ECONOMIC DEVELOPMENT AUTHORITY AGENDA

3RD FLOOR CONFERENCE ROOM	THURSDAY, APRIL 18, 2024	7:00 AM

1. Call to Order/Approve Agenda/Introductions
2. Approval of the Minutes of March 21, 2024, EDA Meeting Minutes, and Minutes of the Joint CC EDA HRA Meeting Minutes dated 2024-02-28
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 - None
5. Items for Discussion
   A. Approve an EDIF Forgivable Loan for Forest to Fork
   B. Provide Direction regarding an EDIF Forgivable Loan and a Revolving Fund Loan for Faribault Mill
   C. Provide Direction regarding Outstanding Legal Fees for EDA-Approved Projects
   D. Community and Economic Development Staffing
   E. Project Updates, Announcements, and Next Meeting Items
6. Adjournment

ECONOMIC DEVELOPMENT AUTHORITY MINUTES

PUBLIC MEETING ROOM	THURSDAY, MARCH 21, 2024	7:00 AM

Meeting Items

1. Call to Order/Approve Agenda

   A regular meeting of the Economic Development Authority was called to order at 7:03 a.m. by Chair Gramse. Members in attendance were David Campbell, Christine Jeanes, Mayor Kevin Voracek, and Chair Rod Gramse. Staff present were David Wanberg, Director of Community and Economic Development, and Kari Casper, Administrative Assistant II, Tim Murray. Also in attendance were Nort Johnson with the Chamber of Commerce, and Jim Gooley with the Rebound Partners. David Wanberg did give suggestions for an agenda change.

2. Approval of the Minutes of February 15, 2024

   Motion by Kevin Voracek, seconded by Christine Jeanes to Approve the meeting minutes of February 15, 2024. The motion passed unanimously. Wanberg reported that the special meeting minutes will be available in next month's packet.

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

   Motion by Kevin Voracek, seconded by Dave Campbell to Approve. The Motion passed unanimously.

   A. Monthly Loan Status Report

   B. Permit Activity Update Report

   C. Budget Status Report

4. Public Hearings - None

5. Items for Discussion

   A. Preliminary Request from Forest to Fork for EDIF Funding

   After some discussion, the board felt that a change needed to take place in the guidelines for this loan since the money is limited. The proposal of a $50,000 forgivable loan and the offering of a $50,000 low-interest loan would be the new consideration. The applicant will be coming back to the next meeting.

   Motion by Christine Jeanes, seconded by Dave Campbell to approve modification of the guidelines for the EDIF loan program to offer a $50,000 forgivable loan and then offer another $50,000 as a low-interest loan. The motion passed unanimously.

   B. Preliminary Request from Faribault Mill for EDIF Funds or Other Revolving Fund Loan

   Again the board felt that the EDIF program should be limited to $50,000 with an offering to finance additional funds at a low interest rate.

   C. Use of DCREIP Funds for Former FDC Properties that Received Public Funds

David Wanberg stated that the new owners of The Mill City Bike Shop will be getting the facade and some interior work done. The FDC will pass on the money allocated and create a subordination agreement. I believe the consensus of the board was that with the lawyer's assistance, a recipient could come back to the board under this program for more dollars.

D. Preliminary Discussion of 2024/2025 Budget related to Marketing

David Wanberg was approached by the Japan Times. They would like to do an article about Faribault and, in turn, request that we place an ad in their periodical. Wanberg is seeking advice on a potential budget for these marketing matters and suggested $1,500 up to $5,000. After some discussion, the board felt that they were fine with doing nothing at this time.

E. Updates

The Bowling Center is on the front burner and Wanberg has agreed to review the CUP and will most likely need to amend that. Midwest Recovery is moving forward and it looks like we will see something around August. The Highway 60 Master Plan is wrapping up. We have been receiving several calls regarding potential housing developments. Wanberg has approached MWF for Midwest Flats. Wanberg is actively receiving information about Data Centers in our area.

F. Proposed Incentives for Project Buckeye

David Wanberg started by stating the KGP has now sold the property they are currently on with a lease for around 18 months up to 3 years. They are looking to relocate and Faribault would like them to stay. There are some negotiations around the 500 block of Central Avenue but it's in early discussions. They would like to take advantage of tax abatement and the city would need the assistance of the school. At this time, KGP is looking for support from the community. A motion was made by David Campbell, seconded by Christine Jeanes to recommend support from the EDA. The motion passed unanimously.

6. Adjournment

Motion by Dave Campbell, seconded by Christine Jeanes to adjourn the meeting at 8:23 a.m. The motion passed unanimously.

Respectfully Submitted,

By:____________________________
Kari Casper, Recording Secretary

Special Joint City Council, EDA and HRA Minutes

BUCKHAM WEST
19 DIVISION ST. W. WEDNESDAY, FEBRUARY 28, 2024 6:00 PM

Call to Order/Roll Call

City Council

The meeting of the City Council was called to order by Mayor Kevin Voracek at 6:00 pm. Councilors in attendance included Sara Caron, Adama Doumbouya, Royal Ross, Peter van Sluis, Tom Spooner and Chuck Thiele. Also in attendance was City Administrator Tim Murray, City Clerk Heather Slechta, Police Chief John Sherwin, City Engineer Mark DuChene, Community and Economic Development Director David Wanberg, Public Works Director Travis Block, Human Resources Director Kevin Bushard and City Attorney Scott Riggs.

Economic Development Authority

The meeting of the Economic Development Authority was called to order at 6:00 pm. by Chair Rodney Gramse. Commissioners in attendance included AJ Smith, Christine Jeanes, Mayor Kevin Voracek and Councilor Tom Spooner. Commissioners David Campbell and Will Fort were absent.

Housing and Redevelopment Authority

The meeting of the Housing and Redevelopment Authority was called to order at 6:00 pm by Vice Chair Travis McColley. Commissioners in attendance included Councilor Sara Caron, Mandy Barnes and Travis Kath. Commissioners Eric Delgado, Loni Ahlers and Colin Maltbie were absent.

Approve Agenda

City Council

Motion by Ross, seconded by van Sluis to approve the agenda and carried unanimously.

Economic Development Authority

Motion by Spooner, seconded by Voracek to approve the agenda and carried unanimously.

Housing and Redevelopment Authority

Motion by Barnes, seconded by Caron to approve the agenda and carried unanimously.

Public Hearing

Public Hearing related to Faribo Downtown Central LLC Business Subsidies

Community and Economic Development Director David Wanberg explained that the Economic Development Authority of Faribault (the “EDA”) and the Housing and Redevelopment Authority of Faribault, Minnesota (the “HRA”) held a special meeting to provide business assistance in the form of forgivable loans to Faribo Downtown Central (“FDC”) for $250,000 from EDA funds and

$250,000 from HRA funds for FDC's Phase 1 work supporting the revitalization of specific buildings in Faribault.

Wanberg stated that both the EDA and HRA are now being asked to consider providing business assistance in the form of additional forgivable loans to FDC for $250,000 from EDA funds and $250,000 from HRA funds for FDC's Phase 2 work. In addition, the EDA, on behalf of the City Council, is considering providing additional business assistance to FDC through a $500,000 Special Commercial Rehabilitation Loan.

Motion by Doumbouya, seconded by Ross to open the public hearing and carried unanimously. The public hearing was opened at 6:04 pm.

Nort Johnson spoke on behalf of Faribo Downtown Central (FDC), which includes the Faribault Industrial Corp, Mike and Mary Richie, and Brett Reese. Since FDC purchased 13 buildings in downtown Faribault, eight businesses have opened and $700,000 in roof repairs have been made. Phase 2 will include the completion of 27-29 apartments over the next few years. Currently there are three potential business ready to move into spaces once they are completed.

Councilor Ross asked how many of the buildings have been sold since the original purchase, Johnson stated one property has been sold, and the goal is that they all become owner occupied. Johnson stated that they are planning to divide the Eastman building, creating space for 10 apartments and eight businesses. Councilor Caron asked what the buildings would be sold for, Johnson stated around $275,000. Commissioner McColley asked why the apartments have been pushed years down the road, Johnson explained that it is the cost of construction and interest rates and that once the buildings are cash flowing through the commercial side the will be able to complete all of the apartments. There are currently three renovated with one in progress. McColley then asked how long until the housing would be completed, Dr. Mike Richie explained they are still in the process of getting the buildings clean and dry as they were in disrepair. Their goal is to get work done and sell the buildings so that they are owner occupied and they can complete the finish work. Commissioner Kath asked if that was five or ten years down the road, Johnson stated that they have already sold a building with two apartments and that they are hoping that it is only 10-18 months down the road. Dr. Richie stated that the goal is that the buildings are out of the investor's hands in five years. McColley asked what would guarantee that housing would be completed; Dr. Richie stated that it has to be to be viable. Johnson stated that the ground work is being done for the housing. Caron asked if they would be requesting more funds, Johnson stated that they were not planning to request additional funding. Caron then asked how much the investors have put into the project. Johnson stated that they have put in over $3,000,000. McColley asked if once the buildings were sold if the new owners would be able to ask for funds. City Attorney Scott Riggs explained that they could not per the agreements, however, that would be an EDA and HRA decision to make. Wanberg stated that subordination agreements could be written, however, the EDA and HRA would not be obligated to give financial assistance. Johnson offered tours to the Council, HRA and EDA to see the buildings.

Motion by van Sluis, seconded by Thiele to close the public hearing and carried unanimously. The public hearing was closed at 6:28 pm.

Councilor Ross stated that this has been a painful process for all involved, he thanked the EDA, HRA and the investors for stepping up as this is a necessary project and will save the City money in the long run as some of these buildings may have had to be torn down due to their condition. Councilor Spooner agreed with Ross. Commissioner Rodney Gramse stated that he would be recusing himself from discussion due to a conflict. Mayor Voracek stated that this is a sizable investment, and that cities wished they had a downtown, he also stated that people comment on our downtown. Caron did not agree that money should have come from these entities. Commissioner Barnes stated that the downtown is the heart, and we need to preserve it, it is hard to say, take the money and run, but I see the need and fully support this.

Items for Discussion

Resolution 2024-052 Approve a Special Commercial Rehabilitation Loan Agreement between the Economic Development Authority of Faribault, on behalf of the City of Faribault, and Faribo Downtown Central [FOR CITY COUNCIL ACTION]

Motion by Ross, seconded by Voracek to approve Resolution 2024-052 Approve a Special Commercial Rehabilitation Loan Agreement between the Economic Development Authority of Faribault, on behalf of the City of Faribault, and Faribo Downtown Central and carried 6:1 with Caron voting Nay.

Resolution 2024-03 Approve (1) a Special Commercial Rehabilitation Loan Agreement between the Economic Development Authority of Faribault, on behalf of the City of Faribault, and Faribo Downtown Central LLC and (2) a Loan Agreement between the Economic Development Authority of Faribault - [FOR EDA ACTION]

Motion by Smith, seconded by Jeanes to approve Resolution 2024-03 Approve (1) a Special Commercial Rehabilitation Loan Agreement between the Economic Development Authority of Faribault, on behalf of the City of Faribault, and Faribo Downtown Central LLC and (2) a Loan Agreement between the Economic Development Authority of Faribault and carried unanimously, Commissioner Gramse recused himself from voting due to a conflict.

Resolution 2024-02 Approve a Loan Agreement between Housing and Redevelopment Authority of Faribault and Faribo Downtown Central and Approve Closeout of Phase 1 Funding Assistance [FOR HRA ACTION]

Motion by Barnes, seconded by McColley to approve Resolution 2024-02 Approve a Loan Agreement between Housing and Redevelopment Authority of Faribault and Faribo Downtown Central and Approve Closeout of Phase 1 Funding Assistance, motion failed with Barnes and McColley voting in favor and Caron and Kath voting Nay.

City Attorney Scott Riggs recommended that the HRA discuss this at their next regular meeting.

Adjournment

Housing and Redevelopment Authority

Motion by Caron, seconded by Kath to adjourn the Housing and Redevelopment Authority meeting and carried unanimously.

The meeting was adjourned at 6:38 pm.

Economic Development Authority

Motion by Gramse, seconded by Spooner to adjourn the Economic Development Authority meeting and carried unanimously.

The meeting was adjourned at 6:38 pm.

City Council

Motion by Ross, seconded by Thiele to adjourn the City Council meeting and carried unanimously. The meeting was adjourned at 6:38 pm.

Respectfully Submitted,

Heather Slechta
City Clerk

Request for Action

TO:	Faribault Economic Development Authority
FROM:	David Wanberg, Community and Economic Development Director
THROUGH:	
MEETING DATE:	April 18, 2024
SUBJECT:	Monthly Loan Status Report

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

The historical loan information is valuable in understanding how the EDA has assisted projects in the past, and what kinds of loans have been beneficial/impactful. This information can inform various EDA decisions as it relates to developing new loan programs and retooling existing loan programs. Cataloging 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

REQUESTED ACTION:
Receive and file as presented.

ATTACHMENTS:
1. 3A - Loan Status Reports

April 2024 Totals

Fund	Program Name	Available Balance	Notes
Fund 249	Minnesota Investment Fund (MIF)	$14,053.89	2018 MN Legislature authorized a 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	$358,302.33	
	- Commercial Development Loan Program (and Grant)		
	- Façade Improvement Micro Loan		
	- EDIF - Economic Development Incentive Program-		- A new program in 2021 – dedicated $200,000 of loan balance. -$100,000 Budgeted Amount - $50,000 for Vetrotech/Sage *(Forgivable)* - **$100,000 is requested by Forest to Fork. *(Forgivable)* - **$100,000 TruVue *(Forgivable)* - **$300,000 Faribault Mill Loan or $100,000 *(Forgivable)* - **Bowling Center ????
Fund 243	Industrial Development Loan	$297,418.66	- Last activity was a loan for Cry Baby Craig's. - 2024 Budgeted $100,000.
TOTAL EDA LOAN FUNDS AVAILABLE		***$669,774.88***	
Fund 290	EDA Operating Fund/Fund Balance	*$1,314,346.76	Includes a one-time transfer of $249,75 from the 2002 land sale
			12/20/2017 – Authorized $100,000 for the airport building demo/site prep (paid 12/2019) to support commercial development at the airport -2021 Microgrant Program of $25,000 FACC -2021 Upstairs Downtown $5,000 FACC -2021 SBDC Office Contribution $3,000 FACC -2022-12-28 FDC $250,000 -2022 Main Street Contribution $14,000 FACC -2022 SBDC Office Contribution $3,000 FACC -2022 Main Street Contribution, $14,000 FACC -2023 DCERIP Darrell Jensen $30,000 -2023 The Golf Box $2,300 2024 FDC $250,000 2024 $30,000 DCERIP – Drevlow $11,860 DCERIP - Hvistendahl, 405 Central
Fund 248	Federal MIF Loan	$626,620.25	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 funds be transferred into the Small Cities Development Program (same federal objectives). This requires a spending plan and DEED/HUD approval

*Does not include EDA Program Funds of $650,000.00

**Earmarked.

Request for Action

TO:	Faribault Economic Development Authority
FROM:	David Wanberg, Community and Economic Development Director
THROUGH:	
MEETING DATE:	April 18, 2024
SUBJECT:	Permit Activity Update Report

BACKGROUND:

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

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

Residential projects have slowed this month. There were three permits for new residential construction and commercial projects are strong.

REQUESTED ACTION:

Receive and file as presented.

ATTACHMENTS:

1. 2024-02 EDA - Permit Activity Report

Permit Activity Report 2024							Permit Activity Report 2023				
		Valuation	# of Permits		Permit Fees		Valuation	# of Permits		Permit Fees
January	$	1,028,550.52	81	$	21,977.30	$	38,646,615.29	84	$	326,594.52
February	$	4,245,529.34	111	$	59,132.10	$	2,241,426.00	50	$	29,846.75
March	$	3,652,527.64	120	$	64,002.34	$	3,194,961.39	105		$57,624.01
April						$	5,693,272.00	112	$	68,933.81
May						$	5,534,132.36	163	$	70,814.19
June						$	34,548,833.00	181	$	402,574.33
July						$	5,028,277.87	139	$	64,558.92
August						$	5,637,030.95	138	$	60,898.24
September						$	2,744,943.00	151	$	44,052.98
October						$	39,732.39	172	$	60,507.13
November						$	11,335,775.21	105	$	146,763.50
December						$	2,626,163.18	101	$	47,312.35
Total:	**$**	**8,926,607.50**		**$**	**145,111.74**	**$**	**117,271,162.64**		**$**	**1,380,480.73**
YTD Permits:			**312**					**1908**		

**All Permits includes Building Permits in total (plumbing, heating, signs and electrical).*

City Of Faribault

Request for Action

TO:	Faribault Economic Development Authority
FROM:	David Wanberg, Community and Economic Development Director
THROUGH:	
MEETING DATE:	April 18, 2024
SUBJECT:	Budget Status Report

BACKGROUND:
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. Payments were distributed to Faribault Downtown Central in the amount of $250,000 and a pass through for the City Council of $500,000. Also distributed this month from this fund was the awards to Mr. Hvistendahl and Mr. Drevlow for their Downtown Commercial Exterior Rehab Improvement Programs.

REQUESTED ACTION:
Receive and file as presented.

ATTACHMENTS:
1. Fund 290

General Ledger

Detailed Trial Balance

User: kcasper
Printed: 04/10/2024 - 10:51AM
Period: 04, 2024

Account Number				Description		Budget	Beginning Balance	Debit This Period	Credit This Period	Ending Balance
290				Economic Development Authority						
ASSETS										
290-00000-000-10100				Cash		0.00				
4/1/2024	CH	4	2	AR 00001.04.2024				134.50	0.00	
4/9/2024	AP	4	21	AP Computer Cks 180479-180558, 04/09/2024	Ck# 0			0.00	791,860.00	
4/9/2024	CH	4	56	Electronic AP Checks Batch: 00001.04.2024				0.00	3,663.03	
		290-00000-000-10100 Totals:				0.00	1,335,202.06	134.50	795,523.03	539,813.53
290-00000-000-10410				Investments - Fair Value Adj		0.00				
		290-00000-000-10410 Totals:				0.00	-54,150.73	0.00	0.00	-54,150.73
290-00000-000-10450				Interest Receivable		0.00				
		290-00000-000-10450 Totals:				0.00	5,945.98	0.00	0.00	5,945.98
290-00000-000-10500				Taxes Receivable - Current		0.00				
		290-00000-000-10500 Totals:				0.00	0.00	0.00	0.00	0.00
290-00000-000-10700				Taxes Receivable - Delinquent		0.00				
		290-00000-000-10700 Totals:				0.00	3,165.54	0.00	0.00	3,165.54
290-00000-000-11500				Accounts Receivable		0.00				
4/1/2024	AR	4	1	AR Invoices 00001.04.2024				134.50	0.00	
4/1/2024	CH	4	2	AR 00001.04.2024				0.00	134.50	
		290-00000-000-11500 Totals:				0.00	0.00	134.50	134.50	0.00
290-00000-000-13200				Due From Other Governments		0.00				
		290-00000-000-13200 Totals:				0.00	0.00	0.00	0.00	0.00
290-00000-000-13700				Loans Receivable		0.00				
4/1/2024	AR	4	1	AR Invoices 00001.04.2024				0.00	111.09	
		290-00000-000-13700 Totals:				0.00	9,189.27	0.00	111.09	9,078.18

Account Number				Description		Budget	Beginning Balance	Debit This Period	Credit This Period	Ending Balance
290-00000-000-13710				Loan Receivable-Deferred		0.00				
290-00000-000-13710 Totals:						0.00	989,348.48	0.00	0.00	989,348.48
290-00000-000-15500				Prepaid Items		0.00				
290-00000-000-15500 Totals:						0.00	0.00	0.00	0.00	0.00
290-00000 ASSETS Totals:						0.00	2,288,700.60	269.00	795,768.62	1,493,200.98
ASSETS Totals:						0.00	2,288,700.60	269.00	795,768.62	1,493,200.98
LIABILITIES										
290-00000-000-20200				Accounts Payable		0.00				
4/9/2024	AP	4	20	AP Invoice Batch 00001.04.2024				0.00	795,523.03	
4/9/2024	AP	4	21	AP Computer Cks 180479-180558, 04/09/2024	Ck# 0			791,860.00	0.00	
4/9/2024	CH	4	56	Electronic AP Checks Batch: 00001.04.2024				3,663.03	0.00	
4/1/2024	AP	4	69	AP Invoice Batch 00002.04.2024				0.00	320.00	
290-00000-000-20200 Totals:						0.00	0.00	795,523.03	795,843.03	-320.00
290-00000-000-20201				Accounts Payable Pass-Thru		0.00				
290-00000-000-20201 Totals:						0.00	0.00	0.00	0.00	0.00
290-00000-000-20800				Due To Other Governments		0.00				
290-00000-000-20800 Totals:						0.00	0.00	0.00	0.00	0.00
290-00000-000-22000				Deposits		0.00				
290-00000-000-22000 Totals:						0.00	0.00	0.00	0.00	0.00
290-00000-000-22200				Deferred Revenues		0.00				
290-00000-000-22200 Totals:						0.00	-3,165.54	0.00	0.00	-3,165.54
290-00000-000-22210				Loans Receivable - Deferred		0.00				
290-00000-000-22210 Totals:						0.00	-989,348.48	0.00	0.00	-989,348.48
290-00000 LIABILITIES Totals:						0.00	-992,514.02	795,523.03	795,843.03	-992,834.02
LIABILITIES Totals:						0.00	-992,514.02	795,523.03	795,843.03	-992,834.02
FUND BALANCE										
290-00000-000-25300				Unreserved Fund Balance		0.00				
290-00000-000-25300 Totals:						0.00	-1,314,346.76	0.00	0.00	-1,314,346.76

Account Number	Description		Budget	Beginning Balance	Debit This Period	Credit This Period	Ending Balance
	290-00000 FUND BALANCE Totals:		0.00	-1,314,346.76	0.00	0.00	-1,314,346.76
	FUND BALANCE Totals:		0.00	-1,314,346.76	0.00	0.00	-1,314,346.76
REVENUE							
290-00000-462-31010	Current Ad Valorem Taxes		372,648.00				
	290-00000-462-31010 Totals:	Var: 372,648.00	372,648.00	0.00	0.00	0.00	0.00
290-00000-462-31020	Delinquent Ad Valorem Taxes		0.00				
	290-00000-462-31020 Totals:		0.00	0.00	0.00	0.00	0.00
290-00000-462-31030	Mobile Home Taxes		0.00				
	290-00000-462-31030 Totals:		0.00	0.00	0.00	0.00	0.00
290-00000-462-31035	Delinquent Mobile Home Taxes		0.00				
	290-00000-462-31035 Totals:		0.00	0.00	0.00	0.00	0.00
290-00000-462-31040	Excess Tax Increment		0.00				
	290-00000-462-31040 Totals:		0.00	0.00	0.00	0.00	0.00
290-00000-462-31500	PILOT		0.00				
	290-00000-462-31500 Totals:		0.00	0.00	0.00	0.00	0.00
290-00000-462-31550	Green Acres		0.00				
	290-00000-462-31550 Totals:		0.00	0.00	0.00	0.00	0.00
290-00000-462-33402	Market Value Homestead Credit		0.00				
	290-00000-462-33402 Totals:		0.00	0.00	0.00	0.00	0.00
290-00000-462-33422	Other State Grants & Aids		0.00				
	290-00000-462-33422 Totals:		0.00	0.00	0.00	0.00	0.00
290-00000-462-34108	Administrative Fees		0.00				
	290-00000-462-34108 Totals:		0.00	0.00	0.00	0.00	0.00
290-00000-462-34700	Application Fees		2,500.00				
	290-00000-462-34700 Totals:	Var: 1,650.00	2,500.00	-850.00	0.00	0.00	-850.00
290-00000-462-36200	Other Miscellaneous Revenue		500.00				
	290-00000-462-36200 Totals:	Var: 500.00	500.00	0.00	0.00	0.00	0.00

Account Number	Description		Budget	Beginning Balance	Debit This Period	Credit This Period	Ending Balance
290-00000-462-36210	Interest on Investments		20,580.00				
290-00000-462-36210 Totals:		Var: 13,800.91	20,580.00	-6,779.09	0.00	0.00	-6,779.09
290-00000-462-36211	Interest Market Value		0.00				
290-00000-462-36211 Totals:		Var: 744.98	0.00	744.98	0.00	0.00	744.98
290-00000-462-36215	Loan Interest		383.00				
4/1/2024 AR 4 1	AR Invoices 00001.04.2024				0.00	23.41	
290-00000-462-36215 Totals:		Var: 289.18	383.00	-70.41	0.00	23.41	-93.82
290-00000-462-36240	Refunds & Reimbursements		0.00				
290-00000-462-36240 Totals:			0.00	0.00	0.00	0.00	0.00
290-00000-462-36400	Loan Principal		0.00				
290-00000-462-36400 Totals:			0.00	0.00	0.00	0.00	0.00
290-00000-462-39100	Sale of Land		0.00				
290-00000-462-39100 Totals:			0.00	0.00	0.00	0.00	0.00
290-00000-462-39200	Transfer In		0.00				
290-00000-462-39200 Totals:			0.00	0.00	0.00	0.00	0.00
290-00000 REVENUE Totals:			396,611.00	-6,954.52	0.00	23.41	-6,977.93
REVENUE Totals:			396,611.00	-6,954.52	0.00	23.41	-6,977.93
EXPENSE							
290-46500	Economic Development						
290-46500-462-42110	General Supplies		0.00				
290-46500-462-42110 Totals:			0.00	0.00	0.00	0.00	0.00
290-46500-462-42115	Meeting		250.00				
290-46500-462-42115 Totals:		Var: 250.00	250.00	0.00	0.00	0.00	0.00
290-46500-462-42420	Minor Computer Equipment		0.00				
290-46500-462-42420 Totals:			0.00	0.00	0.00	0.00	0.00
290-46500-462-43030	Engineering Fees		0.00				
290-46500-462-43030 Totals:			0.00	0.00	0.00	0.00	0.00
290-46500-462-43040	Legal Fees - Civil Process		20,000.00				

Account Number				Description			Budget	Beginning Balance	Debit This Period	Credit This Period	Ending Balance
4/9/2024	AP	4	20	K0006 - Kennedy & Graven, Chartered		Ck# 0			27.30	0.00	
4/9/2024	AP	4	20	K0006 - Kennedy & Graven, Chartered		Ck# 0			3,553.83	0.00	
4/9/2024	AP	4	20	K0006 - Kennedy & Graven, Chartered		Ck# 0			81.90	0.00	
	290-46500-462-43040 Totals:				Var: 12,157.27		20,000.00	4,179.70	3,663.03	0.00	7,842.73
290-46500-462-43080				Indirect Cost Allocation			0.00				
	290-46500-462-43080 Totals:						0.00	0.00	0.00	0.00	0.00
290-46500-462-43090				Expert & Professional Services			75,000.00				
	290-46500-462-43090 Totals:				Var: 66,370.00		75,000.00	8,630.00	0.00	0.00	8,630.00
290-46500-462-43095				Software Maintenance & Support			0.00				
	290-46500-462-43095 Totals:						0.00	0.00	0.00	0.00	0.00
290-46500-462-43130				EDA Program Budget			650,000.00				
4/9/2024	AP	4	20	1456 - DIC Holdings LLC		Ck# 180497			30,000.00	0.00	
4/9/2024	AP	4	20	2395 - Hvisten Corporation		Ck# 180513			11,860.00	0.00	
4/9/2024	AP	4	20	2596 - Faribo Downtown Central LLC		Ck# 180506			500,000.00	0.00	
4/9/2024	AP	4	20	2596 - Faribo Downtown Central LLC		Ck# 180506			250,000.00	0.00	
	290-46500-462-43130 Totals:				Var: -141,860.00		650,000.00	0.00	791,860.00	0.00	791,860.00
290-46500-462-43140				Training & Education			3,500.00				
	290-46500-462-43140 Totals:				Var: 3,500.00		3,500.00	0.00	0.00	0.00	0.00
290-46500-462-43220				Postage			0.00				
	290-46500-462-43220 Totals:						0.00	0.00	0.00	0.00	0.00
290-46500-462-43250				Other Communications			0.00				
	290-46500-462-43250 Totals:						0.00	0.00	0.00	0.00	0.00
290-46500-462-43310				Travel Expense			4,500.00				
	290-46500-462-43310 Totals:				Var: 4,500.00		4,500.00	0.00	0.00	0.00	0.00
290-46500-462-43430				Advertising - Other			45,000.00				
	290-46500-462-43430 Totals:				Var: 44,670.00		45,000.00	330.00	0.00	0.00	330.00
290-46500-462-43510				Legal Notices Publishing			500.00				
	290-46500-462-43510 Totals:				Var: 500.00		500.00	0.00	0.00	0.00	0.00
290-46500-462-43520				Recording Fees			1,000.00				

Account Number	Description			Budget	Beginning Balance	Debit This Period	Credit This Period	Ending Balance
	290-46500-462-43520 Totals:	Var: 1,000.00		1,000.00	0.00	0.00	0.00	0.00
290-46500-462-43610	Insurance & Bonds			1,771.00				
	290-46500-462-43610 Totals:	Var: -204.00		1,771.00	1,975.00	0.00	0.00	1,975.00
290-46500-462-43810	Electric Utilities			0.00				
	290-46500-462-43810 Totals:			0.00	0.00	0.00	0.00	0.00
290-46500-462-43860	Storm Water Utilities			40.00				
	290-46500-462-43860 Totals:	Var: 40.00		40.00	0.00	0.00	0.00	0.00
290-46500-462-44160	Rents & Leases			0.00				
	290-46500-462-44160 Totals:			0.00	0.00	0.00	0.00	0.00
290-46500-462-44330	Dues & Subscriptions			24,000.00				
4/1/2024 AP 4 69	2035 - Cardmember Service		Ck# 0			320.00	0.00	
	290-46500-462-44330 Totals:	Var: 13,680.00		24,000.00	10,000.00	320.00	0.00	10,320.00
290-46500-462-44370	Miscellaneous Charges			0.00				
	290-46500-462-44370 Totals:			0.00	0.00	0.00	0.00	0.00
290-46500-462-44390	Taxes & Licenses			50.00				
	290-46500-462-44390 Totals:	Var: 50.00		50.00	0.00	0.00	0.00	0.00
290-46500-462-44600	Loans & Grants			345,000.00				
	290-46500-462-44600 Totals:	Var: 345,000.00		345,000.00	0.00	0.00	0.00	0.00
290-46500-462-45100	Land			0.00				
	290-46500-462-45100 Totals:			0.00	0.00	0.00	0.00	0.00
290-46500-462-47200	Transfer Out			0.00				
	290-46500-462-47200 Totals:			0.00	0.00	0.00	0.00	0.00
	290-46500 EXPENSE Totals:			1,170,611.00	25,114.70	795,843.03	0.00	820,957.73
	EXPENSE Totals:			1,170,611.00	25,114.70	795,843.03	0.00	820,957.73
	290 Totals:			1,567,222.00	0.00	1,591,635.06	1,591,635.06	0.00

Account Number	Description	Budget	Beginning Balance	Debit This Period	Credit This Period	Ending Balance
	Report Totals:	1,567,222.00	0.00	1,591,635.06	1,591,635.06	0.00

Request for Action

TO:	Faribault Economic Development Authority
FROM:	David Wanberg, Community and Economic Development Director
THROUGH:	
MEETING DATE:	April 18, 2024
SUBJECT:	Approve an EDIF Forgivable Loan for Forest to Fork

BACKGROUND:

In 2023, the EDA budgeted $200,000 for its Economic Development Investment Fund (EDIF). In late 2023, the EDA awarded $50,000 from the fund to assist Sage/Vetrotech with their recent expansion work. In March of this year, F2F, Inc. (DBA Forest to Fork) submitted an application to the EDA for a $100,000 Economic Development Investment Fund (EDIF) forgivable loan, and Faribault Mill requested $300,000 in EDA funds (including a $100,000 EDIF forgivable loan) to cover the cost of needed equipment upgrades.

At its March meeting, the EDA noted that it would support providing a $50,000 forgivable EDIF grant to F2F, Inc. to help cover the cost of equipment and required building improvements. The City Attorney has prepared a draft loan agreement for the EDA's approval. The EDA should discuss any unique terms and conditions related to the agreement.

REQUESTED ACTION:

Approve Resolution 2024-04, which approves a $50,000 EDIF forgivable loan to F2F, Inc.

ATTACHMENTS:

1. DOCSOPEN-#947195-v2-EDA_Resolution_2024-04_Approving_EDIF_Forgivable_Loan_-_F2F
2. DOCSOPEN-#947185-v1-Loan_Agreement_for_Forest_to_Fork

ECONOMIC DEVELOPMENT AUTHORITY OF FARIBAULT, MINNESOTA

RESOLUTION #2024-04

APPROVE AN ECONOMIC DEVELOPMENT INCENTIVE FUND LOAN BETWEEN ECONOMIC DEVELOPMENT AUTHORITY OF FARIBAULT, MINNESOTA AND F2F, INC

WHEREAS, business retention and expansion are core functions of the Economic Development Authority of Faribault, Minnesota (the "EDA"); and

WHEREAS, F2F, Inc., an existing company, is creating an indoor mushroom farm in the old Faribault Foods building at 128 15th Street NW; and

WHEREAS, F2F, Inc. anticipates creating roughly 40 new jobs within two to three years; and

WHEREAS, F2F, Inc., on March 11, 2024, applied for $100,000.00 in EDA funding to support the acquisition of equipment and renovation of the existing building at 128 15th Street NW; and

WHEREAS, the EDA reviewed the said request and found it complies with the goals and mission of the EDA to retain and expand businesses; and

WHEREAS, the said request is not subject to the business subsidy requirements outlined in state law; and

WHEREAS, due to the limited amount of EDA funds available, the EDA, at its March 21, 2024, meeting, indicated that it would be willing to consider providing F2F, Inc. a $50,000.00 forgivable loan rather than the requested $100,000 in funding from the EDA.

NOW, THEREFORE, BE IT RESOLVED that the EDA approves a $50,000.00 Economic Development Investment Fund forgivable loan to F2F, Inc. as outlined in the Loan Agreement included in Exhibit A of this resolution.

NOW, THEREFORE, BE IT FURTHER RESOLVED that the EDA authorizes City Staff to make minor revisions, as necessary, to the Loan Agreement included in Exhibit A of this resolution, and authorizes the EDA's President and Secretary/Treasurer to sign the final Agreement.

DOCSOPEN\FA105\476\947195.v2-4/17/24

ADOPTED: April 18, 2024.

____

Rodney Gramse, President

ATTEST:

____

AJ Smith, Secretary

EXHIBIT A

LOAN AGREEMENT

LOAN AGREEMENT

THIS AGREEMENT (the "Agreement") is made and entered into this ______ day of April, 2024, between the Economic Development Authority of Faribault, a public body corporate and politic under the laws of Minnesota (the "City"), and F2F Inc., a Minnesota corporation (the "Borrower"):

RECITALS

1. The purpose of the City is as follows:

   A. Provide a sufficient supply of adequate, safe and sanitary dwellings in order to protect the health, safety, morals and welfare of the city;
   B. Clear and redevelop blighted areas;
   C. Provide commercial development opportunities; and
   D. Redevelop blighted areas in situations in which private enterprise would not act without governmental participation or subsidies.

2. The Borrower has acquired certain real property legally described on Exhibit A attached hereto (the "Property"), which is located in Rice County, Minnesota.

3. The Borrower has submitted or is in the process of submitting an updated proposal for development of the Property (the "Development" or the "Project").

4. Business assistance is proposed to be granted by the City to Borrower under Minnesota Statutes, Sections 116J.993 through 116J.995 (the "Business Subsidy Act"), and Minnesota Statutes, Chapter 469 for the Property pursuant to the requirements of the City Downtown Revitalization Program (the "Policy").

5. This Agreement between the Borrower and the City, provides for certain benefits and business assistance to the Borrower in connection with development of the Property, including the following assistance: a one-time forgivable loan in the maximum principal amount of $50,000.00.

   (a) During the term of this Agreement, Borrower shall:

      (i) Submit to the City a design proposal to be reviewed by the City showing the location, size, and nature of the proposed Development, including layouts, renderings, elevations, and other graphic or written explanations of the Development. The design proposal shall be accompanied by a proposed schedule for the starting and completion of the Development;

(ii) Submit an over-all cost estimate for the design and construction of the Development;

(iii) Submit a time schedule for the Development;

(iv) Undertake and obtain such other preliminary economic feasibility studies, income and expense projections, and such other economic information as Borrower may desire to further confirm the economic feasibility and soundness of the Development;

(v) Submit to the City the Borrower's financing plan showing that the proposed Development is financially feasible;

(vi) Furnish satisfactory financial data to the City evidencing Borrower's ability to undertake the Development.

(b) Borrower understands that any business assistance sought for the proposed Development must be obtained as outlined by law.

6. The Borrower has requested financial assistance from the City in the amount of $50,000 to assist with the Development at the Property.

7. The City has agreed to lend to the Borrower, upon execution of this Agreement, project financing for the Development in the maximum principal amount of $50,000 (the "Funds"), to be repaid as follows: The entire unpaid balance of principal shall be due and payable upon the earlier of the following: (i) thirty (30) days after written notification by City to Borrower of the occurrence of any default or non-compliance with any provision or requirement of the Agreement (following notice and passing of all applicable notice and cure provisions); or (ii) ten (10) days after the Borrower makes or allows to be made any total or partial transfer, sale, assignment, conveyance or transfer in any other mode, of the Property (as such term is defined in the Agreement), if such transfer occurs before the issuance of a Certificate of Occupancy for the Development; unless, such transfer, sale, assignment, conveyance or transfer in any other mode is expressly allowed under the Agreement. Payments made under this Note shall be governed by the terms of the Agreement, particularly the loan requirements set forth in Paragraph No. 2 below of the Agreement, (the "Repayment").

8. The City has reviewed this Agreement and finds that execution of this Agreement by the City and performance of the City's obligations hereunder are in the best interests of the City, and its residents.

9. The parties are authorized and empowered to enter into this Agreement under the laws of the State of Minnesota.

10. By providing the Funds, the City will not provide additional funding, from any/all other City programs, for the Property included as part of the Development for five (5) years.

NOW, THEREFORE, in consideration of the mutual covenants and promises hereinafter set forth, the City and the Borrower agree as follows:

1. 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.

2. The Borrower intends to conduct activity and to make the contemplated improvements to the Property in accordance with the Development. Upon submission of the materials to the reasonable satisfaction of the City required for the Development as set forth particularly in Recital No. 5 above, and as required by the Policy and the fulfillment of all terms and conditions of this Agreement, the Funds shall be provided as a $50,000 forgivable loan pursuant to the Promissory Note (the "Note"), the form of which is attached hereto as Exhibit B, a separate mortgage (the "Mortgage"), the form of which is attached as Exhibit C, and a separate Guaranty Agreement, the form of which is attached hereto as Exhibit D. The Borrower agrees to execute all such documents at closing.

3. Upon closing, the City agrees to provide the Funds.

4. The business assistance in the form of a forgivable loan are proposed to be granted by the City to Borrower under Minnesota Statutes, Sections 116J.993 through 116J.995 (the "Business Subsidy Act"), and Minnesota Statutes, Chapter 469 and pursuant to the requirements of the Policy, with such business assistance not constituting a Business Subsidy under the Business Subsidy Act.

5. The Borrower agrees to fully comply with all stated requirements, and acknowledges that all terms, conditions, and requirements are made part of this Agreement.

6. All documents executed shall, as deemed reasonably necessary by the City, be filed with the County Recorder and/or Registrar of Titles. The City shall maintain a lien on the Property pursuant to the security instruments required herein.

7. Failure to comply with any term, covenant, condition, or requirement contained in this Agreement, or a default under any note, mortgage, or other instrument executed in connection with this Agreement (following the passing of any applicable notice and cure periods), following thirty (30) days after the City gives written notice specifying the form of said non-compliance, shall constitute a breach of this Agreement and a default by the Borrower. The foregoing notwithstanding, if a default requires more than thirty (30) days to cure, such default shall not constitute an uncured default, provided that the curing of the default is promptly commenced upon receipt of written notice from the City, and with due diligence is thereafter continuously prosecuted to completion and is completed in a reasonable period of time, not to exceed ninety (90) days.

   If any default shall occur, following the passing of applicable cure periods, the City may declare the Funds provided to Borrower to be due and payable in accordance with the terms of the Note. The City may also pursue remedies available under the terms of any mortgage or other instrument executed to secure its interests in the Funds or the Property, and other such remedies as may be available under local, state, or federal laws.

8. The Borrower, for itself and for its successors and/or its assigns, further agrees and consents to the filing of such security instruments and this Agreement with the government officials or entities appropriate to protect the interest of the City in the Property.

9. Without limitation of any provision set forth herein, the Borrower agrees to pay to the City any costs or expenses, including without limitation attorney fees, incurred by the City in enforcing any provision of this Agreement.

10. Except as expressly set forth herein, nothing in this Agreement shall constitute a limitation or waiver of the City's right to enforce any ordinance, law, rule, or regulation.

11. The Borrower shall and does hereby agree to protect, defend, indemnify and hold the City, including its officers, agents, and employees, harmless of and from any and all liability, loss, or damage that it may incur under or by reason of this Agreement, and of and from any and all claims and demands whatsoever that may be asserted against the City by reason of any alleged obligations or undertakings on the part of the City to perform or discharge any of the terms, covenants, or agreements contained in this Agreement. This indemnification and hold harmless provision shall survive the execution, delivery, and performance of this Agreement and the payment or repayment of any Funds. The Borrower waives notice of the acceptance of this Agreement by the City. Nothing in this Agreement shall constitute a waiver or limitation of the City's immunities or limitations on liability as set forth in Minnesota Statutes, Chapter 466 or otherwise.

12. A notice, demand, or other communication under this Agreement by either party to the other shall be sufficiently given or delivered if it is dispatched by registered or certified mail, postage prepaid, return receipt requested, or delivered personally; and

(A) as to the Borrower:
F2F Inc.
128 15th Street NW
Faribault, MN 55021
ATTN: Dana Anderson

(B) as to the City:
Economic Development Authority of Faribault
208 1st Avenue NW
Faribault, MN 55021
ATTN: David Wanberg

with a copy to:
Scott J. Riggs, City Attorney
Kennedy & Graven, Chartered
150 South 5th Street, Suite 700
Minneapolis, MN 55402

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 12.

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

14. The City and the Borrower acknowledge that nothing contained in this Agreement nor any act by the City and the Borrower shall be deemed or construed by the parties or by any third person to create any relationship of third-party beneficiary, principal and agent, limited or general partner, or joint venture between the City and the Borrower.

15. This Agreement shall be governed by and construed in accordance with the laws of the state of Minnesota. Any disputes, controversies, or claims arising out of this Agreement shall be heard in the state or federal courts of Minnesota, and all parties to this Agreement waive any objection to the jurisdiction of these courts, whether based on convenience or otherwise.

16. The performance or observance of any promise or condition set forth in this Agreement may be waived, amended, or modified only by a writing signed by both parties. No delay in the exercise of any power, right, or remedy operates as a waiver thereof, nor shall any single or partial exercise of any other power, right, or remedy.

17. This Agreement may be modified solely through written amendments hereto executed by both the Borrower and the City.

18. The Borrower shall not assign, subcontract, transfer, or pledge this Agreement whether in whole or in part, without the prior written consent of the City. The Borrower may sell, assign or transfer interest in the Property to a third party with notice to, and with the City's consent, which consent shall not be unreasonably withheld or conditioned.

19. Wherever possible, each provision of this Agreement and each related document shall be interpreted so that it is valid under applicable law. If any provision of this Agreement or any related document is to any extent found invalid by a court or other governmental entity of competent jurisdiction, that provision shall be ineffective only to the extent of such invalidity, without invalidating the remainder of such provision or the remaining provisions of this Agreement or any other related document.

20. This Agreement, together with the Exhibits hereto, which are expressly incorporated by reference, constitutes the complete and exclusive statement of all mutual understandings between the parties with respect to this Agreement, superseding all prior or contemporaneous proposals, communications, and understandings, whether oral or written, pertaining to the subject matter of this Agreement or concerning the Funds.

21. This Agreement shall be recorded among the land records of Rice County, Minnesota. The provisions of this Agreement shall run with the Property and be binding upon the Borrower and its assigns or successors in interest.

22. The Borrower warrants that all work performed pursuant to this Agreement shall be in compliance with existing laws, codes, ordinances, pertinent regulations, standards, and

specifications. This Agreement does not act as a substitute for any permits or approvals that are otherwise required by the Borrower in order to complete any of the Improvements.

23. Each of the undersigned parties warrants it has the full authority to execute this Agreement.

24. Borrower represents and warrants that no person or business will be displaced or otherwise entitled to relocation benefits as a result of the acquisition, sale, rehabilitation or redevelopment of the Property, and that there are no tenants or other persons or businesses in possession of the Property other than Borrower, or that have been disclosed by Borrower. The Borrower represents and warrants that no relocation benefits are applicable to the Property. Borrower acknowledges that, absent these representations and warranties being made by Borrower to the City in this Agreement, the City would not provide funds pursuant to the Policy and this Agreement to the Borrower to rehabilitate or redevelop the Property. Borrower agrees to defend and indemnify the City against any claims made by any third parties for relocation benefits or services.

25. Additional Loan Requirements.

(a) Five Year Requirement. The Borrower covenants and agrees with the City that if the Property is sold, transferred or otherwise conveyed, voluntarily or involuntarily, either while the Borrower is living or by reason of the death of the Borrower, within a period of five (5) years after the date of this Agreement, the Borrower or its heirs, executors, or representatives, as the case may be, shall repay to the City a sum equal to the full amount of the Loan.

Any such repayment shall be made to the City no later than the 30th day following such sale, transfer or other conveyance, or on such later date or dates as the City, in its sole discretion, may designate.

(b) One Year Requirement. The Borrower further covenants and agrees with the City that if the improvements described in the application for this Agreement are not completed within one year of the date of this Agreement, the Borrower shall immediately repay to the City a sum equal to the full amount of the Loan. This one-year deadline may be extended, if in writing and agreed-upon by the City, for unforeseeable weather-related delays, changes in contractors for non-performance, or other natural disasters.

(c) Forgivable Loan. The Loan provided herein is forgivable upon satisfaction by the Borrower of the conditions specified herein and completion of the Minimum Improvements. Specifically, Borrower shall provide the City with evidence that the Loan proceeds were used in the redevelopment of the Property. The City, in its sole judgment, shall determine whether the expenditure of funds qualify for such forgiveness. Borrower shall provide City with such evidence on the disbursement date provided herein.

(d) Job Creation. Borrower shall create at least ten new full-time jobs within five (5) years after the date of this Agreement.

(e) Investment. Borrower shall invest at least $500,000 in building renovation or equipment within five (5) years after the date of this Agreement.

[Signature pages to follow]

IN WITNESS WHEREOF, the Borrower, having signed this Agreement, and the City having duly approved this Agreement on the day and year first written above and pursuant to such approval and the proper City officials having signed this Agreement, the parties hereto agree to be bound by the provisions herein set forth.

THE BORROWER:

Dated: April ____, 2024.

F2F INC.

By: ______________________________
Dana Anderson
Its: Chief Executive Officer

STATE OF MINNESOTA)
) ss.
COUNTY OF RICE)

The foregoing instrument was acknowledged before me this ____ day of April, 2024, by Dana Anderson, the Chief Executive Officer of F2F Inc., a Minnesota corporation, by and on behalf of said corporation.

____
Notary Public

CITY:

ECONOMIC DEVELOPMENT AUTHORITY OF FARIBAULT

Dated: April ____, 2024.

By: ________________________________
Rodney Gramse
Its: Chair

By: ________________________________
A.J. Smith
Its: Vice Chair/Secretary Treasurer

STATE OF MINNESOTA)
) ss.
COUNTY OF RICE)

On this ___ day of April, 2024, before me personally appeared Rodney Gramse and A.J. Smith, the Chair and Vice Chair/Secretary Treasurer, respectively, of the Economic Development Authority of Faribault, a public body corporate and politic under the laws of Minnesota, on behalf of said authority.

____
Notary Public

This document drafted by:
Kennedy & Graven, Chartered (SJR)
700 Fifth Street Towers
150 South Fifth Street
Minneapolis, MN 55402

EXHIBIT A TO LOAN AGEEMENT

LEGAL DESCRIPTION OF THE PROPERTY

The land to which this Agreement applies is legally described as follows:

[Insert Legal Description]

EXHIBIT B TO LOAN AGREEMENT

PROMISSORY NOTE

$50,000.00 Date: April ______, 2024

F2F, a Minnesota corporation ("Maker"), for value received, hereby promises to pay to the Economic Development Authority of Faribault, a public body corporate and politic under the laws of Minnesota (the "EDA"), a public body corporate and politic under the laws of Minnesota, or its assigns (referred to herein as "Holder"), at its designated principal office or such other place as the Holder may designate in writing, the principal sum of Fifty Thousand and No/100 Dollars ($50,000.00) or so much thereof as may be advanced under this Note, without interest thereon, in any coin or currency that at the time or times of payment is legal tender for the payment of private debts in the United States of America. The principal of and interest on this Note is payable in installments due as follows:

1. The entire unpaid balance of principal shall be due and payable upon the earlier of the following: (i) thirty (30) days after written notification by Holder to Maker of the occurrence of any default or non-compliance with any provision or requirement of the Loan Agreement (following notice and passing of all applicable notice and cure provisions), dated __________, 2024, between the Maker and Holder (the "Agreement"); or (ii) ten (10) days after the Maker makes or allows to be made any total or partial transfer, sale, assignment, conveyance or transfer in any other mode, of the Property (as such term is defined in the Agreement), if such transfer occurs before the issuance of a Certificate of Occupancy for the Development (as defined in the Agreement); unless, such transfer, sale, assignment, conveyance or transfer in any other mode is expressly allowed under the Agreement. Payments made under this Note shall be governed by the terms of the Agreement entered into between the Maker and Holder, particularly the loan requirements set forth in Paragraph No. 2 of the Agreement.

2. This Note is given pursuant to the Agreement between the Maker and Holder. If any information in the Agreement is found to be invalid for whatever reason, such invalidity shall constitute an Event of Default hereunder.

3. All of the agreements, conditions, covenants, provisions, and stipulations contained in the Agreement are hereby made a part of this Note to the same extent and with the same force and effect as if they were fully set forth herein. It is agreed that time is of the essence of this Note. If an Event of Default occurs under the Agreement, or any other instrument securing this Note, then the Holder of this Note may at its right and option, without notice, declare immediately due and payable the principal balance of this Note, together with reasonable attorneys' fees and expenses incurred by the Holder of this Note in collecting or enforcing payment hereof, whether by lawsuit or otherwise, and all other sums due hereunder or any instrument securing this Note. The Maker of this Note agrees that the Holder of this Note may, without notice to and without affecting the liability of the Maker, accept additional or substitute security for this Note, or release any security or any party liable for this Note or extend or renew this Note.

4. The remedies of the Holder of this Note as provided herein, and in the Agreement,

or any other instrument securing this Note shall be cumulative and concurrent and may be pursued singly, successively, or together, and, at the sole discretion of the Holder of this Note, may be exercised as often as occasion therefor shall occur; and the failure to exercise any such right or remedy shall in no event be construed as a waiver or release thereof.

The Holder of this Note shall not be deemed, by any act of omission or commission, to have waived any of its rights or remedies hereunder unless such waiver is in writing and signed by the Holder and then only to the extent specifically set forth in the writing. A waiver with reference to one event shall not be construed as continuing or as a bar to or waiver of any right or remedy as to a subsequent event. This Note may not be amended, modified, or changed except only by an instrument in writing signed by the party against whom enforcement of any such amendment, modifications, or change is sought.

5. If any term of this Note, or the application thereof to any person or circumstances shall, to any extent, be invalid or unenforceable, the remainder of this Note, or the application of such term to persons or circumstances other than those to which it is invalid or unenforceable shall not be affected thereby, and each term of this Note shall be valid and enforceable to the fullest extent permitted by law.

6. If any Event of Default occurs, and if Holder engages legal counsel or others in connection with advice to Holder or Holder's rights and remedies under the Agreement or this Note, Maker shall pay all reasonable expenses incurred by Holder for such persons, irrespective of whether any suit or other proceeding has been or is filed or commenced. Any such expenses, costs and charges shall constitute additional principal, payable upon demand, and subject to this Note.

7. It is intended that this Note is made with reference to and shall be construed as a Minnesota contract and is governed by the laws thereof. Any disputes, controversies, or claims arising out of this Note shall be heard in the state or federal courts of Minnesota, and all parties to this Note waive any objection to the jurisdiction of these courts, whether based on convenience or otherwise.

8. The performance or observance of any promise or condition set forth in this Note may be waived, amended, or modified only by a writing signed by the Maker and the Holder. No delay in the exercise of any power, right, or remedy operates as a waiver thereof, nor shall any single or partial exercise of any other power, right, or remedy.

IT IS HEREBY CERTIFIED AND RECITED that all conditions, acts, and things required to exist, happen, and be performed precedent to or in the issuance of this Note do exist, have happened, and have been performed in regular and due form as required by law.

IN WITNESS WHEREOF, the Maker has caused this Note to be duly executed as of the ______ day of April, 2024.

F2F Inc., a Minnesota corporation

By: ___________________________________
Dana Anderson
Its: Chief Executive Officer

EXHIBIT C TO LOAN AGREEMENT

MORTGAGE

THIS MORTGAGE, made this ______ day of April, 2024, by F2F Inc., a Minnesota corporation, with its principal place of business located at 128 15th Street NW, Faribault, MN 55021 ("Mortgagor"), to the Economic Development Authority of Faribault, a public body corporate and politic under the laws of Minnesota, located at 208 1st Avenue NW, Faribault, MN 55021 ("Mortgagee").

WITNESSETH: That said Mortgagor hereby mortgages and conveys to said Mortgagee the following described premises located at:

[Insert legal description]

Faribault, Minnesota, Rice County Minnesota (the "Property"), and legally described in Exhibit A attached hereto and made a part hereof.

This Mortgage is given in consideration of and as security for the payment of Fifty Thousand and No/100 Dollars ($50,000.00) (the "Loan"), receipt of which is hereby acknowledged and which is made to enable the Mortgagor to make improvements to the Property. The Loan is evidenced by a Promissory Note (the "Note"), attached hereto as Exhibit B, and repayment of the Loan shall be in accordance with the terms of the Note.

Mortgagor makes and includes in this Mortgage the statutory covenants and other provisions set forth in Minnesota Statutes Section 507.15, including the following:

a. To warrant title to the Property;

b. To pay all other mortgages, liens, charges or encumbrances against the Property as and when they become due;

c. To pay the indebtedness of the Note as herein provided;

d. To pay all real estate taxes on the Property;

e. To keep the Property in repair and not commit waste; and

f. To keep the Property insured against loss by fire and other hazards for at least the sum of the full insurable value of the Property for the protection for the Mortgagee.

If the Mortgagor herein shall pay the Mortgagee herein, its successors or assigns, the sum of Fifty Thousand and No/100 Dollars ($50,000.00) when it becomes due according to the terms of the above-mentioned Note, then this Mortgage shall be null and void, otherwise to remain in full force and effect. But if default shall be made in payment of said sum when due or in any of the covenants or agreements contained herein, then the Mortgagee may declare immediately due and payable the entire unpaid principal balance, and the Mortgagee, its successors or assigns, are hereby authorized and empowered to foreclose this Mortgage by action or advertisement, pursuant to the statutes of the State of Minnesota in such case made and provided, power being expressly granted to sell the Property at public auction and convey the same to the purchaser in fee simple and, out of the proceeds arising from such sale, to pay the principal of the Note with interest, if any, together with all legal costs and charges of such foreclosure and the maximum attorneys' fees permitted by law.

Mortgagee prior to acceleration shall mail notice to Mortgagor specifying: (1) the event of default; (2) the action required to cure such event; (3) the date, not less than 30 days from the date the notice is mailed to Mortgagor, by which date such default must be cured; and (4) that failure to cure such default on or before the date specified in the notice may result in acceleration of the sums secured by this Mortgage and sale of the Property. The notice shall further inform Mortgagor of the right to reinstate after acceleration and the right to bring a court action to assert the nonexistence of a default or any other defense of Mortgagor to acceleration and sale. If the default is not cured on or before the date specified in the notice (subject to the cure rights set forth below), Mortgagee at Mortgagee's option, may declare all of the sums secured by this Mortgage to be immediately due and payable without further demand and may invoke the power of sale hereby granted and any other remedy permitted by applicable law. Any one of the following events shall constitute an Event of Default:

i. Mortgagor fails to pay any amounts due under the Note when said payment is due, and such default shall continue for ten (10) days after notice from the City; and

ii. Mortgagor violates or fails to perform any of the other terms, covenants or conditions of this Mortgage and such default shall continue for thirty (30) days after notice from the Mortgagee, unless such default cannot be cured in the exercise of reasonable diligence within said thirty (30) day period, in which event Mortgagor shall be allowed such additional time as is needed to cure such default with all due diligence.

Notwithstanding Mortgagee's acceleration of the sums secured by this Mortgage, Mortgagor shall have the right to have any proceedings begun by Mortgagee to enforce this Mortgage discontinued at any time prior to the earlier of (i) sale of the Property pursuant to the power of sale contained in this Mortgage or (ii) a judgment enforcing this Mortgage, if: (a) Mortgagor pays Mortgagee all sums constituting the default actually existing under this Mortgage and the Note at the commencement of foreclosure proceedings under this Mortgage; (b) Mortgagor cures all breaches of any other covenants or agreements of Mortgagor contained in this Mortgage; (c) Mortgagor pays all reasonable expenses incurred by Mortgagee in enforcing the covenants and agreements of Mortgagor contained in this Mortgage and in enforcing Mortgagee's remedies as provided herein, including, but not limited to, reasonable attorneys' fees, and (d) Mortgagor takes such action as Mortgagee may reasonably require to assure that the lien of this Mortgage, Mortgagee's interest in the Property and Mortgagor's obligation to pay the sums secured by this Mortgage shall continue unimpaired. Upon such payment and cure by Mortgagor, this Mortgage and the obligations secured hereby shall remain in full force and effect as if no acceleration had occurred.

MORTGAGOR HEREBY: EXPRESSLY CONSENTS TO THE FORECLOSURE AND SALE OF THE MORTGAGED PROPERTY BY ACTION PURSUANT TO MINNESOTA STATUTES CHAPTER 581 OR, AT OPTION OF MORTGAGEE, BY ADVERTISEMENT PURSUANT TO MINNESOTA STATUTES CHAPTER 580, WHICH PROVIDES FOR SALE AFTER SERVICE OF NOTICE THEREOF UPON THE OCCUPANT OF THE MORTGAGED PROPERTY AND PUBLICATION OF SAID NOTICE FOR SIX WEEKS IN THE COUNTY IN MINNESOTA WHERE THE MORTGAGED PROPERTY IS SITUATED AND ACKNOWLEDGES THAT SERVICE NEED NOT BE MADE UPON MORTGAGOR PERSONALLY UNLESS MORTGAGOR IS AN OCCUPANT AND THAT NO HEARING OF ANY TYPE IS REQUIRED IN CONNECTION WITH THE SALE AND EXCEPT AS MAY BE PROVIDED IN SAID STATUTES, EXPRESSLY WAIVES ANY AND ALL RIGHT TO PRIOR NOTICE OF SALE OF THE MORTGAGED PROPERTY.

This Mortgage and the Note shall be construed according to the laws of the State of Minnesota. In the event that any provision or clause of this Mortgage or the Note conflicts with applicable law, such conflict shall not affect other provisions of this Mortgage or the Note which can be given effect without the conflicting provision.

(Signatures Appear on Next Page)

IN WITNESS WHEREOF, the Mortgagor has caused this Mortgage to be duly executed as of the day and year first above written.

MORTGAGOR:

Dated: April ___, 2024.

F2F INC.

By: ______________________________
Dana Anderson
Its: Chief Executive Officer

STATE OF MINNESOTA)
) ss.
COUNTY OF RICE)

The foregoing instrument was acknowledged before me this ____ day of April, 2024, by Dana Anderson, the Chief Executive Officer of F2F Inc., a Minnesota corporation, by and on behalf of said corporation.

____
Notary Public

This document drafted by:
Kennedy & Graven, Chartered (SJR)
700 Fifth Street Towers
150 South Fifth Street
Minneapolis, MN 55402

EXHIBIT A TO MORTGAGE

PROPERTY LEGAL DESCRIPTION

[Insert Legal Description]

EXHIBIT B TO MORTGAGE

EXECUTED PROMISSORY NOTE

EXHIBIT D TO LOAN AGREEMENT

GUARANTY AGREEMENT

This Guaranty Agreement (the “Guaranty” or “Guaranty Agreement”) is made and entered into this _____ day of April, 2024, by Dana Anderson (the "Guarantor") for the benefit of the Economic Development Authority of Faribault, a public body corporate and politic under the laws of Minnesota ("Lender").

WITNESSETH:

WHEREAS, pursuant to the loan agreement of even date herewith between Borrower and Lender (the “Loan Agreement”), F2F Inc., a Minnesota corporation (the "Borrower") proposes to borrow the sum of $50,000.00 from Lender in order to make certain upgrades and improvements on the property within the City of Faribault, Minnesota, legally described as set forth in the attached Exhibit A to this Guaranty, which is incorporated by reference and included in this Guaranty as if fully set forth herein; and

WHEREAS, Borrower has agreed to repay to Lender $50,000.00 together with interest thereon at the rate, if any, and within the time stated in Borrower’s promissory note of even date herewith (“Note”); and

WHEREAS, to secure payment of the Note, Lender has required, and the Guarantor has agreed to provide, a guaranty of the indebtedness above described between Borrower and Lender; and

WHEREAS, the Guarantor will receive a direct financial benefit from the loan to Borrower by Lender pursuant to the Note.

NOW, THEREFORE, to induce Lender to make the loan to Borrower, Guarantor hereby covenants and agrees with Lender, for the benefit of all who at any time become holders of the Note, as follows:

Section 1.1. The Guarantor hereby unconditionally guarantees to Lender for the benefit of the Holder (as defined in the Note) from time to time of the Note: (a) the full and prompt payment of the principal of the Note when and as the same shall become due, whether at the stated maturity thereof, by acceleration or otherwise; (b) the full and prompt payment of any interest, if any, on the Note when and as the same shall become due; and (c) any other amounts due Lender under the Loan Agreement and the Note. All payments shall be paid in lawful money of the United States of America. Each and every default in payment of the principal of or interest on the Note shall give rise to a separate cause of action hereunder, and separate suits may be brought hereunder as each cause of action arises.

Section 1.2. The obligations of Guarantor under this Guaranty shall be absolute and unconditional and shall remain in full force and effect until the entire principal of and interest on the Note shall have been paid or forgiven as provided for in the Note and Loan Agreement, and such obligations shall not be affected, modified or impaired upon the happening from time to time of any event, including, without limitation, any of the following:

a. The compromise, settlement, or release of less than all of the obligations, covenants or agreements of Borrower under the Loan Agreement and the Note;

b. The failure to give notice to any person of the occurrence of an event of default under the terms and provisions of this Guaranty or the Note executed by Borrower;

c. The extension of the time for payment of principal of or interest on the Note or under this Guaranty;

d. Any failure, omission, delay, or lack on the part of Lender to enforce, assert or exercise any right, power, or remedy conferred on Lender in this Guaranty or other instruments executed and delivered in connection with the loan contemplated thereby, or any other act or acts on the part of Lender or any of the holders from time to time of the Note;

e. The default or failure of Guarantor to perform any of the obligations set forth in this Guaranty.

Section 1.3. No set-off, counterclaim, reduction, or diminution of any obligation, or any defense of any kind or nature that Borrower has or may have against Lender shall be available hereunder to Guarantor against Lender.

Section 1.4. In the event of a default in the payment of principal of the Note when and as the same shall become due, whether at the stated maturity thereof, by acceleration or otherwise, or in the event of a default in the payment of any interest on the Note when and as the same shall become due, or upon the occurrence and continuance of any Event of Default under the Loan Agreement, Lender may proceed hereunder, and Lender, in its sole discretion, shall have the right to proceed first and directly against Guarantor for the full amount due without proceeding against or exhausting any other remedies it may have as to Borrower.

Section 1.5. Guarantor hereby expressly waives notice from Lender or the holders from time to time of the Note of acceptance of or any reliance upon this Guaranty. Guarantor agrees to pay all the costs, expenses, and fees, including attorneys fees, which may be incurred by Lender in enforcing or attempting to enforce this Guaranty whether the same shall be enforced by suit or otherwise.

Section 1.6. This Guaranty is entered into by Guarantor with Lender for the benefit of Lender and the holders from time to time of the Note, all of whom shall be entitled to enforce performance and observance of this Guaranty.

Section 1.7. Guarantor is duly authorized and empowered to execute, deliver, and perform this Guaranty.

Section 1.8. The performance or observance of any promise or condition set forth in this Guaranty may be waived, amended, or modified only by a writing signed by Guarantor and Lender. No delay in the exercise of any power, right, or remedy operates as a waiver thereof, nor shall any single or partial exercise of any other power, right, or remedy.

Section 1.9. This Guaranty is made and shall be governed in all respects by the laws of the state of Minnesota. Any disputes, controversies, or claims arising out of this Guaranty shall be heard in the state or federal courts of Minnesota, and all parties to this Guaranty waive any objection to the jurisdiction of these courts, whether based on convenience or otherwise.

Section 1.10. If any provision or application of this Guaranty is held unlawful or unenforceable in any respect, such illegality or unenforceability shall not affect other provisions or applications that can be given effect, and this Guaranty shall be construed as if the unlawful or unenforceable provision or application had never been contained herein or prescribed hereby.

Section 1.11. All notices required hereunder shall be given by depositing in the U.S. mail, postage prepaid, certified mail, return receipt requested, to the following addresses (or such other addresses as either party may notify the other):

To Lender:	Economic Development Authority of Faribault 208 NW 1st Avenue Faribault, MN 55021 Attn: David Wanberg
To Guarantor:	F2F Inc. 128 15th Street NW Faribault, MN 55021 ATTN: Dana Anderson

Section 1.12. This Guaranty constitutes the complete and exclusive statement of all mutual understandings between the parties with respect to this Guaranty, superseding all prior or contemporaneous proposals, communications, and understandings, whether oral or written, concerning the Guaranty. Nothing contained herein shall effect or impair Lender's rights under the Loan Agreement, or the Note.

Section 1.13. Dana Anderson hereby acknowledges and agrees that he is liable for each and every obligation of the Borrower set forth in the Note and that such liability shall survive death, divorce, and any other event and shall be binding on his respective estate.

IN WITNESS WHEREOF, Guarantor has caused this Guaranty to be executed as of the date first above written.

GUARANTOR

____
Dana Anderson

EXHIBIT A TO GUARANTY AGREEMENT

LEGAL DESCRIPTION

That property located within the city of Faribault, Rice County, Minnesota and legally described as follows:

[Insert legal description]

Request for Action

TO:	Faribault Economic Development Authority
FROM:	David Wanberg, Community and Economic Development Director
THROUGH:	
MEETING DATE:	April 18, 2024
SUBJECT:	Provide Direction regarding an EDIF Forgivable Loan and a Revolving Fund Loan for Faribault Mill

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BACKGROUND:

At the EDA's March meeting, the CED Director reported that Faribault Mill would request $300,000 in EDA funds to upgrade its equipment and grow its business. The EDA indicated it would consider providing a $50,000 Economic Development Investment Fund (EDIF) forgivable loan. In addition, the EDA would consider providing a low-interest loan in the range of 3.5 percent to cover the remainder of the request.

Ross Widmoyer of Faribault Mill would like the opportunity to meet with the EDA and share its plans for the future. Refer to the attached letter for additional information.

REQUESTED ACTION:

Provide general direction regarding the terms and conditions associated with Faribault Mill's funding request. The EDA will take official action at an upcoming EDA meeting regarding Faribault Mill's forthcoming request.

ATTACHMENTS:

1. RLF app _ FaribaultMill - 4.9.24
2. Faribault Mill _ RLF loan request

EDA Revolving Loan Application Form

Please complete the following application in full & submit with all required attachments to the City of Faribault's Community & Economic Development Office.

BASIC INFORMATION		
Company Name FaribaultMill, LLC		
Primary Contact Ross Widmoyer, President & CEO		
Address 1500 2nd Ave NW	City Faribault	Zip 55021
	Phone (612) 875-3091	Cell (612) 875-3091
Email rossw@faribaultmill.com	Website faribaultmill.com	Fax

COMPANY INFORMATION	
Date Established 1867 (not a typo!)	Federal Tax ID 82-4028923
SIC Code or NAICS Code and Description of Industry 313210	

Business Structure:

Sole Proprietorship S-Corp C-Corp **LLC** Other ____________

List all owners (current/anticipated) holding at least 20% or more of ownership of company:

Last Name	First Name	Ownership %	Company/Position
Cannon River Holdings		25.64%	Holding Company / Owner
Grangaard	Paul	33.32%	Owner

To globally look at financial resources of the applicant – please list all other businesses in which owner(s) have 20% or more ownership in:

REQUESTED LOAN AMOUNT

Funding Amount Requested from EDA $300,000

Purpose of Funding *Please also include a narrative on separate letterhead describing project in full, how the proposed project will benefit the community, and proposed use of EDA funding.*

** please see associated document titled 'Faribault Mill _ RLF loan request' for greater detail**

In short, the company is seeking $300,000 in aggregated RLF funding to support the purchase of 1 new Jacquard Loom ($150,000) to expand customized capacity for e-commerce and corporate customer sand 2 new Dobby Looms ($75,000 each) to expand blanket capacity for e-commerce customers and military contract sales.

SOURCES AND USE OF FUNDS

Purpose for which funds are to be used	EDA	BANK	OTHER	OTHER	BUSINESS EQUITY	TOTAL
Property Acquisition						
Building Renovation						
New Construction						
Machinery/Equipment	$300,000					
Inventory						
Working Capital						
Other						
Total	$300,000					

PROPOSED FINANCING TERMS

	EDA	BANK	OTHER (Specify)	OTHER (Specify)	EQUITY	TOTAL
Amount	$300,000, $50,000 of which is forgivable					
% of Project	100%					
Terms (Years)	5 year term, 10 year amortization with balloon at 5 years					
Interest Rate	3.5%					
Debt Service						
Collateral	Equipment + corporate agreement					
Lien Position	First					

PARTICIPATING LENDER – Name, Address, Contact Name, Phone Number:

Tradition Capital Bank
7610 France Avenue South
Suite 140
Edina, MN 55435

JOB CREATION

	Full Time	Hourly Wage (Average)	Part Time	Hourly Wage (Average)
# Existing Employees	71	$28/hour + benefits	10	
# of NEW Jobs Created	5	$26/hour + benefits		
# of Jobs Retained (jobs lost without project)				

Employee Benefits: The company provides a robust benefits package equivalent to $5.80/hour. This includes medical (individual and family), dental and 401(k)

BUSINESS PROFILE
Attached Additional Pages if Necessary

Today, in a historic mill nestled along the Cannon River in Minnesota, a 157-year-old story is still being woven. Faribault Mill endures as one of the last vertical woolen mills in America. Here, fifth generation craftspeople take raw wool and create blankets, throws, scarves and accessories of remarkable comfort and quality. Irreplaceable century-old machinery stands side by side with modern technology in our "new" mill, which was built in 1892. In 2022, we joined forces with another iconic American mill based in Maine that specializes in cotton – Brahms Mount. Together, we are devoted to upholding tradition and classic craftsmanship with our 100% Made in USA products designed to last for generations.

Faribault Mill is a living testament to American craftsmanship. Our products are renowned for their comfort and quality and have been loved for generations. From providing woolen blankets for pioneers heading west to comforting our troops through two world wars, Faribault Mill is woven into American history.

To finance continued growth and expansion, Faribault Mill is seeking $300,000 of financing for additional capital equipment expenditures. This equipment helps to automate more of our production processes and modernize our equipment and manufacturing processes to continue to grow in Faribault.

Since 2020, Faribault Mill has doubled company sales and employment in Faribault. All the while, the current ownership team has invested more than $2 million of private capital to modernize manufacturing in Faribault, and expand production capacity. The company foresees continued growth based on recent demand from 1) e-Commerce sales, 2) custom corporate sales, and 3) a recently awarded, 5-year contract from the US Navy. The new looms financed by this project will help the Mill continue modernizing manufacturing in Faribault, expand production capacity to meet current and projected demand, and create new, well-compensated jobs in the city.

Provide details about your experience and background

Ross Widmoyer, President & CEO:

Ross Widmoyer has more than twenty years of frontline experience in finance, consumer brands, big box merchandising and specialty retail.

Beginning his career with Piper Jaffray, Ross worked on the founding team of their Private Capital Group.

Moving to Target, Ross held multiple senior merchandising roles across several strategic categories, including food, beverages, and toys, where he held full responsibility for a $1B+ P&L.

In 2014, Ross joined Allen Edmonds as Vice President and Head of Retail Stores. Managing a 250-person sales team, Ross expanded the brand's retail footprint from 46 stores to 78 stores, giving the brand true coast-to-coast reach. He also led the effort to build a profitable, multi-million-dollar brand expansion in apparel and leather accessories.

Most recently, Ross served as President & Chief Operating Officer of Faribault Woolen Mill, the 158-year-old vertically integrated manufacturer, wholesaler, and specialty retail brand. He was an integral part of the management team that led the turnaround of the heritage brand. He became President & CEO of the company in January 2022.

A graduate of the University of Wisconsin, with an MBA from the Tuck School of Business at Dartmouth College, Ross is married to his wife, Darrah, and the proud father of two boys, Will and James.

Have you ever filed for bankruptcy or defaulted on any loan commitment. Please describe.

No

Briefly describe your proposed project and how it related to the Community 2040 Vision

Please see details above. Additional points for consideration:

- This investment shows a firm commitment to Faribault remaining the long term headquarters of our company. As the business grows and our stature in the industry increases, the city of Faribault and our rich, 150+ year history, remain an integral part of our overall story, which we believe sheds positive light on the community
- This investment also helps modernize our equipment and overall manufacturing processes, increasing productivity and output and positioning us for the next generation.
- We also believe that this support for new equipment will show immediate benefit – we'd invite all EDA members to come over this fall to see it in action – and thus can be a great example of showing city financial support driving tangible benefit in the community. On the other hand, however, we are a well established and profitable business, thus removing financial risk that is often associated with high impact projects which bear high credit risk – we do not.

Describe the economic benefit of the project for Faribault

As stated previously, this equipment will show our long term commitment to the city of Faribault as our flagship, headquarters location and helps us unlock new growth channels through growing online, corporate partnership and armed services sales.

SIGNATURE PAGE / INFORMATION RELEASE AUTHORIZATION

Tennessen Warning: Data Privacy Statement

The information provided in the application materials or to be obtained separately as a part of the application process will be used by the Faribault Economic Development Authority ("EDA") to determine whether you qualify as a prospective borrower from the EDA. The information provided in the application and information authorized above for assistance will become a matter of public record with the exception of those items protected under Minnesota Statutes, Chapter 13, also known as the "Minnesota Government Data Practices Act." You are not required to submit this information. However all information requested in this application process is deemed necessary to process your application and failure to supply any information will result in your application being denied.

The people with whom this information, both public and private, may be shared include:

1. The EDA Loan Review Committee and EDA Board;
2. Staff who are involved in program administration;
3. Auditors who perform required audits of the program;
4. Authorized personnel from other County, State, Federal, or Regional Agencies providing funding assistance to you;
5. Anyone listed on a valid court order as having access to the data;
6. Those other persons who you authorize to see the information; and
7. Law enforcement personnel in the case of suspected fraud.

Unless otherwise authorized by Minnesota or federal law, other governmental agencies using the private data must also handle the data as private. You may wish to exercise your rights as contained in the Minnesota Government Data Practices Act. Those rights include:

1. The right to see and obtain copies of the data maintained on you;
2. The right to be told the contents and meaning of the data; and
3. The right to challenge the accuracy and completeness of the data.

To exercise these rights, contact the designated data practices official at the respective government agency upon which you are making your request.

The Faribault EDA is an equal opportunity lender.

I certify that all statements made in the application are an accurate representation of my financial condition on this date and are made for the purpose of obtaining the funding indicated. Verification and re-verification of any information contained in the application may be made at any time.

Applicant's Full Name Ross Wimoyer Applicant's Signature	Social Security Number Date
Applicant's Full Name Applicant's Signature	Social Security Number Date
Applicant's Full Name Applicant's Signature	Social Security Number Date

APPLICATION SUBMITTAL REQUIREMENTS
Please return the completed application, application fee, and all requested submittal attachments to: **Faribault EDA** 208 NW 1st Ave ~ Faribault, MN 55021 Attn: Community & Economic Development Director Or email to: faribaulteda@ci.faribault.mn.us
APPLICATION FEE **$350.00 at time of application** *Plus any related attorney fees, credit reports, closing costs, recording fees, UCC filings, etc.* **$100 at time of application for Downtown Façade Micro Loan** *Plus any related attorney fees, credit reports, closing costs, recording fees, UCC filings, etc.*
ATTACHMENTS
Personal Financials (Assets/Liabilities) for all owners holding at least 20% or more of the company. Copy of most recent Business income tax statement Copy of most recent Personal income tax statement Project Narrative
Business Plan that includes: History and Description of the Business Market Analysis and Strategy (current markets, market size, competition, advertising, manufacturing process) Factor and Demand Conditions (who are your customers, who are your suppliers, etc.) Products (description of products and comparison to competition) Financial Statements (balance sheets and income statements for past two fiscal years) Financial Projections (Two years of pro forma balance sheets, income statements, and cash flows) Itemized Schedule of Business Debt Statement of Collateral Resumes and Personal Financial Statements
Other Attachments: Partnership/Corporate documents Letter of commitment from primary lender Plans/maps/drawings of project Detailed Sources & Uses of Proceeds List of Collateral *Other items as requested during the review process*

EDA LOAN REQUEST

To finance continued growth and expansion, Faribault Mill is seeking $300,000 of financing for additional capital equipment expenditures. This equipment helps to automate more of our production processes and modernize our equipment and manufacturing processes to continue to grow in Faribault.

RATIONALE

Since 2020, Faribault Mill has doubled company sales and employment in Faribault. All the while, the current ownership team has invested more than $2 million of private capital to modernize manufacturing in Faribault, and expand production capacity. The company foresees continued growth based on recent demand from 1) e-Commerce sales, 2) custom corporate sales, and 3) a recently awarded, 5-year contract from the US Navy. The new looms financed by this project will help the Mill continue modernizing manufacturing in Faribault, expand production capacity to meet current and projected demand, and create new, well-compensated jobs in the city.

PROPOSED LOAN STRUCTURE

- $300,000 loan
- 3.5% interest
- 5 year term, $200,000 balloon due in month 60; $100,000 amortized over 5 years
- First lien position on equipment + corporate guarantee
- No prepayment penalty

CAPITAL IMPROVEMENTS

Equipment	**Capital Expenditure**	**Description**
1 Jacquard Loom	$150,000	New loom to expand customized capacity for e-commerce and corporate customers
2 Dobby Looms	$150,000	New looms to expand blanket capacity for e-commerce customers and military contract sales
TOTAL	**$300,000**	

Request for Action

TO:	Faribault Economic Development Authority
FROM:	David Wanberg, Community and Economic Development Director
THROUGH:	
MEETING DATE:	April 18, 2024
SUBJECT:	Provide Direction regarding Outstanding Legal Fees for EDA-Approved Projects

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BACKGROUND:

A couple of EDA-related projects have outstanding legal fees that have exceeded their escrows. Some applicants have concerns regarding the legal fees that they are required to pay above the application fees. For example, DIC Holdings (Matt Drevlow) recently applied for (and received) a Downtown Commercial Rehabilitation and Exterior Improvement Program Grant to improve the facades of two downtown buildings. However, during the process, he paid over $2,700 in City legal fees to combine the two downtown buildings into one PID. He recently received an additional $872 legal bill after we believed there were no more bills. Similarly, Sage/Vetrotech may have a relatively small amount of additional legal fees after we understand all legal bills were paid.

Recently, the EDA absorbed some legal costs associated with EDA-related programs. Is the EDA open to paying the remainder of the DIC Holdings and Sage/Vetrotech? While most City's collect escrows to cover City consultant costs, the City of Faribault previously absorbed those costs. For a period, the City also set a limit on what the Applicant would have to pay to cover City consultant costs. Does the EDA want to consider a similar program to what the City once had? Also, does the EDA want to consider limiting funding to significant projects. For example, does it make sense to provide a $15,000 forgivable rehab loan to an Applicant and then charge the Applicant several thousands of dollars for application fees and legal costs?

REQUESTED ACTION:

Provide direction regarding if the EDA should cover the legal costs beyond the collected escrow for DIC Holdings and Sage/Vetrotech.

ATTACHMENTS:

Request for Action

TO: Faribault Economic Development Authority

FROM: David Wanberg, Community and Economic Development Director

THROUGH:

MEETING DATE: April 18, 2024

SUBJECT: Community and Economic Development Staffing

BACKGROUND:

The Community and Economic Development (CED) Department continues to get tremendous work done despite multiple vacant staff positions, including the economic development coordinator position. The City is exploring options to revise job descriptions to focus on priorities such as economic development and the HRA's housing. Although the City has not made final decisions, the EDA may be asked to help fund a part-time or full-time economic development coordinator position. Staff will update the EDA at its next meeting and request feedback from the EDA.

REQUESTED ACTION:

None. However, the EDA may provide comments.

ATTACHMENTS:

City Of Faribault

Request for Action

TO:	Faribault Economic Development Authority
FROM:	David Wanberg, Community and Economic Development Director
THROUGH:	
MEETING DATE:	April 18, 2024
SUBJECT:	Project Updates, Announcements, and Next Meeting Items

BACKGROUND:

Many economic development-related activities are underway, including but not limited to the following:

- Retain and grow KGPCo,
- Complete the Highway 60 West Master Plan,
- Replace the old Taco John use with a new national chain restaurant,
- Start construction on Phase 2 of Midwest Indoor Storage,
- TIF District for Rice County HRA's Twin Oaks Subdivision,
- Matejcek Implement expansion,
- Urban Flea Market at the site of the former Divine Mercy Elementary School,
- Identify sites for a national retail chain,
- Work with DEED on submitting proposals for two extremely large projects,
- 55+ housing at Riverchase,
- Redevelopment of the former Mayo Clinic site,
- New industry that purchased a property in the Northern Industrial Park,
- Potential funding request for tuckpointing at 10,000 Drops,
- Potential redevelopment of the former laundromat at 127 14th Street NW,
- Borchert Motors site for sale,
- Numerous meetings with housing developers, and
- Other

REQUESTED ACTION:

None. However, the EDA may ask questions and provide comments.

ATTACHMENTS: