreement, and what measures or acts will be necessary, in the opinion of EDA, for the Redeveloper to take or perform in order to obtain such certification. If the EDA fails to issue such a written statement within such 20-day period, the EDA shall be deemed to have waived its right to do so and shall be deemed to have issued a Certificate of Completion to the Redeveloper. The Redeveloper shall have 60 days following receipt of the EDA's written response to cure or agree to terms with the EDA regarding issues to be resolved prior to the Redeveloper obtaining a Certification of Completion from the EDA.

ARTICLE V

Insurance

Section 5.1. Insurance. The Redeveloper or its general contractor will provide and maintain at all times during the process of constructing the Minimum Improvements a Special Form Basis Insurance Policy and, from time to time during that period, at the request of the EDA, furnish the EDA with proof of payment of premiums on policies covering the following:

(i) Builder's risk insurance, written on the so-called "Builder's Risk – Completed Value Basis," in an amount equal to one hundred percent (100%) of the insurable value of the applicable portion of the Minimum Improvements at the date of completion, and with coverage available in reporting form on the so-called "special" form of policy;

(ii) Commercial general liability insurance (including operations, contingent liability, operations of subcontractors, completed operations and contractual liability insurance) with limits against bodily injury and property damage of not less than \$2,000,000 for each occurrence (to accomplish the above-required limits, an umbrella excess liability policy may be used); and

(iii) Workers' compensation insurance, with statutory coverage.

Section 5.2. Evidence of Insurance. (a) All insurance required in this Article V of this Agreement must be taken out and maintained with responsible insurance companies selected by the Redeveloper which are authorized under the laws of Minnesota to assume the risks covered thereby. In lieu of separate policies, the Redeveloper may maintain a single policy, blanket or umbrella policies, or a combination thereof, having the coverage required herein. Upon written request by the EDA, the Redeveloper agrees to deposit with the EDA a certificate or certificates or binders of the respective insurers stating that such insurance is in force and effect

(b) The required insurance provisions set forth in this Article V will terminate upon the issuance of the Certificate of Completion.

ARTICLE VI

Payment of Taxes; Use of Tax Increment

Section 6.1. Taxes. (a) The Redeveloper agrees to pay before delinquency directly to the taxing authority, all taxes, general and special assessments, and other public charges levied upon or assessed against the Redevelopment Property and any buildings, structures, fixtures, or improvements thereon which first become due during the term of this Agreement.

(b) The Redeveloper understands that any successful contest or challenge to the legality, validity or amount of taxes payable with respect to the Redevelopment Property will reduce the amount of Available Tax Increment and may adversely affect the EDA's ability to fully pay the Note prior to the Termination Date.

Section 6.2. Use of Tax Increment. Except as provided for in this Agreement, the EDA shall be free to use any Tax Increment it receives from the County with respect to TIF District No. 17 – Riverchase Apartments for any purpose for which such increment may lawfully be used under the TIF Act and the EDA shall have no obligations to the Redeveloper with respect to the use of such Tax Increment.

ARTICLE VII

Restrictions on Sale of Minimum Improvements

Section 7.1. Prohibition Against Sale of Minimum Improvements. The Redeveloper represents and agrees that its use of the Redevelopment Property and its other undertakings pursuant to the Agreement, are, and will be, used for the purpose of construction of the Minimum Improvements on the Redevelopment Property and not for speculation in land holding. The Redeveloper represents and agrees that, prior to the issuance of a Certificate of Completion regarding the Minimum Improvements, there shall be no Sale of the Redevelopment Property or the Minimum Improvements constructed thereon nor shall the Redeveloper suffer any such Sale to be made, without the prior written approval of the EDA. As a condition of approval of any such Sale, the EDA shall require, at a minimum, that the proposed transferee shall have entered into an agreement whereby the transferee expressly assumes all of the Redeveloper's obligations under this Agreement. Any such agreement shall include the EDA as a party and otherwise be in form and substance reasonably acceptable to the EDA.

ARTICLE VIII

Events of Default

Section 8.1. Events of Default Defined. Each and every one of the following shall be an Event of Default under this Agreement:

- (a) Failure by the Redeveloper to acquire the Redevelopment Property in accordance with Article III of this Agreement;
- (b) Failure by the Redeveloper to seek approvals from the City and other entities necessary in order to construct the Minimum Improvements;
- (c) Failure by the Redeveloper to commence and complete construction of the Minimum Improvements pursuant to the terms, conditions and limitations of Article IV of this Agreement, including the timing thereof, unless such failure is caused by an Unavoidable Delay or waived by the Redeveloper and EDA;
- (d) Failure by the Redeveloper to provide and maintain any insurance required to be provided and maintained by Article V;
- (e) If the Redeveloper shall file a petition in bankruptcy, or shall make an assignment for the benefit of its creditors or shall consent to the appointment of a receiver;

(f) Failure by the Redeveloper to reimburse the EDA for its administrative expenses associated with the processing of Redeveloper's requests, or to make the necessary escrow deposits pursuant to Section 2.3;

(g) Sale of the Redevelopment Property or the Minimum Improvements, or any portion thereof, by the Redeveloper in violation of Article VII of this Agreement; or

(h) Failure by either party to observe or perform any material covenant, condition, obligation or agreement on its part to be observed or performed under this Agreement.

Section 8.2. Remedies on Default. Whenever any Event of Default referred to in section 8.1 of this Agreement occurs, then the non-defaulting party may take any one or more of the following actions after providing 30 days written notice to the defaulting party of the Event of Default, but only if the Event of Default has not been cured within said 30 days from the receipt of Notice or, if the Event of Default is by its nature incurable within 30 days, the defaulting party does not provide assurances to the non-defaulting party reasonably satisfactory to the non-defaulting party that the Event of Default will be cured and will be cured as soon as reasonably possible:

(a) Suspend its performance under this Agreement until it receives assurances from the defaulting party, deemed adequate by the non-defaulting party, that the defaulting party will cure its default and continue its performance under this Agreement;

(b) If the default occurs prior to completion of the Minimum Improvements, the EDA may withhold any undelivered Certificate of Completion until such default is cured;

(c) Take whatever action, including legal or administrative action, which may appear necessary or desirable to the non-defaulting party to collect any payments due under this Agreement, including reimbursement of the Redevelopment Assistance previously granted, or to enforce performance and observance of any obligation, agreement, or covenant of the defaulting party under this Agreement.

Section 8.3. No Remedy Exclusive. No remedy conferred herein or reserved to the parties is intended to be exclusive of any other available remedy or remedies, but each and every remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement or now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the EDA or the Redeveloper to exercise any remedy reserved to it, it shall not be necessary to give notice, other than such notice as may be required in Article IX of this Agreement.

Section 8.4. No Additional Waiver Implied by One Waiver. In the event any covenant or agreement contained in this Agreement should be breached by either party and thereafter waived by the other 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 hereunder.

ARTICLE IX

Additional Provisions

Section 9.1. Conflict of Interests; Representatives Not Individually Liable. No member, official, or employee of the EDA shall have any personal financial interest, direct or indirect, in this Agreement, nor shall any such member, official, or employee participate in any decision relating to the Agreement which affects his or her personal financial interests or the interests of any corporation, partnership, or association in which he or she is, directly or indirectly, interested. No member, official, or employee of the EDA shall be personally liable to the Redeveloper, or any successor in interest, in the event of any default or breach or for any amount which may become due or on any obligations under the terms of this Agreement.

Section 9.2. Equal Employment Opportunity. The Redeveloper, for itself and its successors and assigns, agrees that during the construction of the Minimum Improvements provided for in this Agreement, it will comply with all applicable equal employment and nondiscrimination laws and regulations.

Section 9.3. Restrictions on Use. The Redeveloper agrees that through the Termination Date it will use the Minimum Improvements for only such uses as permitted under the City's land use regulations.

Section 9.4. Notices and Demands. Except as otherwise expressly provided in this Agreement, any notice, demand, or other communication under the Agreement or any related document by either party to the other shall be sufficiently given or delivered if it is dispatched by registered or certified United States mail, postage prepaid, return receipt requested, or delivered personally to:

- | | |
|-------------------------------------|--|
| (a) in the case of the Redeveloper: | Riverchase Faribault LLC
4057 28 th Street NW, Suite 200
Rochester, MN 55901
Attn: Mac Hamilton |
| (b) in the case of EDA: | Economic Development Authority of the
City of Faribault
208 1 st Avenue Northwest
Faribault, Minnesota 55021
Attn: Executive Director |
| and with a copy to: | Kennedy & Graven, Chartered
150 South Fifth Street, Suite 700
Minneapolis, MN 55402
Attn: Scott J. Riggs |

or at such other address with respect to either such party as that party may, from time to time, designate in writing and forward to the other as provided in this section 9.4.

Section 9.5. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall constitute one and the same instrument.

Section 9.6. Disclaimer of Relationships. The Redeveloper acknowledges that nothing contained in this Agreement nor any act by the EDA or the Redeveloper shall be deemed or construed by the Redeveloper or by any third person to create any relationship of third-party beneficiary, principal and agent, limited or general partner, or joint venture between EDA and the Redeveloper.

Section 9.7. Amendment. This Agreement may be amended only by the written agreement of the parties.

Section 9.8. Recording. The EDA intends to record this Agreement among the land records of Rice County, Minnesota and the Redeveloper agrees to pay for the cost of recording same.

Section 9.9. Indemnity. The Redeveloper hereby agrees that the EDA, and its governing body members, officers, agents, and employees shall not be liable for, and hereby agrees to indemnify and hold harmless the same, against any loss or claims arising under this Agreement, except for losses or claims arising out of the acts or omissions of the EDA.

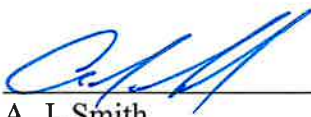
Section 9.10. Titles of Articles and Sections. Any titles of the several parts, articles, and sections of this Agreement are inserted for convenience of reference only and shall be disregarded in construing or interpreting any of its provisions.

Section 9.11. Governing Law; Venue. This Agreement shall be construed in accordance with the laws of Minnesota. Any dispute arising from this Agreement shall be heard in the State or federal courts of Minnesota, and all parties waive any objection to the jurisdiction thereof, whether based on convenience or otherwise.

IN WITNESS WHEREOF, the EDA and the Redeveloper have caused this Agreement to be duly executed in their names and behalves on or as of the date first above written.

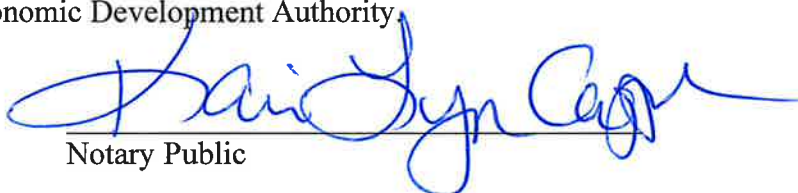
**ECONOMIC DEVELOPMENT AUTHORITY
OF THE CITY OF FARIBAULT:**

By: 
Rodney Gramse
Its: President

By: 
A. J. Smith
Its: Secretary

STATE OF MINNESOTA)
) ss.
COUNTY OF RICE)

The foregoing instrument as acknowledged before me this 35 day of August, 2022, by Rodney Gramse and A. J. Smith, the President and Secretary of the Economic Development Authority of the city of Faribault, a public body corporate and politic under the laws of Minnesota, on behalf of the Economic Development Authority.


Notary Public

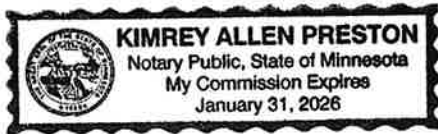


REDEVELOPER:

By: 
Mac Hamilton
Its: Chief Manager

STATE OF MINNESOTA)
) ss.
COUNTY OF Olmsted)

The foregoing instrument was executed before me this 16th day of August, 2022, by Mac Hamilton, the Chief Manager of Riverchase Faribault LLC, a limited liability company formed under the laws of Minnesota, on behalf of the company.




Notary Public

**EXHIBIT A TO
REDEVELOPMENT AGREEMENT**

LEGAL DESCRIPTION OF REDEVELOPMENT PROPERTY

A portion of the following described Property:

[[INSERT LEGAL DESCRIPTION]]

To be platted as:

Lot 1, Block 1 of RIVERCHASE ADDITION, according to the recorded plat thereof on file and of record in the office of the County Recorder in and for Rice County, Minnesota.

**EXHIBIT B TO
REDEVELOPMENT AGREEMENT**

**DEPICTION OF THE REDEVELOPMENT PROPERTY
AND MINIMUM IMPROVEMENTS**

**EXHIBIT C TO
REDEVELOPMENT AGREEMENT
PRELIMINARY PLAN DOCUMENTS**

Those plans titled "RIVERCHASE MULTI-FAMILY APARTMENTS" dated July 28, 2022, and prepared by CRW architecture + design group, which are on file at the offices of the City Planner at Faribault City Hall.

**EXHIBIT D TO
REDEVELOPMENT AGREEMENT**

**FORM OF
CERTIFICATE OF COMPLETION**

WHEREAS, the Economic Development Authority of the City of Faribault, a public body corporate and politic under the laws of Minnesota ("EDA"), and Riverchase Faribault, LLC, a limited liability company formed under the laws of the state of Minnesota (the "Redeveloper"), have entered into a certain Contract for Private Redevelopment (the "Agreement") dated the ____ day of August, 2022, and recorded in the office of the County Recorder or Registrar in Rice County, Minnesota, as Document No. _____, which Agreement contained certain covenants and restrictions regarding completion of the Minimum Improvements, as defined in the Agreement; and

WHEREAS, the Redeveloper has performed said covenants and conditions in a manner deemed sufficient by the EDA to permit the execution and recording of this certification.

NOW, THEREFORE, this is to certify that all construction of the Minimum Improvements specified to be done and made by the Redeveloper has been completed and the covenants and conditions in the Agreement have been performed by the Redeveloper, and the County Recorder in Rice County, Minnesota, is hereby authorized to accept for recording and to record the filing of this instrument, to be a conclusive determination of the satisfactory termination of the covenants and conditions relating to completion of the Minimum Improvements and the expiration of certain obligations contained in the Agreement to the extent expressly provided for therein. Unless otherwise expressly provided in the Agreement, Redeveloper shall be deemed to have satisfied its obligations under the Agreement.

Dated: _____.

**ECONOMIC DEVELOPMENT AUTHORITY
OF THE CITY OF FARIBAULT**

By _____
Executive Director

STATE OF MINNESOTA)
) ss.
COUNTY OF RICE)

The foregoing instrument as acknowledged before me this ____ day of _____, 20__, by _____, the executive director of the Economic Development Authority of the City of Faribault, a public body corporate and politic under the laws of Minnesota, on behalf of the Economic Development Authority.

Notary Public

**EXHIBIT E TO
REDEVELOPMENT AGREEMENT**

FORM OF AUTHORIZING RESOLUTION

ECONOMIC DEVELOPMENT AUTHORITY OF THE CITY OF FARIBAULT

RESOLUTION NO. _____

**RESOLUTION APPROVING THE ISSUANCE OF, AND
PROVIDING THE FORM, TERMS, COVENANTS AND
DIRECTIONS FOR THE ISSUANCE OF ITS TAXABLE
TAX INCREMENT REVENUE NOTE, SERIES 2022 IN AN
AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED
\$700,000**

BE IT RESOLVED BY the Economic Development Authority of the City of Faribault (“EDA”), as follows:

Section 1. Authorization; Award of Sale.

1.01. Authorization. The EDA has heretofore approved the establishment of Tax Increment Financing District No. 17 – Riverchase Apartments (the “TIF District”) within Development District No. 1 (“Redevelopment Project”) and has adopted a tax increment financing plan for the purpose of financing certain improvements within the Redevelopment Project.

Pursuant to Minnesota Statutes, Section 469.178, the EDA is authorized to issue and sell its bonds for the purpose of financing a portion of the public development costs of the Redevelopment Project. The bonds are payable from all or any portion of revenues derived from the TIF District and pledged to the payment of the bonds. The EDA hereby finds and determines that it is in the best interests of EDA that it issue and sell its taxable Tax Increment Revenue Note, Series 2022 (the “Note”), in the aggregate principal amount of \$700,000, for the purpose of financing certain public costs of the Redevelopment Project.

1.02. Agreement Approved; Issuance, Sale and Terms of the Note. The EDA has previously approved the Contract for Private Redevelopment (the “Agreement”) between the EDA and Riverchase Faribault, LLC (the “Owner”), and has authorized the Executive Director and President to execute the Agreement. Pursuant to the Agreement, the Note will be sold to the Owner. The Note will be dated as of the date of delivery and will bear interest at the rate of 4.5% per annum to the earlier of maturity or prepayment. In exchange for the EDA’s issuance of the Note to the Owner, the Owner will pay certain costs related to the Minimum Improvements (the Qualifying Costs, as defined in the Agreement) pursuant to Section 3.2 of the Agreement. The Note will be delivered in the principal amount of \$700,000 for reimbursement of the Owner’s costs in accordance with the terms of Section 3.3 of the Agreement.

Section 2. Form of Note. The Note will be in substantially the following form, with the blanks to be properly filled in and the principal amount and payment schedule adjusted as of the date of issue:

UNITED STATE OF AMERICA
STATE OF MINNESOTA
RICE COUNTY
ECONOMIC DEVELOPMENT AUTHORITY OF THE CITY OF FARIBAULT

No. R-1

\$700 ,000

TAXABLE TAX INCREMENT REVENUE NOTE
SERIES 2022

Rate

Date
of Original Issue

4.5%

The Economic Development Authority of the City of Faribault (“EDA”), for value received, certifies that it is indebted and hereby promises to pay to Riverchase Faribault, LLC, or registered assigns (the “Owner”), the principal sum of \$700,000 and to pay interest thereon at the rate of 4.5 percent per annum, as and to the extent set forth herein.

1. Payments. Principal and interest (“Payments”) are estimated to be paid on August 1, 2024, and each February 1 and August 1 thereafter to and including February 1, 2033 (“Payment Dates”), in the amounts and from the sources set forth in Section 3 herein. Payments will be applied first to accrued interest, and then to unpaid principal.

Payments are payable by mail to the address of the Owner or any other address as the Owner may designate upon 30 days written notice to EDA. Payments on this Note are payable in any coin or currency of the United States of America which, on the Payment Date, is legal tender for the payment of public and private debts.

2. Interest. Interest at the rate stated herein will accrue on the unpaid principal, commencing on the date of original issue. Interest will be computed on the basis of a year of 360 days and charged for actual days principal is unpaid.

3. Available Tax Increment. Payments on this Note are payable on each Payment Date in the amount of and solely payable from “Available Tax Increment,” which will mean, on each Payment Date, 90 percent of the Tax Increment attributable to the Redevelopment Property (defined in the Agreement) and paid to the EDA by Rice County in the six months preceding the Payment Date, all as the terms are defined in the Contract for Private Redevelopment between the EDA and Owner dated as of August __, 2022 (the “Agreement”). Available Tax Increment will not include any Tax Increment if, as of any Payment Date, there is an uncured Event of Default by the Owner under the Agreement.

The EDA will have no obligation to pay principal of and interest on this Note on each Payment Date from any source other than Available Tax Increment, and the failure of the EDA to pay the entire amount of principal or interest on this Note on any Payment Date will not constitute a default hereunder as long as the EDA pays principal and interest hereon to the extent of Available Tax Increment. The EDA will have no obligation to pay unpaid balance of principal or accrued interest that may remain after the final Payment on February 1, 2033.

4. Optional Prepayment. The principal sum and all accrued interest payable under this Note is prepayable in whole or in part at any time by EDA without premium or penalty. No partial prepayment will affect the amount or timing of any other regular payment otherwise required to be made under this Note.

5. Termination. At the EDA's option, this Note will terminate and the EDA's obligation to make any payments under this Note will be discharged upon the occurrence of an Event of Default on the part of the Redeveloper as defined in Section 8.1 of the Agreement, but only if the Event of Default has not been cured in accordance with Section 8.2 of the Agreement.

6. Nature of Obligation. This Note is a single note in the total principal amount of \$700,000 issued to aid in financing certain public redevelopment costs and administrative costs of a Redevelopment Project undertaken by the EDA pursuant to Minnesota Statutes, Sections 469.001 through 469.047, as amended, and is issued pursuant to an authorizing resolution (the "Resolution") duly adopted by the EDA on August 18, 2022, and pursuant to and in full conformity with the Constitution and laws of the State of Minnesota, including Minnesota Statutes, Sections 469.174 to 469.179, as amended. This Note is a limited obligation of the EDA which is payable solely from Available Tax Increment pledged to the payment hereof under the Resolution. This Note and the interest hereon will not be deemed to constitute a general obligation of the State of Minnesota or any political subdivision thereof, including, without limitation, the EDA or the city of Faribault. Neither the State of Minnesota, nor any political subdivision thereof will be obligated to pay the principal of or interest on this Note or other costs incident hereto except out of Available Tax Increment, and neither the full faith and credit nor the taxing power of the State of Minnesota or any political subdivision thereof is pledged to the payment of the principal of or interest on this Note or other costs incident hereto.

7. Estimated Tax Increment Payments. Any estimates of Tax Increment prepared by the EDA or its financial advisors in connection with the TIF District or the Agreement are for the benefit of the EDA, and are not intended as representations on which the Owner may rely.

The EDA MAKES NO REPRESENTATION OR WARRANTY THAT THE AVAILABLE TAX INCREMENT WILL BE SUFFICIENT TO PAY THE PRINCIPAL OF AND INTEREST ON THIS NOTE.

8. Registration and Transfer. This Note is issuable only as a fully registered note without coupons. As provided in the Resolution, and subject to certain limitations set forth therein, this Note is transferable upon the books of the EDA kept for that purpose at the principal office of the Executive Director of the EDA as Registrar, by the Owner hereof in person or by the Owner's attorney duly authorized in writing, upon surrender of this Note together with a written instrument of transfer satisfactory to the EDA, duly executed by the Owner. Upon the

transfer or exchange and the payment by the Owner of any tax, fee, or governmental charge required to be paid by the EDA with respect to the transfer or exchange, there will be issued in the name of the transferee a new Note of the same aggregate principal amount, bearing interest at the same rate and maturing on the same dates.

This Note will not be transferred to any person other than an affiliate, or other related entity, of the Owner unless the EDA has been provided with an investment letter in a form substantially similar to the investment letter submitted by the Owner or a certificate of the transferor, in a form satisfactory to the EDA, that the transfer is exempt from registration and prospectus delivery requirements of federal and applicable state securities laws. Notwithstanding the foregoing, Owner may grant, pledge and assign to its construction lender, to secure full payment and performance of its obligations under the loan, all of Owner's right, title and interest in and to this Note.

IT IS HEREBY CERTIFIED AND RECITED that all acts, conditions, and things required by the Constitution and laws of the State of Minnesota to be done, to exist, to happen, and to be performed in order to make this Note a valid and binding limited obligation of the EDA according to its terms, have been done, do exist, have happened, and have been performed in due form, time and manner as so required.

IN WITNESS WHEREOF, the board of commissioners of the Economic Development Authority of the City of Faribault, has caused this Note to be executed with the manual signatures of its President and Executive Director, all as of the Date of Original Issue specified above.

**ECONOMIC DEVELOPMENT AUTHORITY
OF THE CITY OF FARIBAULT**

President

Executive Director

REGISTRATION PROVISIONS

The ownership of the unpaid balance of the within Note is registered in the bond register of the Executive Director of the EDA, in the name of the person last listed below.

<u>Date of Registration</u>	<u>Registered Owner</u>	<u>Signature of EDA Executive Director</u>
	Riverchase Faribault, LLC 4057 28 th Street NW, Suite 200 Rochester, MN 55901 Federal Tax ID # _____	

[End of Form of Note]

Section 3. Terms, Execution and Delivery.

3.01. Denomination, Payment. The Note will be issued as a single typewritten note numbered R 1.

The Note will be issuable only in fully registered form. Principal of and interest on the Note will be payable by check or draft issued by the Registrar described herein.

3.02. Dates; Interest Payment Dates. Principal of and interest on the Note will be payable by mail to the owner of record thereof as of the close of business on the fifteenth day of the month preceding the Payment Date, whether or not the day is a business day.

3.03. Registration. The EDA hereby appoints the Executive Director to perform the functions of registrar, transfer agent and paying agent (the "Registrar"). The effect of registration and the rights and duties of the EDA and the Registrar with respect thereto will be as follows:

(a) Register. The Registrar will keep at their office a bond register in which the Registrar will provide for the registration of ownership of the Note and the registration of transfers and exchanges of the Note.

(b) Transfer of Note. Upon surrender for transfer of the Note duly endorsed by the registered owner thereof or accompanied by a written instrument of transfer, in a form reasonably satisfactory to the Registrar, duly executed by the registered owner thereof or by an attorney duly authorized by the registered owner in writing, the Registrar will authenticate and deliver, in the name of the designated transferee or transferees, a new Note of a like aggregate principal amount and maturity, as requested by the transferor. Notwithstanding the foregoing, the Note will not be transferred except (1) to any person other than an affiliate, or other related entity, of the Owner unless the EDA has been provided with an investment letter in a form substantially similar to the investment letter submitted by the Owner or a certificate of the transferor, in a form satisfactory to the EDA, that the transfer is exempt from registration and

prospectus delivery requirements of federal and applicable state securities laws, or (2) to the note holder's construction lender to secure full payment and performance of its obligations under the loan. The Registrar may close the books for registration of any transfer after the fifteenth day of the month preceding each Payment Date and until the Payment Date.

(c) Cancellation. The Note surrendered upon any transfer will be promptly cancelled by the Registrar and thereafter disposed of as directed by the EDA.

(d) Improper or Unauthorized Transfer. When the Note is presented to the Registrar for transfer, the Registrar may refuse to transfer the same until they are satisfied that the endorsement on the Note or separate instrument of transfer is legally authorized. The Registrar will incur no liability for their refusal, in good faith, to make transfers which they, in their judgment, deem improper or unauthorized.

(e) Persons Deemed Owners. The EDA and the Registrar may treat the person in whose name the Note is at any time registered in the bond register as the absolute owner of the Note, whether the Note is overdue or not, for the purpose of receiving payment of, or on account of, the principal of and interest on the Note and for all other purposes, and all the payments so made to any registered owner or upon the owner's order will be valid and effectual to satisfy and discharge the liability of the EDA upon the Note to the extent of the sum or sums so paid.

(f) Taxes, Fees and Charges. For every transfer or exchange of the Note, the Registrar may impose a charge upon the owner thereof sufficient to reimburse the Registrar for any tax, fee, or other governmental charge required to be paid with respect to the transfer or exchange.

(g) Mutilated, Lost, Stolen or Destroyed Note. In case the Note becomes mutilated or is lost, stolen, or destroyed, the Registrar will deliver a new Note of like amount, maturity dates and tenor in exchange and substitution for and upon cancellation of the mutilated Note or in lieu of and in substitution for the Note lost, stolen, or destroyed, upon the payment of the reasonable expenses and charges of the Registrar in connection therewith; and, in the case the Note lost, stolen, or destroyed, upon filing with the Registrar of evidence satisfactory to it that the Note was lost, stolen, or destroyed, and of the ownership thereof, and upon furnishing to the Registrar of an appropriate bond or indemnity in form, substance, and amount satisfactory to it, in which both the EDA and the Registrar will be named as obligees. The Note so surrendered to the Registrar will be cancelled and evidence of the cancellation will be given to the EDA. If the mutilated, lost, stolen, or destroyed Note has already matured or been called for redemption in accordance with its terms, it will not be necessary to issue a new Note prior to payment.

3.04. Preparation and Delivery. The Note will be prepared under the direction of the Executive Director and will be executed on behalf of the EDA by the signatures of its President and Executive Director. In case any officer whose signature appears on the Note ceases to be the officer before the delivery of the Note, the signature will nevertheless be valid and sufficient for all purposes, the same as if the officer had remained in office until delivery. When the Note has been so executed, it will be delivered by the EDA to the Owner following the delivery of the necessary items delineated in Section 3.3 of the Agreement.

Section 4. Security Provisions.

4.01. Pledge. The EDA hereby pledges to the payment of the principal of and interest on the Note all Available Tax Increment as defined in the Note. Available Tax Increment will be applied to payment of the principal of and interest on the Note in accordance with the terms of the form of Note set forth in Section 2 of this resolution.

4.02. Bond Fund. Until the date the Note is no longer outstanding and no principal thereof or interest thereon (to the extent required to be paid pursuant to this resolution) remains unpaid, the EDA will maintain a separate and special "Bond Fund" to be used for no purpose other than the payment of the principal of and interest on the Note. The EDA irrevocably agrees to appropriate to the Bond Fund in each year Available Tax Increment. Any Available Tax Increment remaining in the Bond Fund will be transferred to the EDA's account for the TIF District upon the payment of all principal and interest to be paid with respect to the Note.

Section 5. Certification of Proceedings.

5.01. Certification of Proceedings. The officers of the EDA are hereby authorized and directed to prepare and furnish to the Owner of the Note certified copies of all proceedings and records of the EDA, and the other affidavits, certificates, and information as may be required to show the facts relating to the legality and marketability of the Note as the same appear from the books and records under their custody and control or as otherwise known to them, and all the certified copies, certificates, and affidavits, including any heretofore furnished, will be deemed representations of the EDA as to the facts recited therein.

Section 6. Effective Date. This resolution will be effective upon full execution of the Agreement.

Adopted by the board of commissioners of the Economic Development Authority of the City of Faribault, this ____ day of August, 2022.

President

Executive Director

**EXHIBIT F TO
REDEVELOPMENT AGREEMENT
FORM OF INVESTMENT LETTER**

To the Economic Development Authority of the City of Faribault ("EDA")
Attention: Executive Director

Dated: _____, 2022

Re: \$700,000 Tax Increment Revenue Note (Riverchase Faribault TIF Project No. 17)

The undersigned, as Purchaser of \$700,000 in principal amount of the above-captioned Tax Increment Revenue Note (the "Note"), approved by the Board of Commissioners of the Economic Development Authority of the City of Faribault on August ____, 2022, hereby represents to you and to Kennedy & Graven, Chartered, Minneapolis, Minnesota, as legal counsel to the EDA, as follows:

1. We understand and acknowledge that the Note is delivered to the Purchaser on this date pursuant to the Contract for Private Redevelopment by and between the EDA and the Purchaser dated August ____, 2022 (the "Agreement").

2. The Note is payable as to principal and interest solely from Available Tax Increment pledged to the Note, as defined therein.

3. We have sufficient knowledge and experience in financial and business matters, including purchase and ownership of municipal obligations, to be able to evaluate the risks and merits of the investment represented by the purchase of the above-stated principal amount of the Note.

4. We acknowledge that no offering statement, prospectus, offering circular or other comprehensive offering document or disclosure containing material information with respect to the EDA and the Note has been issued or prepared by the EDA, and that, in due diligence, we have made our own inquiry and analysis with respect to the EDA, the Note and the security therefor, and other material factors affecting the security and payment of the Note.

5. We acknowledge that we have either been supplied with or have access to information, including financial statements and other financial information, to which a reasonable investor would attach significance in making investment decisions, and we have had the opportunity to ask questions and receive answers from knowledgeable individuals concerning the EDA, the Note and the security therefor, and that as reasonable investors we have been able to make our decision to purchase the above-stated principal amount of the Note.

6. We have been informed that the Note (i) is not being registered or otherwise qualified for sale under the "Blue Sky" laws and regulations of any state, or under federal

securities laws or regulations, (ii) will not be listed on any stock or other securities exchange, and (iii) will carry no rating from any rating service.

7. We acknowledge that the EDA and Kennedy & Graven, Chartered, as legal counsel to the EDA, have not made any representations or warranties as to the status of interest on the Note for the purpose of federal or state income taxation.

8. We represent to you that we are purchasing the Note for our own account and not for resale or other distribution thereof, except to the extent otherwise provided in the Note or as otherwise approved in writing by the EDA.

9. All capitalized terms used herein have the meaning provided in the Agreement unless the context clearly requires otherwise.

10. The Purchaser's federal tax identification number is _____.

11. We acknowledge receipt of the Note on the date hereof.

IN WITNESS WHEREOF, the undersigned has executed this Investment Letter as of the date and year first written above.

RIVERCHASE FARIBAULT, LLC

By: _____

Its: _____

**ECONOMIC DEVELOPMENT AUTHORITY OF
THE CITY OF FARIBAULT, MINNESOTA**

RESOLUTION NO. 2022-07

**RESOLUTION APPROVING CONTRACT FOR PRIVATE
DEVELOPMENT WITH RIVERCHASE APARTMENTS, LLC, FOR
CERTAIN PROPERTY IN THE CITY OF FARIBAULT**

BE IT RESOLVED by the Economic Development Authority of the City of Faribault, Minnesota (the "Authority") as follows:

Section 1. Recitals.

1.01. The Authority has determined a need to exercise the powers of an economic development authority, pursuant to Minnesota Statutes, Sections. 469.090 to 469.108 ("EDA Act").

1.02. Among the activities to be assisted by the Authority is a proposed development by Riverchase Apartments, LLC, a Minnesota limited liability company (the "Developer"), which has asked for financial assistance to help pay a portion of the costs of constructing a 77-unit market rate multi-family residential building on certain real property located within the City of Faribault, Rice County and to be platted as Lot 1, Block 1, Riverchase Addition (the "Project").

1.03. The Authority supports private efforts to develop, redevelop, rehabilitate and renovate properties located within the City.

1.04. The Authority has received a request from the Developer to participate in funding a portion of the Project costs in an amount not to exceed \$700,000 and in the form of a pay-as-you-go tax increment financing note which will assist in funding the Project.

1.05. There has been presented before the Authority a form of Contract for Private Development between the Authority and the Developer (the "Contract for Private Development"), which sets forth the terms of the assistance and additional terms and conditions related to the Project.

1.06. The Developer proposes to utilize the financial assistance from the Authority to construct housing and therefore such assistance is not a "business subsidy" within the meaning of Minnesota Statutes, sections 116J.993 to 116J.995.

1.07. The Authority has reviewed the Contract for Private Development and finds that the execution thereof by the Authority and performance of the Authority's obligations thereunder are in the best interest of the City and its residents.

Section 2. Findings.

2.01. The recitals set forth in the preamble to this Resolution and the exhibits attached to this Resolution are incorporated into this Resolution as if fully set forth herein.

2.02. The Contract for Private Development is hereby in all respects authorized, approved and confirmed by the Authority and the President and the Secretary/Treasurer are hereby authorized and directed to execute and deliver the Contract for Private Development for and on behalf of the Authority in substantially the form now on file with the Authority, but with such modifications as shall be deemed necessary, desirable or appropriate, its execution thereof to constitute conclusive evidence of their approval of any and all modifications therein.

Section 3. Implementation.

3.01. The President and Secretary/Treasurer are authorized and directed to execute and deliver any additional agreements, certificates or other documents that the Authority determines are necessary to implement this Resolution.

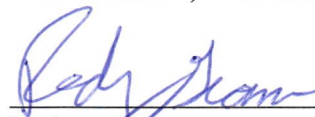
3.02. The Authority directs Authority and City staff to take any appropriate action and to prepare any appropriate documents to facilitate the directives of the Authority as set forth in this Resolution and in performing its obligations under the Contract for Private Development as a whole.

3.03. The President, Secretary/Treasurer, Authority and City staff, City attorney, and Authority and City 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.

Section 4. Effective Date. This resolution is effective upon the date of its adoption.

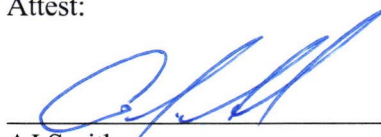
Approved by the Economic Development Authority of the City of Faribault, Minnesota, this 18th day of August, 2022.

**ECONOMIC DEVELOPMENT
AUTHORITY OF THE CITY OF
FARIBAULT, MINNESOTA**



Rodney Gramse
President

Attest:



AJ Smith
Secretary/Treasurer



Request for Action

TO: Faribault Economic Development Authority
FROM: Stephanie Aman, Economic Development Coordinator
MEETING DATE: November 17, 2022
SUBJECT: Statutory Tort Liability Limits

BACKGROUND:

Annually the EDA is asked to consider its statutory tort limits.

Cities/EDA's that obtain coverage from the League of Minnesota Cities Insurance Trust must decide whether or not to waive the statutory tort limits to the extent of the coverage purchased. The decision to waive or not to waive the statutory limits has the following effects:

- If the EDA **does not waive** the statutory tort limits, an individual claimant would be able to recover no more than \$500,000 on any claim to which the statutory tort limits apply. The total, which all claimants would be able to recover for a single occurrence to which the statutory limits apply, would be limited to \$1,500,000.
- If the EDA **waives** the statutory tort limits, a single claimant could potentially recover up to \$2,000,000 for a single occurrence. The total which all claimants would be able to recover for a single occurrence to which the statutory tort limits apply would also be limited to \$2,000,000, regardless of the number of claimants.

In each of the previous years the EDA has chosen **not to waive** the monetary limits as a means of controlling liability insurance costs. In this way, the EDA has been consistent with the City Council and HRA which have also chosen not to waive the limits.

REQUESTED ACTION:

Staff recommends that the EDA continue its current policy which does NOT waive the monetary limits on municipal tort liability established by Minnesota Statutes 466.04.

ATTACHMENTS:

1. Liability-Coverage-Waiver-Form

LIABILITY COVERAGE – WAIVER FORM

Members who obtain liability coverage through the League of Minnesota Cities Insurance Trust (LMCIT) must complete and return this form to LMCIT before the member's effective date of coverage. Return completed form to your underwriter or email to pstech@lmc.org.

The decision to waive or not waive the statutory tort limits must be made annually by the member's governing body, in consultation with its attorney if necessary.

Members who obtain liability coverage from LMCIT must decide whether to waive the statutory tort liability limits to the extent of the coverage purchased. The decision has the following effects:

- *If the member does not waive the statutory tort limits, an individual claimant could recover no more than \$500,000 on any claim to which the statutory tort limits apply. The total all claimants could recover for a single occurrence to which the statutory tort limits apply would be limited to \$1,500,000. These statutory tort limits would apply regardless of whether the member purchases the optional LMCIT excess liability coverage.*
- *If the member waives the statutory tort limits and does not purchase excess liability coverage, a single claimant could recover up to \$2,000,000 for a single occurrence (under the waive option, the tort cap liability limits are only waived to the extent of the member's liability coverage limits, and the LMCIT per occurrence limit is \$2,000,000). The total all claimants could recover for a single occurrence to which the statutory tort limits apply would also be limited to \$2,000,000, regardless of the number of claimants.*
- *If the member waives the statutory tort limits and purchases excess liability coverage, a single claimant could potentially recover an amount up to the limit of the coverage purchased. The total all claimants could recover for a single occurrence to which the statutory tort limits apply would also be limited to the amount of coverage purchased, regardless of the number of claimants.*

Claims to which the statutory municipal tort limits do not apply are not affected by this decision.

LMCIT Member Name:

Check one:

- The member **DOES NOT WAIVE** the monetary limits on municipal tort liability established by [Minn. Stat. § 466.04](#).
- The member **WAIVES** the monetary limits on municipal tort liability established by [Minn. Stat. § 466.04](#), to the extent of the limits of the liability coverage obtained from LMCIT.

Date of member's governing body meeting: _____

Signature: _____ Position: _____



Request for Action

TO: Faribault Economic Development Authority
FROM: Stephanie Aman, Economic Development Coordinator
MEETING DATE: November 17, 2022
SUBJECT: Approval and Adoption of FY2023 EDA Budget and Work Plan

BACKGROUND:

The EDA reviewed and approved the draft 2023 EDA Work Plan and Budget at their October 2022 meeting. This item is to approve and adopt the final Budget and Work Plan through resolutions 2022-18 and 2022-19. This information will be forwarded to the City's Finance Director to be incorporated into the City's 2023 budget documents. 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 early December.

A Review: 2023 Budget and Planning Discussions:

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. The EDA has 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. Create opportunities
3. Support/identify/advance catalyst projects
4. Strategic
5. Focus on corridors and gateways

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 budget and 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 a catalyst, continue discussions to understand business expansion/land needs, re-initiate efforts to grow business expansion at the airport.
- Gateways – Clear hurdles to encourage investment, focus on programs that will make a visual impact, actively participate in the I-35 interchange initiatives, facilitate Hwy 60 master planning, 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 – actively participate in 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 – continue to strategically enhance marketing and networking opportunities

REQUESTED ACTION:

The EDA discussed and approved the FY2023 Budget and Work Plan at the October, 2022 meeting.

Staff request that the EDA adopt Resolutions 2022-18 and 2022-19.

ATTACHMENTS:

1. 2022-18 Approving the EDA FY 2023 Work Plan
2. 2022-19 Approving the EDA FY 2023 Budget

ECONOMIC DEVELOPMENT AUTHORITY OF FARIBAULT

**Resolution 2022-18
APPROVING THE 2022 EDA WORK PLAN**

WHEREAS, the Faribault Economic Development Authority (“the EDA”); was established pursuant to Minnesota Statutes Chapter 469; and

WHEREAS, the EDA administers economic development programs in the City of Faribault; and

WHEREAS, annually the EDA reviews progress, assesses current economic development conditions, and identifies priorities for the upcoming year as part of the budgeting process; and

WHEREAS, the EDA has determined that their work should focus on the primary topics of Available Land, Gateways, Regionalism, Work Forces, and Small Business Assistance; and

WHEREAS, the EDA identified the following priorities for 2023, as the foundation for the 2023 EDA Work Plan / Action Plan:

1. Fund projects and initiatives that serve as an economic driver.
2. Create opportunities.
3. Support/identify/advance catalyst projects.
4. Be strategic with funding.
5. Focus attention and efforts on corridors and gateways.

NOW, THEREFORE, BE IT RESOLVED by the Economic Development Authority of the City of Faribault, Minnesota that the FY 2023 Work Plan / Action Plan is hereby approved.

Adopted: November 17, 2022

Economic Development Authority of
Faribault, Minnesota

Attest:

Rodney Gramse, President

AJ Smith, Secretary/Treasurer

2023 EDA WORK / ACTION PLAN

AVAILABLE LAND	• 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
GATEWAYS <i>(Formerly I-35 Transportation Corridor)</i>	• 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
REGIONALISM	• 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 -

WORKFORCE & DATA ANALYSIS	• Continue to meet regularly with SCC to ensure that the City/EDA is aware of opportunities 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 ○ Develop specific workforce strategies for local employers ○ Develop “creative” talent attraction initiatives • Participate with DEED on talent-attraction efforts/events/initiatives • Tell Faribault’s story ○ Growing workforce population ○ Positive impact of proximity to south metro ○ 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 ○ Leverage marketing funds by pursuing joint marketing efforts ○ Assess and pursue targeted marketing campaigns that include site selection partnership/consultant services ○ Actively participate in MMP, targeted industry visits, FAM Tour, FDI opportunities, talent attraction events ○ Participate in MREJ and EDAM events as appropriate ○ 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.

ECONOMIC DEVELOPMENT AUTHORITY OF FARIBAULT

**Resolution 2022-19
ADOPTING THE FY 2023 BUDGET**

WHEREAS, the Faribault Economic Development Authority (“the EDA”); was established pursuant to Minnesota Statutes Chapter 469; and

WHEREAS, the EDA administers economic development programs in the City of Faribault; and

WHEREAS, the EDA receives property tax revenues pursuant to Minnesota Statutes Chapter 469; and

WHEREAS, the EDA finds it prudent to manage its revenues and expenses by the adoption of an annual budget; and

WHEREAS, the EDA has reviewed and considered the details of the FY 2023 Budget Proposal and finds it to be acceptable.

NOW, THEREFORE, BE IT RESOLVED by the Economic Development Authority of the City of Faribault, Minnesota that the FY 2023 Budgets (Operating and Program Budgets) are hereby approved.

Adopted: November 17, 2022

Economic Development Authority of
Faribault, Minnesota

Rodney Gramse, President

Attest:

AJ Smith, Secretary/Treasurer

FINAL 2023 EDA BUDGET - approved via motion on 10/20/2022								
REVENUES - Operating Budget								
					Account Description	Detail Description	Detail Amount	
EDA	290	00000	462	31010	Current Ad Valorem Taxes	Represents 100% EDA Levy as approved by Res. 2022-17	\$322,273.00	
EDA	290	00000	462	34700	Application Fees	assumes 2 TIF/Abatement (\$500 each), and 10 Downtown or other loan program application fee (\$150 each)	\$2,500.00	
EDA	290	00000	462	36210	Interest on Investments	Average Interest Earnings 2020 Thru 5/31/22	\$6,600.00	
EDA	290	00000	462	39200	Transfer In		\$0.00	
						TOTAL 2023 REVENUE	\$332,256.00	
EXPENSES - Operating Budget								
					Account Description	Detail Description	Detail Amount	
EDA	290	46500	462	42110	General Supplies		\$0.00	
EDA	290	46500	462	42115	Meeting	EDA meeting refreshments	\$250.00	
EDA	290	46500	462	43040	Legal Fees - Civil Process	Primarily used for drafting agreements/document/loan paperwork, attending meetings, and providing overall legal advice on projects.	\$20,000.00	Legal expenses associated with TIF/Abatement are paid by applicant.
EDA	290	46500	462	43080	Indirect Cost Allocation	Council confirmed in 2022 this amount will be \$0	\$0.00	
EDA	290	46500	462	43090	Expert & Professional Services	Financial Consultant - to provide runs/estimates when determining tax incentives, provide input on EDA projects/financing/programs	\$10,000.00	Financial Advisor fees associated with established TIF Districts are paid by applicant.
EDA	290	46500	462	43090	Expert & Professional Services	Eng. (or other) consultant - land initiative - increased based on 2023 work plan, and/or purchase of lists to identify prospects (example: conversation with Absolute Air and identifying compatible neighbors)	\$50,000.00	
EDA	290	46500	462	43090	Expert & Professional Services	Administration fee paid to Main Street to Administer of Round 5 - Micro Grant	\$5,000.00	
EDA	290	46500	462	43090	Expert & Professional Services	Funds paid to partner organizations for the administration of programs such as a NEW small business assistance program (as identified in 2023 Work Plan) and the continuation of a placemaking program (\$5000 each)	\$10,000.00	
EDA	290	46500	462	43095	Software Maintenance & Support		\$0.00	
EDA	290	46500	462	43140	Training & Education	No longer included in the CED Administration budget. Includes funding for training & education ED Coordinator and CED Director related to economic development. Ehlers/EDAM Summer & Winter Conf./EDAM monthly trainings	\$3,500.00	
EDA	290	46500	462	43220	Postage		\$0.00	
EDA	290	46500	462	43250	Other Communications		\$0.00	
EDA	290	46500	462	43310	Travel Expense	Travel associated with training and marketing initiatives	\$4,500.00	
EDA	290	46500	462	43430	Advertising - Other	MARKETING - printed marketing materials, brochures, logo items	\$15,000.00	
EDA	290	46500	462	43430	Advertising - Other	MARKETING - FAM/Industry Visits/MMP events/Trade Shows/SelectUSA	\$20,000.00	
EDA	290	46500	462	43430	Advertising - Other	MARKETING - MREJ - enhanced marketing	\$10,000.00	
EDA	290	46500	462	43510	Legal Notices Publishing	Public hearings associated with business subsidy	\$500.00	
EDA	290	46500	462	43520	Recording Fees	Recording of security docs, agreements, etc.	\$1,000.00	
EDA	290	46500	462	43610	Insurance & Bonds	2% Increase Over 2022 Actual Expense	\$1,951.00	
EDA	290	46500	462	43810	Electric Utilities		\$0.00	
EDA	290	46500	462	43860	Storm Water Utilities		\$40.00	
EDA	290	46500	462	44330	Dues & Subscriptions	Daily News	\$100.00	
EDA	290	46500	462	44330	Dues & Subscriptions	EDAM Membership	\$1,000.00	
EDA	290	46500	462	44330	Dues & Subscriptions	MMP Membership	\$1,000.00	
EDA	290	46500	462	44330	Dues & Subscriptions	Chamber - for Main Street, Chamber, SCDC	\$17,000.00	
EDA	290	46500	462	44330	Dues & Subscriptions	SMIF Contribution	\$4,000.00	
EDA	290	46500	462	44330	Dues & Subscriptions	Misc. subscriptions (TCB, etc.)	\$900.00	
EDA	290	46500	462	44370	Miscellaneous Charges		\$0.00	
EDA	290	46500	462	44390	Taxes & Licenses		\$50.00	
EDA	290	46500	462	44600	Loans & Grants	Micro Grant program - round 5	\$25,000.00	
EDA	290	46500	462	44600	Loans & Grants	Placemaking Program for downtown or other dtown program	\$20,000.00	
EDA	290	46500	462	44600	Loans & Grants	New program to support EDA work plan focusing on small businesses (outside of downtown)	\$50,000.00	
						TOTAL EXPENDITURES - Operating Budget	\$270,791.00	
EDA	290	46500	462	44600	Loan & Grants	Economic Development Revitalization	\$250,000.00	
FINAL 2023 PROGRAM BUDGET - Spending Allocations to support Work Plan								
EDA	290	46500	462	43130	EDA Program Budget	land options/assembly - proactively identify sites along gateway corridors for land assembly to support redevelopment, shovel-ready	\$100,000.00	Available Land Initiative
EDA	290	46500	462	43130	EDA Program Budget	infrastructure enhancements / airport	\$20,000.00	Available Land Initiative
EDA	290	46500	462	43130	EDA Program Budget	Hwy 60 W projects and initiatives	\$80,000.00	Gateways Initiative
EDA	290	46500	462	43130	EDA Program Budget	key corridors - dev program to make visual impact outside of the downtown	\$100,000.00	Gateways Initiative
EDA	290	46500	462	43130	EDA Program Budget	Downtown Investment - funding for an updated Downtown Ext. Com. Rehab loan program	\$150,000.00	Gateways Initiative
EDA	290	46500	462	43130	EDA Program Budget	TBD - funding for initiatives/programs that support work force development	\$50,000.00	Workforce Initiative
EDA	290	46500	462	43130	EDA Program Budget	TBD - small business assistance programs/initiatives	\$75,000.00	Small Business Assistance
EDA	290	46500	462	43130	EDA Program Budget	clear hurdles/spur development for small business development	\$75,000.00	Small Business Assistance & Available Land Initiative
						Allocation of Program Budget	\$900,000.00	
						Estimated end-of-year Program Budget 2022/Start 2023	\$1,100,000.00	FUND BALANCE - Fund 290
						2022 Downtown Revitalization Program payout	\$250,000.00	not accounted for in Fund Balance
						Unspent 2023 EDA Levy - after subtracting for the Operating Budget	\$61,465.00	
						PROGRAM BUDGET	\$911,465.00	

Estimated Revenue **\$332,256**
Estimated Expenditures/Operating Budget is **\$270,791**
Estimated Fund Balance/Program Budget is **\$911,465**



Request for Action

TO: Faribault Economic Development Authority
FROM: Stephanie Aman, Economic Development Coordinator
MEETING DATE: November 17, 2022
SUBJECT: Boards and Commissions Open House and Appreciation Dinner

BACKGROUND:

As a thank you to all who volunteer and serve on the EDA Board, you are invited to an appreciation dinner on Wednesday, December 7 at the 310 Event Center. There will be a recruitment event from 5:00pm to 6:00pm, social gathering at 6:00pm and dinner begins at 6:30pm. By serving on these committees, you are involved in the decision-making process that helps shape this community. Thank you for all you do!

REQUESTED ACTION:

Staff request that the EDA have a representative at the recruitment event to speak on behalf of the EDA.

ATTACHMENTS:

1. 2022 Appreciation Dinner
2. Board and Commissions Open House Flyer

Join us for the 2022
Appreciation Dinner
for our Board and Commission Members

Our Board and Commission members selflessly volunteer many hours to help improve our community. By serving on these committees, individuals become involved in the decision-making process and help shape our community through policies. As a way to show our appreciation, please plan to join us for dinner honoring all of the hours they put into the City of Faribault.

When: Wednesday, Dec. 7, 2022

Where: The 3 Ten Event Venue
310 Central Ave., Faribault, MN

Time: 6-8 p.m.

Social Gathering: 6 p.m.

Dinner: 6:30 p.m.

Presentation: 7 p.m.

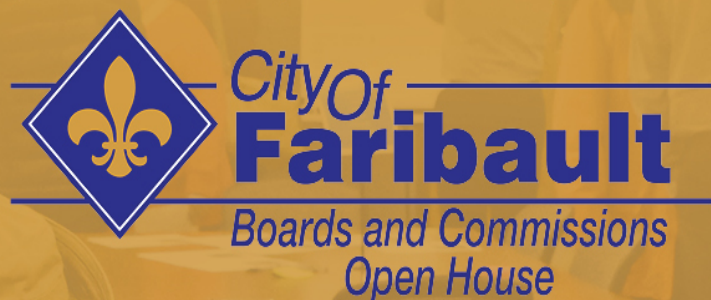
*Please RSVP to Heather Slechta (507-333-0353, or
hslechta@ci.faribault.mn.us) by Nov. 23*

“VOLUNTEERING
is the ultimate exercise in
democracy. You vote in elections
once a year; but, when you
volunteer, you vote every day
about the kind of community
YOU WANT TO LIVE IN.”

-author unknown



"Volunteering is the ultimate exercise in democracy. You vote in elections once a year; but, when you volunteer, you vote every day about the kind of community you want to live in."



JOIN US

Wednesday, Dec. 7 • 5 -6 p.m.
The 3 Ten Event Venue
310 Central Ave. N

The City of Faribault is seeking enthusiastic community members to join one or more of our boards and commissions, which help set policies and shape our community. Representatives from each board and commission will be available to answer any questions you may have. Plus, with a wide variety of meeting schedules, there's likely a board or commission that meets both your interests and availability.

BOARDS AND COMMISSIONS WITH OPENINGS:

- **Airport Advisory Board •**
- **Faribault–Rice County Joint Airport Zoning Board •**
- **Charter Commission •**
- **Children's Fund Board**
- **Economic Development Authority •**
- **Environmental Commission •**
- **Heritage Preservation Commission •**
- **Housing and Redevelopment Authority •**
- **Library Advisory Board •**
- **Park and Recreation Advisory Board •**
- **Peter Smith Advisory Board •**
- **Planning Commission •**
- **Tommy Allen Youth Endowment Fund •**
- **Tourism Commission •**
- **Tree Board •**

Please contact the City Administrator's Office if you need special accommodations related to a disability to attend or participate in this event.



Request for Action

TO: Faribault Economic Development Authority
FROM: Stephanie Aman, Economic Development Coordinator
MEETING DATE: November 17, 2022
SUBJECT: Project Updates

BACKGROUND:

Project and placemaking updates are attached.

REQUESTED ACTION:

No action required.

ATTACHMENTS:

1. 6 - Project Updates - November-22
2. EDA placemaking update November 8 2022



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 Twisted Chicken has secured the remainder of their financing with SMIF and will begin construction soon.
Project Rock – Tru Vue	Staff continue to work with TruVue 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. Final paperwork for EDIF and the tax abatement are in the final signature phase.
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.
Project Wildflower	Staff were presented with a Request for Information for a food processing plant that requires up to 10 acres of property zoned industrial. Four parcels were submitted for consideration.
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.
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Inactive Prospects/Business Updates:

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.

Other:

- Staff participated in several Business Retention and Expansion visits in October, 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 met with DEED Representatives to review the MIF file for Daikin and were successful in the audit of the files related to the MIF. We then toured Daikin North's facility to ensure the funding was allocated and spent as planned. Staff received the final closeout documents from the state.
- Staff were invited to present information about community and economic development at the November Faribault's Future class. The leadership class was provided information on City Boards and Commissions and upcoming opportunities.
- 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.

Agenda Item: 6

The developer has had successful conversations with land owners and have had insightful conversations with employers. They are moving forward with a proposal for site development to the City.

- The same developer has been connected with another opportunity for land/housing development in the City. Conversations are on-going.
- 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 will attend and table at several summits this fall.
- Staff served on a panel at the 24th Annual Industrial Real Estate Summit.

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.

EDA placemaking update November 8, 2022

Workshops:

In-person placemaking workshop was held June 5th 2:00pm at Paradise Center for the Arts.

Virtual workshop was held June 9th 6:00pm via Zoom.

We had 12 in attendance for the in-person workshop, and 5 for the attendance of the virtual workshop.

Five proposals were submitted. Four proposals were accepted by the placemaking committee.

One artist backed out August 31, 2022, after the committee repeatedly asked for drawings.

Approved placemaking proposals:

Jordyn Brennan – Creative Matters - Asphalt Art

These murals are estimated to take between 2-4 days. To start, I will draw the mural design out in a paint-by-number format. Then I will coordinate a paint party which would be a day for community members to participate in painting the mural. Colors will be premixed, and community members will simply fill in the color to the corresponding paint number. Community members need no prior experience to participate and be a part of this project. This will be a great way for people to get involved and feel like they contributed to beautifying their community. Following this event, I will make the necessary touch-ups and finish the mural. This paint party will be open to all ages. I will coordinate with Paradise Center for the Arts and the Faribault Area Chamber of Commerce and Tourism to promote this community project as much as possible.

Location – Central Avenue and 3rd Street, north and south crosswalks.

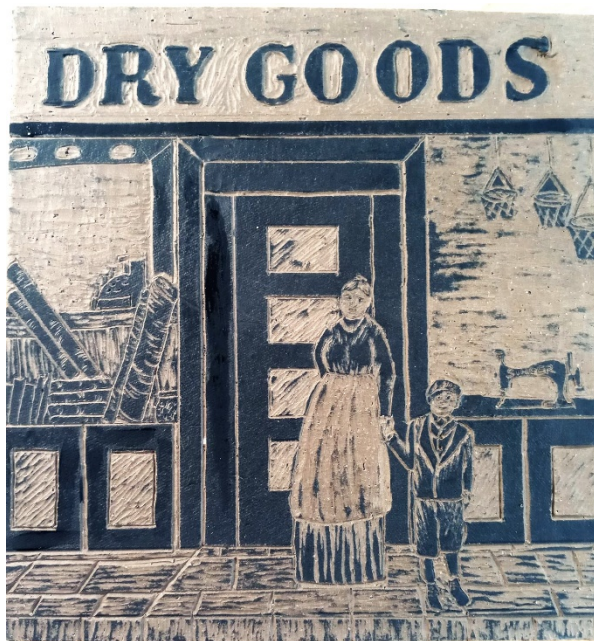


Tami Resler – Historical Tile Installation.

The project is comprised of two 2' high and 10' wide tile installations that will represent the history of the buildings as well as the beauty of Faribault. Tiles will be carved and glazed with scenes and vignettes. The nature of the design will allow for adjustment of the width and the height to fit the available space.

Each of the two locations is 5 panels; each 2' x 2' panel to be installed as a temporary structure onto the building in a way that will not damage the building. The tile panels will be applied with weather-resistant mortar and grout onto cement board that can then be adhered in a non-permanent way to wooden panels that are attached with anchors to the building.

The locations of the installations will be on 4th Street side of the 301 Central Avenue building (corner) and the 3rd street side of the 329 Central Avenue building.



Kathryn (Katie) Wood – Faribault Gratitude Totem This project consists of 3 4X4's of different heights painted in bright colors, but will also include words of peace, kindness and gratitude – all tied together with Fleur de Lis of Faribault.

Kathryn Wood's project is finished and has been installed at the Redemption Restaurant. We plan on having a reception for Kathryn's piece in May when we can celebrate the other placemaking pieces/events.



Spring projects

Tami Resler, Jordyn Brennan both requested extensions for their projects. Artists were offered an extension because the artist who backed out asked for an extension. Tami and Jordyn's projects will be completed by May 25, 2023.

I am currently working with printmaker/sculptor Karen Peters to replace the artist that backed out. She is developing a community-based printmaking project that will be exhibited in downtown Faribault.

We are excited to see the rest of the activities this spring.