ECONOMIC DEVELOPMENT AUTHORITY AGENDA

PUBLIC MEETING ROOM	THURSDAY, FEBRUARY 16, 2023	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. Election of Officers
   B. EDA Open Seat
   C. Annual Review of Enabling Resolution
   D. First Amended and Restated Contract for Private Development - Riverchase
6. Project Updates
7. Adjournment

Faribault Economic Development Authority
MEETING MINUTES

Thursday | November 17, 2022

1. Call to Order / Roll Call / Agenda Approval

Action: Chair Gramse called the meeting to order at 7:03 a.m.

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

Absent: Viscomi

Staff Present: Interim Community and Economic Development Director, David Wanberg and Economic Development Coordinator, Stephanie Aman

2. Approval Minutes of October 19, 2022

A motion was made by Drevlow and seconded by Voracek to approve the Minutes of October 19, 2022 presented. Motion carried on a 6/0 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 Voracek and seconded by Smith to receive and file the monthly status reports as presented. Motion carried on a 6/0 vote.

4. Public Hearings

A. None.

5. Items for Discussion

A. Amendment to Riverchase Apartments: TIF #17 Contract for Private Development

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.

A motion was made by Drevlow, seconded by Fort to approve an amendment to TIF District #17 that would increase the TIF Note for Riverchase Apartments from $700,000 to $755,000 as presented. Motion carried on a 6/0 vote.

B. Statutory Tort Liability Limits

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. 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.

A motion was made by Drevlow, seconded by Smith to continue its current policy which does NOT waive the monetary limits on municipal tort liability established by Minnesota Statutes 466.04 as presented. Motion carried on a 6/0 vote.

C. Approval and Adoption of FY2023 EDA Budget and Work Plan

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 motion was made by Campbell, seconded by Drevlow to approve Resolutions 2022-18 and 2022-19 approving the EDA FY 2023 Work Plan and EDA FY 2023 Budget as presented. Motion carried on a 6/0 vote.

D. Boards and Commissions Open House and Appreciation Dinner

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. Staff requested that the EDA have a representative at the recruitment event to speak on behalf of the EDA and Rod Gramse came forward to speak on behalf of the EDA.

5. Updates/Project Reports

A request was made, to have city-wide project updates, beyond the scope of the EDA, presented as part of these reports. Staff will add those for future meetings.

6. Adjourn

A motion was made by Drevlow and seconded by Smith to adjourn at 7:24 a.m. Motion carried on a 6/0 vote.

Respectfully Submitted,

By:_________________________
Stephanie Aman, Economic Development Coordinator

Faribault Economic Development Authority and Housing and Redevelopment Authority

MEETING MINUTES

Tuesday | December 27, 2022

1. Call to Order / Roll Call / Agenda Approval

Wanberg welcomed the HRA and EDA to this joint meeting, and introduced himself as the new director

HRA Chair Matt Speckhals then called the meeting to order. EDA Vice Chair Kevin Voracek then called the meeting to order at 2:04 p.m.

Present on behalf of the HRA: Brendan Kennedy, Travis Kath, Travis McColley, Loni Ahlers and Chair Speckhals.

Present on behalf of the EDA: A.J. Smith, Will Ford, David Campbell and Vice Chair Kevin Voracek

2. Items for Discussion

A. Request for reallocation of funding from Faribault Downtown Central

Staff were informed that Faribault Downtown Central, LLC are now requesting that the EDA and HRA change the allocations for funding to include buildings that were not originally included in the Phase 1 ask, and change the dollar amounts for other buildings. After consulting legal, it was determined that the request to change the allocations needs to be reviewed by the EDA and HRA for approval to ensure that the intent of the funds have remained intact, and that the funding is being used in the manner it was intended.

To ensure a cohesive conversation of the two city commissions that have approved this funding, it was decided that the most efficient way was to call both boards together to discuss.

Legal issues were discussed to ensure compliance. At the direction of the boards, Riggs will amend the loan documents to include clear language surrounding displacement rules and responsibilities.

Both boards agreed that the intent of the program remains as presented; staff will work with legal and FDC to process the funds.

6. Adjourn

Request for Action

TO:	Faribault Economic Development Authority
FROM:	Stephanie Aman, Economic Development Coordinator
MEETING DATE:	February 16, 2023
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 review 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 February 1, 2023. Of note, from December, $250,000 from the Downtown Revitalization Loan Program was disbursed to Faribault Downtown Central, LLC.

REQUESTED ACTION:

No action required.

ATTACHMENTS:

1. 3A - Loan Status Reports - January 23

Agenda Item: 3A

Fund	Program Name	Available Balance	Notes
Fund 249	Minnesota Investment Fund (MIF)	$13,294.27	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	$431,349.36 *($231,349.36)*	
	- Commercial Development Loan Program (and Grant)		
	- Façade Improvement Micro Loan		
	- EDIF - Economic Development Incentive Program		New program in 2021 – dedicated $200,000 of loan balance. Two loans approved: $100,000 for Trystar; $100,000 for Tru Vue (not reflected in available balance; is reflected in in yellow)
Fund 243	Industrial Development Loan	$290,253.16	Last activity was loan for Cry Baby Craig's
TOTAL EDA LOAN FUNDS AVAILABLE		***$734,886.79*** *($534,886.79)*	
Fund 290	EDA Operating Fund/Fund Balance	$1,874,930.10	Authorized $150,000 forgivable loan for Daikin
			December 2022 - $250,000 for Downtown Revitalization Program.
			Includes EDA Program Funds Includes Fund 245 (See below for fund 245)
Fund 245 This fund has been moved into Fund 290, but tracked separately here.	Downtown Commercial Rehab & Exterior Improvement Program	$61,068.84	Allocated Funds 2016 - $300,000 from City Council 2018 - $200,000 from City Council 2019 - $200,000 from EDA 2020 - $100,000 from EDA (total of $200,000 identified in budget, only $100,000 transferred) 2021 - $0 (total of $200,000 identified in budget, no funds transferred due to lack of program activity) 2022 – TBD (total of $200,000 identified in budget for "downtown") 2022 – July: Repayment of $60,000 loan
Fund 248	Federal MIF Loan	$592,370.71	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

Request for Action

TO:	Faribault Economic Development Authority
FROM:	Stephanie Aman, Economic Development Coordinator
MEETING DATE:	February 16, 2023
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.

Because the EDA did not meet in January, attached is the final report from December, so the EDA has a year-end capture. Not unexpectedly, the winter season brings challenges to larger projects and construction and permit activity for December was reflective of that. In January, there was a sizable permit issued for the completion of the Safety Center.

REQUESTED ACTION:

No action required.

ATTACHMENTS:

1. December 22- Year End Memo Monthly Permit Activity Report
2. January 23 - Memo Monthly Permit Activity Report

The following summarizes building permit activity:

	January	February	March	April	May	June
Total Building Permits Total Valuation	15 $1,411,787.89	19 $4,585,039.62	39 $6,180,438.37	69 $5,659,386.00	159 $6,941,889.02	162 $14,155,755.50
Total ALL Permits* Total ALL Permits Valuation	52 $1,492,107.89	70 $6,021,764.62	91 $6,344,248.37	152 $6,951,136.00	231 $7,400,267.02	249 $14,538,296.50
	July	**August**	**September**	**October**	**November**	**December**
Total Building Permits Total Valuation YTD Building Permits** YTD Total Valuation**	165 $10,186,083.56 692 $58,287,937.83	157 $13,954,821.78 784 $63,073,221.74	115 $3,932,204.00 899 $64,020,971.74	163 $6,027,277.00 1,062 $70,048,248.74	46 $13,940,317.85 1,108 $83,988,566.59	25 $902,114.52 1,128 $84,862,681.11
Total ALL Permits* Total ALL Permits Valuation Total YTD ALL Permits** Total YTD Valuation ALL Permits	237 $11,042,152.56 1,192 $63,171,077.63	249 $14,559,388.58 1,330 $68,347,361.54	182 $4,257,249.00 1,511 $69,620,156.54	229 $9,757,610.00 1,740 $79,377,766.54	99 $15,767,308.85 1,838 $94,660,075.39	78 $2,022,061.52 1,910 $96,654,136.91

**Total ALL Permit activity includes plumbing, heating, signs, electrical, etc.*
***YTD includes all activity through 12/31/2022*

The following summarizes building permit activity:

	January	February	March	April	May	June
Total Building Permits Total Valuation	30 $37,506,137.05					
Total ALL Permits* Total ALL Permits Valuation	84 $38,646,615.29					
	July	**August**	**September**	**October**	**November**	**December**
Total Building Permits Total Valuation YTD Building Permits** YTD Total Valuation**						
Total ALL Permits* Total ALL Permits Valuation Total YTD ALL Permits** Total YTD Valuation ALL Permits						

**Total ALL Permit activity includes plumbing, heating, signs, electrical, etc.*
***YTD includes all activity through 1/31/2023*

Request for Action

TO:	Faribault Economic Development Authority
FROM:	Stephanie Aman, Economic Development Coordinator
MEETING DATE:	February 16, 2023
SUBJECT:	Budget Status Report

BACKGROUND:
The Economic Development Authority (EDA) approved a 2023 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.

REQUESTED ACTION:
No action required.

ATTACHMENTS:
1. Budget Status - Jan 23

General Ledger

Budget Status

User: saman@ci.faribault.mn.us
Printed: 2/8/2023 - 10:00 AM
Period: 1, 2023

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	322,273.00	0.00	0.00	322,273.00	0.00	322,273.00	100.00
290-00000-462-31020	Delinquent Ad Valorem Taxes	0.00	0.00	0.00	0.00	0.00	0.00	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	0.00	0.00	0.00	0.00	0.00
290-00000-462-31040	Excess Tax Increment	0.00	0.00	0.00	0.00	0.00	0.00	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:	322,273.00	0.00	0.00	322,273.00	0.00	322,273.00	100.00
R02	Permit & Licenses							
290-00000-462-36215	Loan Interest	383.00	27.59	27.59	355.41	0.00	355.41	92.80
	R02 Sub Totals:	383.00	27.59	27.59	355.41	0.00	355.41	92.80
R03	Intergovernmental Revenue							
290-00000-462-33402	Market Value Homestead Credit	0.00	0.00	0.00	0.00	0.00	0.00	0.00
290-00000-462-33422	Other State Grants & Aids	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	R03 Sub Totals:	0.00	0.00	0.00	0.00	0.00	0.00	0.00
R04	Charges for Services							
290-00000-462-34108	Administrative Fees	0.00	0.00	0.00	0.00	0.00	0.00	0.00
290-00000-462-34700	Application Fees	2,500.00	0.00	0.00	2,500.00	0.00	2,500.00	100.00
	R04 Sub Totals:	2,500.00	0.00	0.00	2,500.00	0.00	2,500.00	100.00
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	6,600.00	0.00	0.00	6,600.00	0.00	6,600.00	100.00
290-00000-462-36211	Interest Market Value	0.00	0.00	0.00	0.00	0.00	0.00	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	0.00	0.00	0.00	0.00	0.00
	R06 Sub Totals:	7,100.00	0.00	0.00	7,100.00	0.00	7,100.00	100.00

Account Number	Description	Budget Amount	Period Amount	YTD Amount	YTD Var	Encumbered Amount	Available	% Available
R07	Other Sources							
290-00000-462-39100	Sale of Land	0.00	0.00	0.00	0.00	0.00	0.00	0.00
290-00000-462-39200	Transfer In	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	R07 Sub Totals:	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Revenue Sub Totals:	332,256.00	27.59	27.59	332,228.41	0.00	332,228.41	99.99
	Dept 00000 Sub Totals:	-332,256.00	-27.59	-27.59	-332,228.41	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	0.00	250.00	0.00	250.00	100.00
290-46500-462-42420	Minor Computer Equipment	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	E02 Sub Totals:	250.00	0.00	0.00	250.00	0.00	250.00	100.00
E03	Other Services & Charges							
290-46500-462-43030	Engineering Fees	0.00	0.00	0.00	0.00	0.00	0.00	0.00
290-46500-462-43040	Legal Fees - Civil Process	20,000.00	0.00	0.00	20,000.00	0.00	20,000.00	100.00
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	75,000.00	0.00	0.00	75,000.00	0.00	75,000.00	100.00
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	650,000.00	0.00	0.00	650,000.00	0.00	650,000.00	100.00
290-46500-462-43140	Training & Education	3,500.00	0.00	0.00	3,500.00	0.00	3,500.00	100.00
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	4,500.00	0.00	0.00	4,500.00	0.00	4,500.00	100.00
290-46500-462-43430	Advertising - Other	45,000.00	10,000.00	10,000.00	35,000.00	0.00	35,000.00	77.78
290-46500-462-43510	Legal Notices Publishing	500.00	0.00	0.00	500.00	0.00	500.00	100.00
290-46500-462-43520	Recording Fees	1,000.00	0.00	0.00	1,000.00	0.00	1,000.00	100.00
290-46500-462-43610	Insurance & Bonds	1,951.00	0.00	0.00	1,951.00	0.00	1,951.00	100.00
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	705.00	705.00	23,295.00	0.00	23,295.00	97.06
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	345,000.00	0.00	0.00	345,000.00	0.00	345,000.00	100.00
	E03 Sub Totals:	1,170,541.00	10,705.00	10,705.00	1,159,836.00	0.00	1,159,836.00	99.09
E04	Capital Outlay							
290-46500-462-44160	Rents & Leases	0.00	0.00	0.00	0.00	0.00	0.00	0.00
290-46500-462-45100	Land	0.00	0.00	0.00	0.00	0.00	0.00	0.00

Account Number	Description	Budget Amount	Period Amount	YTD Amount	YTD Var	Encumbered Amount	Available	% Available
	E04 Sub Totals:	0.00	0.00	0.00	0.00	0.00	0.00	0.00
E06	Other Uses							
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:	1,170,791.00	10,705.00	10,705.00	1,160,086.00	0.00	1,160,086.00	99.09
	Dept 46500 Sub Totals:	1,170,791.00	10,705.00	10,705.00	1,160,086.00	0.00		
	Fund Revenue Sub Totals:	332,256.00	27.59	27.59	332,228.41	0.00	332,228.41	99.99
	Fund Expense Sub Totals:	1,170,791.00	10,705.00	10,705.00	1,160,086.00	0.00	1,160,086.00	99.09
	Fund 290 Sub Totals:	838,535.00	10,677.41	10,677.41	827,857.59	0.00		
	Revenue Totals:	332,256.00	27.59	27.59	332,228.41	0.00	332,228.41	99.99
	Expense Totals:	1,170,791.00	10,705.00	10,705.00	1,160,086.00	0.00	1,160,086.00	99.09
	Report Totals:	838,535.00	10,677.41	10,677.41	827,857.59	0.00		

Request for Action

TO:	Faribault Economic Development Authority
FROM:	Stephanie Aman, Economic Development Coordinator
MEETING DATE:	February 16, 2023
SUBJECT:	Election of Officers

BACKGROUND:
The EDA is a seven (7) member board originally established in May 1986 pursuant to Minnesota Statutes. Per the enabling resolution, EDA members may serve a maximum of two (2) consecutive terms (full or partial) and all terms shall expire at the first City Council meeting of January. Commissioners may re-apply for additional terms after a one (1) year absence from the EDA.

The EDA officer positions include President, Vice President, Secretary, Treasurer, and Assistant Treasurer. Annually, the EDA must elect officers for the positions of President and Treasurer/Secretary – and traditionally the EDA has also elected a Vice President on an annual basis.

2022 EDA Officers:
President - Rod Gramse
Kevin Voracek - Vice President
AJ Smith - Secretary/Treasurer

REQUESTED ACTION:
The EDA is asked to make nominations and elect EDA officers for FY2023 via motions.

ATTACHMENTS:
1. EDA Term Limits - updated 02-09-2023

EDA TERM LIMITS

Member	Start Year / 1st Term	Full or Partial Term	End of 1st Term - January of 20xx	End of 2nd Term - January of 20xx	Notes
David Campbell	2022	Full	2028	2034	Full Term - appointed to fill Dave Albers seat at the end of Dave's first term
AJ Smith	2021	Partial	2023	2029	Partial - filled G. Forsythe seat who was appointed to fill T. Duncan who had a partial term to fill M. Carlander/Council reappointed in 2023 for full term.
Rodney Gramse	2014	Partial	2019	2025	
Will Fort	2021	Partial	2027	2033	Partial - Filled Mark Jarret's seat - MJ was appointed into a full term to fill G. Kindseth's seat, but resigned after 6 months due to conflict

Council Representative - 2023*

Kevin Voracek
Thomas Spooner

*EDA bylaws updated in 2021 to reflect that City Council appointees will fill EDA term as long as their City Council term vs. being reappointed annually

Council Representative - 2023	***Council Representative - 2020***	***Council Representative - 2019***	***Council Representative - 2018***
Kevin Voracek	*Kevin Voracek*	*Kevin Voracek*	*Steve Underdahl*
Thomas Spooner	*Janna Viscomi*	*Janna Viscomi*	*Kay Duchene*

****All terms expire at the first City Council meeting in January**

**EDA members per Enabling Resolution can serve a maximum of 2 terms (full or partial) and no more than 12 years

**EDA members must take a 1 year break before being reappointed after serving 2 terms

Resignations					
Matthew Carlander	2015	Partial	2017	2023	Resigned February 2021 / T Duncas to fill term
Mark Jarret	2021	Full	2027	2033	Resigned July 2021/ W Fort to fill term
Trisha Duncan	2021	Partial	2023		Resigned August 2021 / Grant Forsythe to fill term
Grant Forsythe	2021	Partial	2023		Resigned March 2022 / AJ Smith to fill term
Expired Terms					
Gary Kindseth	2009	Full	2015	2021	Term Expired - Served 2 Consecutive Terms
Dave Albers	2016	Full	2022	2028	1st Term Expired / Dave Campbell appointed to fill 2nd Term
Matt Drevlow	2017	Full	2023		1st Term Expired / did not run again / need to fill

City Of Faribault

Request for Action

TO:	Faribault Economic Development Authority
FROM:	Stephanie Aman, Economic Development Coordinator
MEETING DATE:	February 16, 2023
SUBJECT:	EDA Open Seat

BACKGROUND:

The EDA is a seven (7) member board originally established in May 1986 pursuant to Minnesota Statutes. Per the enabling resolution, EDA members may serve a maximum of two (2) consecutive terms (full or partial) and all terms shall expire at the first City Council meeting of January. Commissioners may re-apply for additional terms after a one (1) year absence from the EDA.

The EDA needs to fill one remaining open seat and is open to suggestions for business, financial or community members that might be a good fit.

REQUESTED ACTION:

Staff requests that the EDA provide suggestions of individuals that staff should reach out to to determine interest in serving on the EDA.

ATTACHMENTS:

Request for Action

TO:	Faribault Economic Development Authority
FROM:	Stephanie Aman, Economic Development Coordinator
MEETING DATE:	February 16, 2023
SUBJECT:	Annual Review of Enabling Resolution

BACKGROUND:

Section 469.092, Subdivision 3 of the Minnesota Statutes requires the EDA to submit to the City Council a report each year stating whether and how the enabling resolution should be modified. Under the Statute, the City Council has 30 days after receipt of the recommendation to review the enabling resolution, consider the recommendations of the EDA, and make any updates it considers appropriate. Any proposed changes must be made in accordance with the procedural requirements of section 469.093.

> Subd. 3. **Report on resolution.** Without limiting the right of the authority to petition the city council at any time, each year, within 60 days of the anniversary date of the first adoption of the enabling resolution, the authority shall submit to the city council a report stating whether and how the enabling resolution should be modified. Within 30 days of receipt of the recommendation, the city council shall review the enabling resolution, consider the recommendations of the authority, and make any modification it considers appropriate. Modifications must be made in accordance with the procedural requirements of section 469.093.

Over the years, the EDA has recommended updates to the enabling resolution. These recommendations generally are to ensure that the enabling resolution is consistent with state statutes. The most recent recommendations have included clarifications to term limits and a modification to the EDA composition so that the composition is both consistent with state statutes and provides the City Council flexibility when making future appointments.

Staff has consulted with legal counsel. No issues or concerns have been identified with the current language in the Enabling Resolution, and no changes to the Enabling Resolution are recommended at this time.

REQUESTED ACTION:

The EDA is asked to review the attached Enabling Resolution and discuss any EDA proposed changes.

ATTACHMENTS:

1. 2021-082 - Amending and Restating the Enabling Resolution Establishing an Economic Development Authority for the City of Faribault

State of Minnesota
County of Rice

CITY OF FARIBAULT

RESOLUTION #2021-082

AMENDING AND RESTATING THE ENABLING RESOLUTION ESTABLISHING AN ECONOMIC DEVELOPMENT AUTHORITY FOR THE CITY OF FARIBAULT

WHEREAS, the City is authorized by Minnesota Statutes, Chapter 469 (the "Act") and specifically Section 469.091, to establish an Economic Development Authority (hereinafter the "EDA") to coordinate and administer economic development and redevelopment plans and programs of the City of Faribault; and

WHEREAS, an Economic Development Authority would facilitate and assist economic development in the City of Faribault by directly involving certain groups and agencies in the process; and

WHEREAS, such an Authority will increase the overall efficiency of business recruitment, to the greatest benefit of the entire community; and,

WHEREAS, a public hearing was held for the establishment of an Economic Development Authority pursuant to Minnesota Statutes prior to the adoption of Resolution 86-77, the initial enabling resolution originally adopted May 27, 1986, for the EDA and Resolution 86-77 was amended and restated on January 22, 2008, following a public hearing by Resolution No. 2008-015, and was again amended and restated on June 22, 2010, following a public hearing by Resolution No. 2010-092, and amended and restated again on June 10, 2014, following a public hearing by Resolution No. 2014-097; and

WHEREAS, the City desires to amend the enabling resolution for the EDA, as hereinafter set forth, pursuant to Minnesota Statutes Section 469.093; and

WHEREAS, a public hearing has been held for this amendment to the enabling resolution of the EDA pursuant to Minnesota Statutes Section 469.093.

NOW, THEREFORE, THE CITY OF FARIBAULT RESOLVES:

SECTION 1. APPOINTMENT OF AN ECONOMIC DEVELOPMENT AUTHORITY FOR THE CITY OF FARIBAULT, MINNESOTA

Section 1.1. Economic Development Authority Established. The Economic Development Authority for the City of Faribault, Minnesota (hereinafter the "EDA") is hereby established. The EDA shall have all the powers, duties and responsibilities set forth in Sections 469.090 to 469.108 of the Act and as said Act may be amended from time to time and all other applicable laws, except as limited by this Resolution.

Section 1.2. Purpose. The appointment of an EDA, pursuant to the provisions, restrictions and regulations contained herein, is intended to provide the City with a board comprised of representatives from both city government and private enterprise, capable of administering business incentives and other economic development measures. The EDA shall be the chief economic development agency for the City, and shall be under the authority of the City Council.

Section 1.3. Definition. An EDA is a public body corporate and politic and a political subdivision of the state with the right to sue and be sued in its own name. An EDA carries out an essential governmental function when it exercises its power, but the EDA is not immune from liability because of this.

Section 1.4. Responsibility. The EDA shall have primary responsibility for commercial and industrial development and redevelopment and the Housing and Redevelopment Authority in and for the City of Faribault shall have primary responsibility for residential development and redevelopment.

SECTION 2. COMPOSITION OF THE EDA

Section 2.1. Composition. The seven commissioners of the EDA shall be selected or appointed as follows:

a. Two City Council members shall be appointed as commissioners by the City Council.

b. The City Council may appoint the remaining commissioners to serve at large or from organizations which may have a role in economic development. An appointment could be from such organizations as City Commissions, the Faribault Industrial

Corporation, the School District, County, Community Board or Chamber of Commerce.

Section 2.2. Terms. Initial appointees receive terms of 1, 2, 3, 4, 5, 6 and 6 years; thereafter all terms are for six years, except as hereinafter provided. The City Council shall set the term of the commissioners who are members of the City Council to coincide with their term of office as members of the City Council. All terms shall expire at the City Council meeting at which the EDA appointments are made. Commissioners may serve no more than a maximum of two (2) consecutive terms (full or partial) and no more than a total of twelve (12) consecutive years. Commissioners may re-apply for additional terms after a one (1) year absence from the EDA.

Section 2.3. Compensation and Reimbursement. EDA members shall be reimbursed for actual expenses as determined by the City Council.

Section 2.4. Vacancies. A vacancy is created in the membership of the EDA when a City Council member of the EDA ends Council membership. A vacancy for this or another reason must be filled for the balance of the unexpired term, in the manner in which the original appointment was made.

Section 2.5. Conflict of Interest. Except as authorized in Minnesota Statutes Section 471.88, a commissioner, officer, or employee of the EDA must not acquire any financial interest, direct or indirect, in any project or in any property included or planned to be included in any project, nor shall the person have any financial interest, direct or indirect, in any contract or proposed contract for materials or service to be furnished or used in connection with any project.

Section 2.6. Removal for Cause. An EDA commissioner may be removed by the City Council as provided in Minnesota Statutes Section 469.095, subd. 5.

SECTION 3. TRANSFER OF TAX INCREMENT AUTHORITY

Section 3.1. The City shall transfer the control, authority and operation of its tax increment development plans pursuant to Chapter 462, implemented by Resolutions 85-151, 85-140, 85-22, 85-21, 85-20, 81-168, 81-5, and pursuant to Chapter 472A, implemented by Resolutions 85-141 and 83-58, located within the City, from the governmental agency or subdivision that established the project to the EDA. The City Council requires acceptance of control, authority, and operation of the tax increment development plans by the EDA. The EDA may exercise all of the powers that the governmental unit establishing the project could exercise with respect to the project.

When a project or program is transferred to the EDA, it shall covenant and pledge to perform the terms, conditions, and covenants of the bond indenture or other agreements executed for the security of any bonds issued by the governmental subdivision that initiated the project or program. The EDA may exercise all of the powers necessary to perform the terms, conditions, and covenants of any indenture or other agreements executed for the security of the bonds when the project or program is transferred.

SECTION 4. ORGANIZATIONAL MATTERS

Section 4.1. Staffing. All required EDA staffing will be appointed by the City Administrator from the City of Faribault staff, for purposes of technical assistance, accounting, purchasing supplies, etc., as needed for the operation of the EDA.

Section 4.2. By-Laws. The EDA may adopt by-laws and rules of procedure and shall adopt an official seal.

Section 4.3. Officers. The EDA shall elect a president, a vice president, a treasurer, a secretary, and an assistant treasurer. The EDA shall elect the president, treasurer and secretary annually. A commissioner shall not serve as president and vice president at the same time. The other offices may be held by the same commissioner. The offices of secretary and assistant treasurer need not be held by a commissioner.

Section 4.4. Treasurer. The City of Faribault shall assist the official treasurer for the EDA in performing the statutory duties of the treasurer, with the City handling EDA funds and accounting through the City's financial management system.

Section 4.5. Public Money. EDA money is public money.

Section 4.6. Legal Services. The EDA shall use the services of the City Attorney for its legal needs. The City Attorney is its chief legal advisor.

Section 4.7. City Purchasing. The EDA may use the facilities of the City's purchasing department in connection with construction work and to purchase supplies, equipment or materials.

Section 4.8. Delegation Power. The EDA may delegate to one or more of its agents or employees powers or duties as it may deem proper.

SECTION 5. FINANCIAL MATTERS

Section 5.1. Budget to City. The EDA shall annually submit its budget to the City Council for approval. The budget must include a detailed written estimate of the amount of money that the EDA expects to need from the City to perform its business during the next fiscal year.

Section 5.2. Fiscal Year. The fiscal year for the EDA shall be the same as the City.

Section 5.3. Report to City. Annually, at a time and in a form fixed by the City Council, the EDA shall make a written report to the Council giving a detailed account of its activities and of its receipts and expenditures during the preceding calendar year, together with additional matters and recommendations it deems advisable for the economic development of the City.

Section 5.4. Financial Statement. The EDA's financial statement must show all receipts and disbursements, their nature, the money on hand, the purposes to which the money is to be applied, the EDA's credits and assets, and its outstanding liabilities, in a form required for the City's financial statements. The EDA shall examine the statement together with the treasurer's vouchers. If the EDA finds the vouchers are correct, it shall approve them by resolution and enter the resolution into its records.

Section 5.5. Audits. The financial statements of the EDA must be prepared, audited, filed and published or posted in a manner required for the financial statements of the City. The financial statements must permit comparison and reconciliation with the City's accounts and financial reports. The report must be filed with the state auditor by June 30 of each year. The auditor shall review the report and may accept it or, in the public interest, audit the books of the EDA.

SECTION 6. SCHEDULE OF POWERS

Section 6.1. Economic Development Districts. The EDA may establish and define the boundaries of economic development districts at any place and at any time within the City. The EDA must hold a public hearing on the matter, with notice published at least 10 days prior to the hearing in the official city newspaper. The establishment of an economic development district must be approved by the City Council pursuant to Minnesota Statues.

Section 6.2. Acquisition of Property. The EDA may acquire by lease, purchase, gift, devise or condemnation proceedings the needed right, title and interest in property to create economic development districts.

Section 6.3. Revolving Loan Fund. The EDA shall have the power to administer the Economic Development Revolving Loan Fund.

Section 6.4. Options. The EDA may sign options to purchase, sell or lease property.

Section 6.5. Eminent Domain. The EDA may use eminent domain under Chapter 117, or under the City Charter to acquire property it is authorized to acquire through condemnation.

Section 6.6. Contracts. The EDA may make contracts for the purposes of economic development within its granted powers. The EDA may arrange with the federal government, any of its agencies, with persons, public corporations, the state, or any of its political subdivisions, commissions or agencies, for separate or joint action, on any matter related to the EDA's powers or doing its duties. The EDA may contract to purchase and sell real and personal property. However, the EDA is not authorized to issue debt without prior Council approval.

Section 6.7. Limited Partner. The EDA may be a limited partner in a partnership whose purpose is consistent with the EDA's purpose.

Section 6.8. Rights and Easements. The EDA may acquire rights or easements for a term of years or perpetually for development of an economic development district.

Section 6.9. Receipt of Public Property. The EDA may accept land, money, or other assistance, whether by gift, loan or otherwise, in any form from the federal or state governments, or any political subdivisions or agencies thereof, to acquire and develop economic development districts.

Section 6.10. Development District Authority. The EDA may sell or lease land held by it for economic development in economic development districts.

Section 6.11. As Agent. The EDA may cooperate or act as an agent for the federal or state government, or a state public body, or an agency or instrumentality of a government or public body, to carry out the EDA's duties, or any other related federal, state or local law in the area of economic development district improvement.

Section 6.12. Studies, Analysis and Research. The EDA may study and analyze economic development needs in the City, and ways to meet those needs.

Section 6.13. Public Relations. To further an authorized purpose, the EDA may: (1) join an official, industrial, commercial or trade association, or other organization concerned with the purpose; (2) have a reception of officials who may contribute to advancing the City and its economic development; and (3) carry out other public relations activities to promote the City and its economic development.

Section 6.14. Accept Public Land. The EDA may accept conveyances of land from all other public agencies, commissions, or other units of government, if the land can be properly used by the EDA in an economic development district.

Section 6.15. Economic Development. The EDA may carry out the law on economic development districts to develop and improve lands in an economic development district to make it suitable and available for its purposes.

SECTION 7. DEBT ISSUANCE.

Section 7.1. Debt Issuance. The EDA cannot issue debt obligations without the prior approval of the City Council.

Section 7.2. Bonds. General Obligation Bonds, Industrial Development Bonds, Tax Increment Bonds, and Revenue Bonds, whose proceeds are required for EDA approved projects, must be issued by the City Council pursuant to the City of Faribault Charter and applicable Minnesota Statutes.

Section 7.3. Pledge. All bonds issued by the City Council for the debt obligations of the EDA must be secured by the full faith, credit and resources of the City.

Section 7.4. Tax Levy. The tax levy must be certified by the City Council, and must be pledged back to the City.

Section 7.5. As Borrower and Lender. The EDA may borrow for its approved projects from the City; and, from its own proceeds, may make or purchase loans for economic development facilities which it believes requires financing.

SECTION 8. SALE OF PROPERTY

Section 8.1. Power. The EDA may sell and convey property owned by it within the city or an economic development district consistent with the requirements of Minnesota Statutes Section 469.105.

SECTION 9. ADVANCES BY EDA

Section 9.1. Advances by the EDA. The EDA may advance its general fund money or its credit, or both, without interest, for its objectives and purposes.

SECTION 10. DATE EFFECTIVE

Section 10.1. Adoption. This resolution shall be adopted upon affirmative vote of the majority of the City Council.

Section 10.2. Effect. This resolution shall be in full force upon its adoption and shall continue until such time as it may be amended or rescinded by the City Council.

Section 10.3. Conflicts. Any conflicts arising out of the conduct and operation of the EDA shall be resolved with reference to Minnesota statutes, and if there arises any conflict between this resolution and Minnesota statutes, Minnesota statutes shall prevail.

Date Adopted: April 27, 2021

Faribault City Council

Kevin F. Voracek, Mayor

ATTEST:

Timothy C. Murray, City Administrator

Request for Action

TO:	Faribault Economic Development Authority
FROM:	Stephanie Aman, Economic Development Coordinator
MEETING DATE:	February 16, 2023
SUBJECT:	First Amended and Restated Contract for Private Development - Riverchase

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), and is the party that enters into private development agreements associated with TIF.On August 10, 2022, the City Council conducted a required public hearing associated with the establishment of TIF No. 17: Riverchase Apartments.

At the conclusion of the public hearing, the City Council adopted Resolution 2022-108, adopting modifications to the Development Program for Development District No. 1 and establishing Tax Increment Financing District No. 17: Riverchase Apartments. This action supports the redevelopment of the former VP Online site south of the viaduct into a 77-unit market-rate apartment with associated parking and amenities. The total project costs are estimated at $12.95m, and the development will include:

- 4-story, 77-unit market rate apartment with varying sized apartments
- 9-foot ceilings
- Private balconies or patios for each unit
- Tuck-under garages
- Community room
- Fitness center
- Controlled acces
- In-unit laundry
- Large fourth-floor deck
- On-site property management and maintenance

On August 18, 2022, the EDA adopted Resolution 2022-07 which approved the private development with Riverchase Apartments, LLC. In November, 2022, the developer approached staff looking for assistance with costs associated with unforeseen clean up at the site. At the November 17, 2022 EDA Meeting, EDA members had a favorable discussion regarding increasing the TIF note from $700,000 to $750,000 for Riverchase Apartments. Ehlers determined that a 3% inflation adjustment would be acceptable on this note as a means to capture the costs. The EDA discussion indicated that they were in favor of the increase, and directed staff to work with legal to draft the amendment to the TIF loan note which is what is being brought forward.

REQUESTED ACTION:

Review and approve resolution 2023-01 amending and restating the CPD for Riverchase Apartments.

ATTACHMENTS:

1. First_Amended_and_Restated_Contract_for_Private_Development
2. Resolution_2023-1

FIRST AMENDED AND RESTATED

CONTRACT

FOR

PRIVATE REDEVELOPMENT

By and Between

THE ECONOMIC DEVELOPMENT AUTHORITY OF THE CITY OF FARIBAULT

and

RIVERCHASE FARIBAULT LLC

This document drafted by:

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

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FIRST AMENDED AND RESTATED
CONTRACT FOR PRIVATE REDEVELOPMENT

This First Amended and Restated Contract for Private Redevelopment (the "Agreement") is made this _____ day of February, 2023, 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

WHEREAS, the EDA and the Redeveloper entered into the original Agreement as of the date of August 16, 2022, which was recorded on the 4th day of October, 2022, as Document No. A755297 in the Office of the Recorder/Registrar of Rice County, Minnesota; and

WHEREAS, since entering into the original Agreement and initiating construction activities, the Redeveloper encountered unanticipated construction costs related to environmental matters and soils correction at the Redevelopment Property; and

WHEREAS, the EDA and the Redeveloper agreed that such unanticipated costs are eligible cost for reimbursement in addition to the development assistance being provided by EDA to the Redeveloper; and

WHEREAS, the EDA and the Redeveloper have agreed to modify the eligible costs and TIF Note set forth in the original Agreement from $750,000 to $750,000; and

WHEREAS, the EDA and Redeveloper now wish to amend and restate the original Agreement as noted herein pursuant to this First Amended and Restated Contract for Private Development.

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 $750,000.00 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 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 28th 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 1st 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 _____ day of February, 2023, 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 ____________)

The foregoing instrument was executed before me this _____ day of February, 2023, 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

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**

The depiction of the Redevelopment Property and Minimum Improvements are on file at the offices of the City Planner at Faribault City Hall.

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 25th day of August, 2022, and recorded in the office of the County Recorder or Registrar in Rice County, Minnesota, as Document No. A755297, and amended by the First Amended and Restated Contract for Private Development (the "First Amendment") dated the ____ day of ___________, 2023, 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 $750,000

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 $750,000, 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, and the First Amended and Restated 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 $750,000 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 $750,000

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 $750,000 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 25, 2022, and the First Amended and Restated Contract for Private Redevelopment between the EDA and Owner dated as of February ___, 2023 (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.

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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 $750,000 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.

Date of Registration	Registered Owner	Signature of EDA Executive Director
	Riverchase Faribault, LLC 4057 28th Street NW, Suite 200 Rochester, MN 55901 Federal Tax ID #88-2953458	

[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 __________, 202__.

____
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: __________________, 2023

Re: $750,000 Tax Increment Revenue Note (Riverchase Faribault TIF Project No. 17)

The undersigned, as Purchaser of $750,000 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 25, 2022, and pursuant to the Amended and Restated Contract for Private Redevelopment dated February ___, 2023 (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 88-2953458.

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: ______________________________________

RESOLUTION 2023-1

ECONOMIC DEVELOPMENT AUTHORITY
OF THE CITY OF FARIBAULT, MINNESOTA

APPROVING A FIRST AMENDED AND RESTATED
CONTRACT FOR PRIVATE DEVELOPMENT

WHEREAS, the Economic Development Authority of the City of Faribault, Minnesota, a public body corporate and politic under the laws of Minnesota, having its principal office located at 208 1st Avenue NW, Faribault, MN 55021 (the "EDA"), and Riverchase Faribault LLC, a limited liability company formed under the laws of Minnesota having its principal office located at 4057 28th Street NW, Suite 200, Rochester, MN 55901 (the "Developer") entered into a Contract for Private Development (the "Contract") dated August 16, 2022, for real property legally described in Exhibit A (the "Property"), and recorded on the 4th day of October, 2022, as Document No. A755297 in the Office of the Recorder/Registrar of Rice County, Minnesota;

WHEREAS, since entering into the Contract and initiating construction activities, the Developer encountered unanticipated construction costs related to environmental matters and soils correction at the Property;

WHEREAS, the EDA and the Developer agreed that such unanticipated costs are eligible cost for reimbursement in addition to the development assistance being provided by EDA to the Developer;

WHEREAS, the EDA and Developer have agreed to modify the eligible costs and TIF Note set forth in the Contract from $700,000 to $750,000;

WHEREAS, the EDA and Developer now wish to amend the Contract as noted herein pursuant to a First Amended and Restated Contract for Private Development ("the First Amendment"), in substantially in the form as set forth in Exhibit B attached hereto and incorporated by reference;

WHEREAS, the EDA has reviewed the First Amendment and finds that the execution thereof by the EDA and performance of the EDA's obligations thereunder are in the best interest of the EDA, the City and its residents.

NOW THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE ECONOMIC DEVELOPMENT AUTHORITY OF THE CITY OF FARIBAULT, MINNESOTA, AS FOLLOWS:

1. The recitals set forth in this Resolution are incorporated into and made a part of this Resolution.

2. The EDA approves the First Amended and Restated Contract for Private Development in substantially the form presented to the Commission on this date, subject to modifications that do not materially alter the EDA's rights and obligations under the First Amendment and that are approved by the EDA's Chair and Secretary, which approvals shall be conclusively evidenced by execution of the First Amendment.

3. The Chair and Secretary of the EDA, City staff and consultants are hereby authorized and directed to draft all necessary documents required to implement the First Amended and Restated Contract for Private Development, including all necessary accompanying agreements included therein, the business subsidy agreement within the Contract, the Note, and any tax increment payment obligations contained therein, and to execute all appropriate documents, including but not limited to the First Amendment and Note, to effectuate the transaction contemplated by this Resolution.

4. The Chair and Secretary of the EDA, City staff and consultants are hereby authorized and directed to take any and all additional steps and actions necessary or convenient in order to accomplish the intent of this Resolution.

Approved by the Board of Commissioners of the Economic Development Authority of the City of Faribault, Minnesota, this 16th day of February, 2023.

____
Chair

ATTEST:

____
Secretary

EXHIBIT A

LEGAL DESCRIPTION OF PROPERTY

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

FIRST AMENDED AND RESTATED CONTRACT FOR PRIVATE DEVELOPMENT

Request for Action

TO:	Faribault Economic Development Authority
FROM:	Stephanie Aman, Economic Development Coordinator
MEETING DATE:	February 16, 2023
SUBJECT:	Project Updates

BACKGROUND:
Project information and updates are attached.

REQUESTED ACTION:
No action required.

ATTACHMENTS:
1. 6 - Project Updates - February23

City Of Faribault

Project Updates

Active Prospects/Business Updates:

Twisted Chicken	Staff was provided a lead summer 2021 for a local food production/restaurant that may be interested in opening a brick and mortar facility to Faribault Construction is slated to begin in February, 2023 with a goal of being open by April/May.
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 has been executed.
Food Manufacturing Business	This food manufacturer is a revived project and they have decided on Faribault as their preferred location. Staff have set a meeting with this business for Friday, January 20 to determine next steps in moving forward.
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. The Owner is interested in property in the downtown area. Recent conversations centered around a 'right fit and right time'. Staff continue the conversations.
Restaurant	Staff met with a broker who is looking for a parcel of land for a client. Staff is following up with land owners to determine if the parcels they are interested in would work for the client and the land owner. The client's chosen site is not available and other properties were presented. Staff will continue to work with the broker and the land owner to see if there can be any agreement made.
Light Manufacturing	Staff were given an opportunity to submit information to a State RFI for an international company seeking a United States presence. Faribault was selected as a possible site and staff toured a site with the client and Minnesota Trade Office. If not this property, other options were given to the client that might be possible. Staff will continue conversations with the MTO.

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. This business has simply been busy – they will stay on our list because staff know they still have expansion plans and Faribault is still a consideration.
Pet Grooming Business	Staff are working with a business that is looking for acreage/space to expand their business into the Faribault area. Staff are working with the owner to find a good fit.

Inactive Prospects/Business Updates:

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.
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.
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.

Other:

- Staff participated in several Business Retention and Expansion visits in December and are 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 participated in webinar sessions that include census data and understanding demographics to tell the story of Faribault's workforce and industry. Discussions continue to be centered around automation to ensure stability and growth.
- Staff attended the CVN (Community Venture Network) meeting in December and there are several prospects from that event. Staff also had follow up conversations with the CVN representative regarding specific land opportunities that the city would like to see developed.
- In the spring, staff met with a developer that has interest in working with rural areas to construct all levels of housing from workforce to market rate rentals. Staff then asked local businesses to

participate in a conversation with the developer so they could understand the needs in Faribault. The developer has had successful conversations with land owners and have had insightful conversations with employers. They are moving forward with a proposal for site development to the City.

- Working with Faribault Downtown Central, LLC, staff successfully disbursed the first round of funding for the building portfolio. Both EDA and HRA funding, totaling $500,000 was disbursed.
- The same developer has been connected with another opportunity for land/housing development in the City. Conversations are on-going.
- Staff are working with another developer that holds interest in developing a relationship with the City to help determine best areas for net zero housing developments. Conversations are on-going with them.
- Staff sponsored and attended the MREJ Housing summit in Bloomington on January 12. There were over 700 brokers and developers in attendance in person, with another 100+ online. Great discussions were had with several brokers who wish to set up meetings with the City.
- Joint meetings are resuming between the City and County to better understand projects and how we can work together to ensure all resources/people are brought in as early as possible for a smooth project flow.

<u>City Wide Projects and Updates of interest:</u>

Midwest Recovery, a drug and alcohol treatment center, has submitted plans for a two-phase project to include treatment and offices in phase one; residential inpatient beds are planned for phase two. The project site is located at 1910 Cardinal Lane.

Midwest Indoor Storage (Former Farmer's Seed and Nursery) presented a new layout for the site. The DRC continues to work with the developer. Staff processed the 3rd Draw from the redevelopment project funding from the state. Staff anticipates construction of the storage building will begin in early spring.

The new **Kwik Trip** is open! Staff have been in contact with the broker for Kwik Trip and are discussing the future plans for the old site on 2nd street.

Riverchase Apartments construction is progressing and framing operations will start as soon as they are able, pending the weather.

Housing information:

- Public housing currently has a 96% occupancy rate.
- Robinwood Manor has a 92% occupancy rate.
- Scattered Sites has a 100% occupancy rate.