



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 they 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

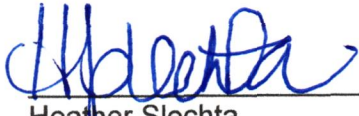
Motion by Gramse, seconded by Spooner to adjourn the Economic Development Authority meeting and carried unanimously.

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,

A handwritten signature in blue ink, appearing to read 'Heather Slechta', written over a horizontal line.

Heather Slechta
City Clerk