City Of Faribault

ECONOMIC DEVELOPMENT AUTHORITY AGENDA

PUBLIC MEETING ROOM	THURSDAY, MAY 16, 2024	7:00 AM

1. Call to Order/Approve Agenda
2. Approval of the Minutes of April 18, 2024
3. Routine Business: *Agenda items below are approved by one motion unless an EDA member requests separate action.*
   - A. Monthly Loan Status Report
   - B. Permit Activity Update Report
   - C. Budget Status Report
4. Public Hearings
5. Items for Discussion
   - A. Resolution 2024-05 Resolution Recommending the City Council Modify Development District No.1, Establish Tax Increment Financing District No. 19: Twin Oaks Housing Therein, Adopt a Modification to the Development Program, Adopt the Tax Increment Financing Plan Therfor, Approve a Contract for Private Development and Approve an Interfund Loan
   - B. Review Draft TH 60 West Master Plan
   - C. Announcements and Updates
6. Adjournment

ECONOMIC DEVELOPMENT AUTHORITY MINUTES

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

Meeting Items

1. Call to Order/Approve Agenda/Introductions

   A regular meeting of the Economic Development Authority was called to order at 7:00 a.m. by Chair Gramse. Members in attendance were David Campbell, Will Fort, Chris Jeanes, A.J. Smith, Kevin Voracek, and Chair Rod Gramse. Also in attendance were David Wanberg, Director of Community and Economic Development, Kari Casper, Administrative Assistant II, special guests, Jessica Kinser, City Administrator; as well as Ross Widmeyer of Faribault Mill. Since Ms. Kinser is new, introductions were made around the room.

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

   Motion by AJ Smith, seconded by Kevin Voracek to approve all the meeting minutes as presented. The motion passed on a 7/0 vote.

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

   Motion by Dave Campbell, seconded by AJ Smith to approve the Routine Business as presented. The motion passed on a 7/0 vote.

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

   Last meeting there were two requests for $100,000 in forgivable loans and the board decided to cap it at $50,000 in forgivable loan funds. Forest 2 Fork is a mushroom grower in the old "Cannery". The attorney did prepare a preliminary agreement and resolutions. Wanberg would like feedback on what the EDA would like the recipients to be held accountable for in receiving these funds. The draft before them included job creation, an investment of $500,000, and being in business here in Faribault for five years. Chair Gramse asked if it was normal to ask for these conditions. Wanberg said that they could add whatever they wanted. In the past, both Daikin and Trystar did not have these conditions. Chair Gramse stated that in looking at the Sage agreement, their receiving the money was delayed as a result of the condition to get 20 jobs. Fort asked why the developers don't go through the state to get funds. Chair Gramse stated that it's the jobs. In terms of his company, while he needs jobs, he sees his growth in obtaining automation. Some of our recent applicants have also requested applications from the state; however, they have not turned them in due to the jobs component. There was some discussion about removing those conditions relating to job creation and the minimum investment requirement. Smith suggested further discussion at a later date on conditions for approval for accountability for future requests. Fort mentioned the one year to invest the funds as well and wondered how we follow-up with making sure all these conditions are taken care of in the five years.

Motion by Kevin Voracek, seconded by Will Fort to approve Resolution 2024-04 Approve an Economic Development Incentive Fund Loan Between Economic Development Authority of Faribault, Minnesota and F2F, Inc. as presented. The motion passed on a 6/1 vote with Chair Gramse voting in dissent. Chair Gramse stated that he wants to make sure that as a group they continue to look at ways to look at the criteria. He's not opposed to getting the money to F2F. Fort agreed that we do have to have some flexibility. Gramse stated that community EDA is different from State stuff.

B. Provide Direction regarding an EDIF Forgivable Loan and a Revolving Fund Loan for Faribault Mill

Wanberg introduced Ross Widmoyer, President and CEO of Faribault Mill. Mr. Widmoyer stated that with the antiquated equipment, they are currently using, it's hard to repair what they have. The Mill has been on a roll since the pandemic and has had successive record years. They've invested over $2 million dollars on the looms. There are three more looms that they would like to purchase. One is a Jacquard and Dobby looms and a Warper into the future. Back to Wanberg, they discussed the $50,000 forgivable and then a low-interest loan and bring it back to the next meeting. At the bank today, it would be at 8%, and, with this, the rate would be nothing less than 3.5%.

C. Provide Direction regarding Outstanding Legal Fees for EDA-Approved Projects

Recently, the EDA was able to award $30,000 to DIC Holdings for two properties in the downtown. While this isn't an EDA matter, there was an element to this one that required work to be done by the zoning to add a positive impact to the downtown. Wanberg suggested an escrow of $3,000; however, staff recommended $1,500 with the understanding that this number could go up. In order for DIC to get the funds, they needed to pay the outstanding legal bills. There ended up being an additional amount incurred which was not billed to the developer in the amount of $872.

Smith stated that they should be upset about spending almost anything on these types of situations. Maybe, if the request is above a certain level, then maybe there's something different that needs to be done. Smith suggested templates to keep costs down.

Voracek asked in particular DIC Holdings, what is different about this one? Wanberg stated that while it should have been a simple subdivision, there were some issues with the title work that was complicated requiring additional legal fees. Chair Gramse stated that there are dollars in the budget for legal fees.

Fort talked about how other communities near to us have full economic development staff that sit down with developers and go through each application.

Smith stated that as long as you let the developer know up front if there are charges for -- need to get some basic standard decision trees around this stuff.

Wanberg stated that there is a reason that they have this on here right now. They are short $872 and it was like pulling teeth to get the little amount of pay to begin with. Smith stated that with the amount of teeth being pulled in the beginning plus the amount of staff time it takes to collect, it should just be written off. We do have to commit how to do this going forward. Chair Gramse we need to do what's best for the customer and just pay it. Mayor Voracek stated that we should send them something to show them that it was paid.

D. Community and Economic Development Staffing

The annual retreat is coming up and we'll be discussing staffing. A lot of work continues to get done.

E. Project Updates, Announcements, and Next Meeting Items

The Hwy 60 Master Plan is finishing up this month. The old Taco John's building is being re-used. Midwest Indoor Storage is working through issues. They poured the foundation for the new part of the building. The residential component is struggling and is complicated for a variety of reasons. TIF District for RCHRA, is asking for TIF, and we are expediting that. Matejcek went through PC and will have an expansion that will go to the council next week. Urban Flea Market is moving forward. We are working with a national retail chain to identify sites. There are two really large projects through DEED. Wanberg would like to have orderly annexation agreement ready to go. The 55+ housing at Riverchase is being worked on. Former Mayo Clinic site is being utilized by the fire department. The Hesselton property was recently purchased, a 10-acre property with rail access. We have been working with the railroad on numerous projects. Hvistendahl is working on tuck-pointing. The site at 14th Street and 2nd Ave will take a lot of planning and zoning. Borchet Motors is for sale; it was suggested that maybe the City should buy it to clean up the gateway.

6. Adjournment

A motion was made by Kevin Voracek, seconded by AJ Smith to adjourn the meeting at 8:31 a.m. The motion passed unanimously.

By:______________________________
Kari Casper, Recording Secretary

Request for Action

TO:	Faribault Economic Development Authority
FROM:	David Wanberg, Community and Economic Development Director
THROUGH:	
MEETING DATE:	May 16, 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 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 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

May 2024 Totals

Fund	Program Name	Available Balance	Notes
Fund 249	Minnesota Investment Fund (MIF)	$14,118.04	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	$408,302.33	
	- 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)* - **$50,000 is requested by Forest to Fork. *(Forgivable)* - **$100,000 TruVue *(Forgivable)* - **$250,000 Faribault Mill Loan or $50,000 *(Forgivable)* - **$100,000 Bowling Center
Fund 243	Industrial Development Loan	$297,586.13	- Last activity was a loan for Cry Baby Craig's. - 2024 Budgeted $100,000.
TOTAL EDA LOAN FUNDS AVAILABLE		***$720,006.50***	
Fund 290	EDA Operating Fund/Fund Balance	*$494,743.69	Includes a one-time transfer 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 2024 $11,860 DCERIP - Hvistendahl, 10,000 Drops
Fund 248	Federal MIF Loan	$629,474.92	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.

City Of Faribault

Request for Action

TO:	Faribault Economic Development Authority
FROM:	David Wanberg, Community and Economic Development Director
THROUGH:	
MEETING DATE:	May 16, 2024
SUBJECT:	Permit Activity Update Report

BACKGROUND:
Permit activity (building permits, etc.) is a reflection of 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 every month 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 been increasing as spring is upon us. There were three permits for new residential construction and 12 new manufactured home move-ins at Evergreen Estates. Commercial projects continue.

REQUESTED ACTION:
Receive and file as presented.

ATTACHMENTS:
1. 2024-04 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	$ 14,300,701.74	161	$ 127,751.61	$ 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:	**$ 23,227,309.24**		**$ 272,863.35**	**$ 117,271,162.64**		**$ 1,380,480.73**
YTD Permits:		**473**			**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:	May 16, 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.

REQUESTED ACTION:

Receive and file as presented.

ATTACHMENTS:

1. Fund 290 Budget Status

General Ledger

Budget Status

User: kcasper
Printed: 5/13/2024 - 10:35 AM
Period: 1 to 5, 2024

Account Number	Description	Budget Amount	Period Amount	YTD Amount	YTD Var	Encumbered Amount	Available	% Available
Fund 290	Economic Development Authority							
Dept 290-00000								
R01	Taxes							
290-00000-462-31010	Current Ad Valorem Taxes	372,648.00	0.00	0.00	372,648.00	0.00	372,648.00	100.00
290-00000-462-31020	Delinquent Ad Valorem Taxes	0.00	0.00	0.00	0.00	0.00	0.00	0.00
290-00000-462-31030	Mobile Home Taxes	0.00	0.00	0.00	0.00	0.00	0.00	0.00
290-00000-462-31035	Delinquent Mobile Home Taxes	0.00	0.00	0.00	0.00	0.00	0.00	0.00
290-00000-462-31040	Excess Tax Increment	0.00	0.00	0.00	0.00	0.00	0.00	0.00
290-00000-462-31500	PILOT	0.00	0.00	0.00	0.00	0.00	0.00	0.00
290-00000-462-31550	Green Acres	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	R01 Sub Totals:	372,648.00	0.00	0.00	372,648.00	0.00	372,648.00	100.00
R02	Permit & Licenses							
290-00000-462-36215	Loan Interest	383.00	116.20	116.20	266.80	0.00	266.80	69.66
	R02 Sub Totals:	383.00	116.20	116.20	266.80	0.00	266.80	69.66
R03	Intergovernmental Revenue							
290-00000-462-33402	Market Value Homestead Credit	0.00	0.00	0.00	0.00	0.00	0.00	0.00
290-00000-462-33422	Other State Grants & Aids	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	R03 Sub Totals:	0.00	0.00	0.00	0.00	0.00	0.00	0.00
R04	Charges for Services							
290-00000-462-34108	Administrative Fees	0.00	0.00	0.00	0.00	0.00	0.00	0.00
290-00000-462-34700	Application Fees	2,500.00	850.00	850.00	1,650.00	0.00	1,650.00	66.00
	R04 Sub Totals:	2,500.00	850.00	850.00	1,650.00	0.00	1,650.00	66.00
R06	Miscellaneous Revenue							
290-00000-462-36200	Other Miscellaneous Revenue	500.00	0.00	0.00	500.00	0.00	500.00	100.00
290-00000-462-36210	Interest on Investments	20,580.00	6,779.09	6,779.09	13,800.91	0.00	13,800.91	67.06
290-00000-462-36211	Interest Market Value	0.00	-744.98	-744.98	744.98	0.00	744.98	0.00
290-00000-462-36240	Refunds & Reimbursements	0.00	0.00	0.00	0.00	0.00	0.00	0.00
290-00000-462-36400	Loan Principal	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	R06 Sub Totals:	21,080.00	6,034.11	6,034.11	15,045.89	0.00	15,045.89	71.38

Account Number	Description	Budget Amount	Period Amount	YTD Amount	YTD Var	Encumbered Amount	Available	% Available
R07	Other Sources							
290-00000-462-39100	Sale of Land	0.00	0.00	0.00	0.00	0.00	0.00	0.00
290-00000-462-39200	Transfer In	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	R07 Sub Totals:	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Revenue Sub Totals:	396,611.00	7,000.31	7,000.31	389,610.69	0.00	389,610.69	98.23
	Dept 00000 Sub Totals:	-396,611.00	-7,000.31	-7,000.31	-389,610.69	0.00		
Dept 290-46500	Economic Development							
E02	Supplies							
290-46500-462-42110	General Supplies	0.00	0.00	0.00	0.00	0.00	0.00	0.00
290-46500-462-42115	Meeting	250.00	0.00	0.00	250.00	0.00	250.00	100.00
290-46500-462-42420	Minor Computer Equipment	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	E02 Sub Totals:	250.00	0.00	0.00	250.00	0.00	250.00	100.00
E03	Other Services & Charges							
290-46500-462-43030	Engineering Fees	0.00	0.00	0.00	0.00	0.00	0.00	0.00
290-46500-462-43040	Legal Fees - Civil Process	20,000.00	10,829.38	10,829.38	9,170.62	0.00	9,170.62	45.85
290-46500-462-43080	Indirect Cost Allocation	0.00	0.00	0.00	0.00	0.00	0.00	0.00
290-46500-462-43090	Expert & Professional Services	75,000.00	11,289.00	11,289.00	63,711.00	0.00	63,711.00	84.95
290-46500-462-43095	Software Maintenance & Support	0.00	0.00	0.00	0.00	0.00	0.00	0.00
290-46500-462-43130	EDA Program Budget	650,000.00	791,860.00	791,860.00	-141,860.00	0.00	-141,860.00	0.00
290-46500-462-43140	Training & Education	3,500.00	0.00	0.00	3,500.00	0.00	3,500.00	100.00
290-46500-462-43220	Postage	0.00	0.00	0.00	0.00	0.00	0.00	0.00
290-46500-462-43250	Other Communications	0.00	0.00	0.00	0.00	0.00	0.00	0.00
290-46500-462-43310	Travel Expense	4,500.00	0.00	0.00	4,500.00	0.00	4,500.00	100.00
290-46500-462-43430	Advertising - Other	45,000.00	330.00	330.00	44,670.00	0.00	44,670.00	99.27
290-46500-462-43510	Legal Notices Publishing	500.00	0.00	0.00	500.00	0.00	500.00	100.00
290-46500-462-43520	Recording Fees	1,000.00	0.00	0.00	1,000.00	0.00	1,000.00	100.00
290-46500-462-43610	Insurance & Bonds	1,771.00	1,975.00	1,975.00	-204.00	0.00	-204.00	0.00
290-46500-462-43810	Electric Utilities	0.00	0.00	0.00	0.00	0.00	0.00	0.00
290-46500-462-43860	Storm Water Utilities	40.00	0.00	0.00	40.00	0.00	40.00	100.00
290-46500-462-44330	Dues & Subscriptions	24,000.00	10,320.00	10,320.00	13,680.00	0.00	13,680.00	57.00
290-46500-462-44370	Miscellaneous Charges	0.00	0.00	0.00	0.00	0.00	0.00	0.00
290-46500-462-44390	Taxes & Licenses	50.00	0.00	0.00	50.00	0.00	50.00	100.00
290-46500-462-44600	Loans & Grants	345,000.00	0.00	0.00	345,000.00	0.00	345,000.00	100.00
	E03 Sub Totals:	1,170,361.00	826,603.38	826,603.38	343,757.62	0.00	343,757.62	29.37
E04	Capital Outlay							
290-46500-462-44160	Rents & Leases	0.00	0.00	0.00	0.00	0.00	0.00	0.00
290-46500-462-45100	Land	0.00	0.00	0.00	0.00	0.00	0.00	0.00

Account Number	Description	Budget Amount	Period Amount	YTD Amount	YTD Var	Encumbered Amount	Available	% Available
	E04 Sub Totals:	0.00	0.00	0.00	0.00	0.00	0.00	0.00
E06	Other Uses							
290-46500-462-47200	Transfer Out	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	E06 Sub Totals:	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Expense Sub Totals:	1,170,611.00	826,603.38	826,603.38	344,007.62	0.00	344,007.62	29.39
	Dept 46500 Sub Totals:	1,170,611.00	826,603.38	826,603.38	344,007.62	0.00		
	Fund Revenue Sub Totals:	396,611.00	7,000.31	7,000.31	389,610.69	0.00	389,610.69	98.23
	Fund Expense Sub Totals:	1,170,611.00	826,603.38	826,603.38	344,007.62	0.00	344,007.62	29.39
	Fund 290 Sub Totals:	774,000.00	819,603.07	819,603.07	-45,603.07	0.00		
	Revenue Totals:	396,611.00	7,000.31	7,000.31	389,610.69	0.00	389,610.69	98.23
	Expense Totals:	1,170,611.00	826,603.38	826,603.38	344,007.62	0.00	344,007.62	29.39
	Report Totals:	774,000.00	819,603.07	819,603.07	-45,603.07	0.00		

City Of Faribault

Request for Action

TO:	Faribault Economic Development Authority
FROM:	David Wanberg, Community and Economic Development Director
THROUGH:	
MEETING DATE:	May 16, 2024
SUBJECT:	Resolution 2024-05 Resolution Recommending the City Council Modify Development District No.1, Establish Tax Increment Financing District No. 19: Twin Oaks Housing Therein, Adopt a Modification to the Development Program, Adopt the Tax Increment Financing Plan Therfor, Approve a Contract for Private Development and Approve an Interfund Loan

BACKGROUND:

On March 27, 2024, Rice County Housing and Redevelopment Authority ("RCHRA" or the "Applicant") submitted an application to create a housing tax increment financing (TIF) district associated with Twin Oaks Subdivision (the "Project"). Earlier this year, the City Council approved the final plat of Twin Oaks Subdivision. RCHRA intends to start construction on the subdivision as soon as possible after the City Council conducts a public hearing and acts to modify the development program for Development District No. 1, establish Tax Increment Financing District No. 19: Twin Oaks Housing, adopt a tax increment financing plan, and authorize an interfund loan. RCHRA must also enter into a development agreement with the City, enter a contract for private development with the Economic Development Authority (EDA), and record the final plat before it can begin construction.

Project Overview

Twin Oaks Subdivision is directly north of the new Rice County Law Enforcement Center, near the intersection of 30th Street NW and State Highway 3. Once constructed, the subdivision will provide 22 single-family residential lots for owner-occupied households earning less than 115 percent of the area median income. RCHRA received a grant to develop six five-bedroom homes in the subdivision by early 2025. Faribault has a strong need for owner-occupied houses with four or more bedrooms. Twin Oaks Subdivision will help meet this community need, but the proposed development cannot occur "but for" tax increment financing.

Ehlers, the City's finance advisor, conducted a financial analysis of the project and determined that the proposed TIF District No. 19 will generate roughly $2,721,576 in increment over its 26-year life. The District will terminate after 2051 or when the TIF Plan is satisfied. As proposed, pay-as-you-go notes and interfund loans will finance the project. Consequently, the City is not obligated to incur debt.

Eligible TIF-related expenses include land acquisition, site improvements, affordable housing, utilities, administrative costs, and other qualifying improvements. The proposed project will have minimal impact on police and fire services, utilities, and the City's ability to issue future debt.

<u>Process and Requested Council and EDA Actions</u>
On May 14, 2024, the City Council will conduct a public hearing before acting on the Applicant's TIF request. After the public hearing, the Council will act on Resolution 2024-086, which modifies Development District No. 1 to include recently annexed land in Faribault. The Resolution also establishes TIF District No. 19: Twin Oaks Housing, adopts a TIF plan, and authorizes an interfund loan. Presuming the Council approves Resolution 2024-086 on May 14, the Economic Development Authority (EDA) will act on a related resolution, which also includes a contract for private development.

Please note that the City and its consultants are reviewing the contract for private development with the County. Potentially, the EDA will act on an alternate resolution, which is also attached to this report, that does not include the approval of the contract for private development. City Staff will update the EDA at its May 16 meeting.

REQUESTED ACTION:
Approve Resolution 2024-05 with or without the contract for private development.

ATTACHMENTS:
1. Resolution 2024-05
2. Contract for Private Development
3. Alternate Resolution 2024-05
4. Modification to the Development Program for District No. 1
5. Tax Increment Financing Plan - District N. 19

RESOLUTION NO. 2024-5

FARIBAULT ECONOMIC DEVELOPMENT AUTHORITY
CITY OF FARIBAULT
RICE COUNTY
STATE OF MINNESOTA

RESOLUTION RECOMMENDING THE CITY COUNCIL MODIFY DEVELOPMENT DISTRICT NO. 1, ESTABLISH TAX INCREMENT FINANCING DISTRICT NO. 19: TWIN OAKS HOUSING THEREIN, ADOPT A MODIFICATION TO THE DEVELOPMENT PROGRAM, ADOPT THE TAX INCREMENT FINANCING PLAN THEREFOR, APPROVE A CONTRACT FOR PRIVATE DEVELOPMENT AND APPROVE AN INTERFUND LOAN.

WHEREAS, There is a proposal to modify Development District No. 1, establish Tax Increment Financing District No. 19: Twin Oaks Housing (a housing district), adopt a Modification to the Development Program (the "Development Program Modification"), and adopt the Tax Increment Financing Plan (the "TIF Plan") therefor (the Development Program Modification and the TIF Plan are referred to collectively herein as the "Program Modification and TIF Plan"), all pursuant to and in conformity with applicable law, including Minnesota Statutes, Sections 469.124 to 469.134, and Sections 469.174 to 469.1799, inclusive, as amended (the "Act"); and

WHEREAS, the City of Faribault (the "City") has investigated the facts relating to the Program Modification and TIF Plan and has caused the Program Modification and TIF Plan to be prepared; and

WHEREAS, the City has performed all actions required by law to be performed prior to the adoption of the Program Modification and TIF Plan, and has scheduled a public hearing on the Program Modification and TIF Plan upon published notice as required by law.

NOW, THEREFORE, BE IT RESOLVED by the Faribault Economic Development Authority as follows:

1. The EDA hereby finds that the Program Modification and TIF Plan conform in all respects to the requirements of the Act; will provide an impetus for residential development and provide safe and decent life cycle housing in the City.

2. The EDA further finds that the Program Modification and TIF Plan will afford maximum opportunity, consistent with the sound needs of the City as a whole, for the development or redevelopment of Development District No. 1 in that the intent is to provide only that public assistance necessary to make the private developments

financially feasible.

3. The EDA hereby approves the Program Modification and TIF Plan, as presented to the EDA on this date, and recommends that they be established and adopted by the City Council.

4. The EDA hereby approves the contract for private development as presented to the EDA on this date.

5. The EDA hereby approves the interfund loan established by the City or the EDA for the advance of certain costs in connection with Tax Increment Financing District No. 19.

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

Approved by the Faribault Economic Development Authority this 16th day of May, 2024.

By: ______________________________
Rodney Gramse
Its: Chair

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

CONTRACT

FOR

PRIVATE REDEVELOPMENT

By and Between

THE ECONOMIC DEVELOPMENT AUTHORITY OF THE CITY OF FARIBAULT

and

THE HOUSING AND REDEVELOPMENT AUTHORITY OF RICE COUNTY

This document drafted by:

KENNEDY & GRAVEN, CHARTERED (SJR)
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CONTRACT FOR PRIVATE REDEVELOPMENT

This Contract for Private Redevelopment (the "Agreement") is made this _____ day of May, 2024, by and between the Economic Development Authority of the city of Faribault, a public body corporate and politic under the laws of Minnesota ("EDA"), and the Housing and Redevelopment Authority of Rice County, a political subdivision under the laws of Minnesota and having its principal office at 320 Third Street NW, Faribault, MN 55021 (the "Redeveloper").

WITNESSETH:

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

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

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

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

WHEREAS, the EDA established Tax Increment Financing District No. 19 – Twin Oaks Housing (a housing district) and adopted a tax increment financing plan related thereto, all pursuant to Minnesota Statutes, sections 469.174 through 469.1799; and

WHEREAS, the Redeveloper has proposed to redevelop the area located near Ames Trail and 1st Avenue NW [at ____ Ames Trail], Faribault, Minnesota, and legally described as Outlot B, CANNON RIVER VIEW, Rice County, Minnesota, according to the recorded plat thereof on file in the Rice County Recorder's Office (the "Redevelopment Property") through a project which the EDA believes is in the vital and best interests of Faribault and the health, safety, morals, and welfare of its residents, and in accord with the public purposes and provisions of the applicable state and local laws and requirements for which Development District No. 1 and Tax Increment Financing District No. 19 – Twin Oaks Housing were established; and

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

ARTICLE I

<u>Definitions</u>

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

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

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

"Assessor" means the county assessor of Rice County.

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

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

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

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

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

"County" means Rice County, Minnesota.

"Economic Development Authorities Act" or "EDA Act" means <u>Minnesota Statutes</u>, sections 469.090 through 469.108, as amended.

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

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

"Housing and Redevelopment Authorities Act" or "HRA Act" means <u>Minnesota Statutes</u>, sections 469.001 through 469.047, as amended.

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

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

"Minimum Improvements" means construction of infrastructure (roads, utilities, etc.) for a subdivision to allow the construction of 22 units of single-family owner-occupied housing on the Redevelopment Property. At least 95% of the houses assisted with tax increment must be occupied with persons at 100% of median income for a family of two or less and 115% of median income for families of three or more (rental housing would have stricter income limitations). After completion of the Minimum Improvements, the term shall mean the Redevelopment Property as improved by the Minimum Improvements. The Minimum Improvements are generally depicted on Exhibit B attached hereto.

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

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

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

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

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

"Redevelopment Plan" means the Redevelopment Plan for Redevelopment Project No. 19 which was approved by the EDA on May 16, 2024.

"Redevelopment Property" means all those properties which are included in Outlot B, CANNON RIVER VIEW, Rice County, Minnesota, according to the recorded plat thereof on file in the Rice County Recorder's Office. The Redevelopment Property is legally described in Exhibit A and depicted on Exhibit B attached hereto.

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

"State" means the state of Minnesota.

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

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

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

"Tax Increment Financing District" or "TIF District" means Tax Increment Financing District No. 19 – Twin Oaks Housing (a housing district).

"Tax Increment Financing Plan" or "TIF Plan" means the tax increment plan for Tax Increment Financing District No. 19 – Twin Oaks Housing which was approved by the EDA on May 16, 2024.

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

"Termination Date" means the date Tax Increment Financing District No. 19 – Twin Oaks Housing terminates, which is estimated to be after twenty-five (25) years after the date of receipt of the first increment, or the date the Note has been paid through Available Tax Increment or terminated, whichever occurs first.

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

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

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

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

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

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

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

Section 1.4. Incorporation of Recitals and Exhibits. The Recitals set forth in the preamble to this Agreement and the Exhibits attached to this Agreement are incorporated into this Agreement as if fully set forth herein.

ARTICLE II

Representations and Warranties

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

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

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

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

(d) TIF District No. 19 – Twin Oaks Housing is a housing tax increment financing district within the meaning of the TIF Act and was created, adopted and approved in accordance with the TIF Act.

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

(f) The activities of the EDA pursuant to this Agreement are undertaken pursuant to the Redevelopment Plan and are for the purpose of redevelopment of the Redevelopment Property by construction of infrastructure (roads, utilities, etc.) at the Redevelopment Property for new housing.

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

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

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

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

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

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

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

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

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

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

ARTICLE III

Acquisition of Redevelopment Property; Redevelopment Assistance

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

Section 3.2. Issuance of Pay-As-You-Go Note. (a) In consideration of the Redeveloper constructing the Minimum Improvements and to finance the reimbursement of the Qualifying Costs, the EDA will issue and the Redeveloper will purchase the Note in the principal amount of $202,000.00 in substantially the form set forth in the Authorizing Resolution attached hereto as Exhibit E. The EDA and the Redeveloper agree that the consideration from the Redeveloper for the purchase of the Note will consist of the Redeveloper's payment of the Qualifying Costs of land acquisition, site preparation, including utility installation, and other expenditures which are eligible for reimbursement with Tax Increment and which are incurred by the Redeveloper in at least the principal amount of the Note. The EDA will deliver the Note upon satisfaction by the Redeveloper of all the conditions precedent specified in section 3.3 of this Agreement.

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

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

(a) The Redeveloper has acquired the Redevelopment Property in fee;

(b) The Redeveloper has submitted and the EDA has approved the Construction Plans;

(c) The Redeveloper has constructed the Minimum Improvements and the EDA has issued the Certificate of Completion;

(d) The Redeveloper has submitted evidence it has paid for the Qualifying Costs, including paid receipts and lien waivers;

(e) The Redeveloper has reimbursed the EDA for all of its administrative costs incurred in conjunction with the processing of Redeveloper's request;

(f) The Redeveloper has submitted the Investment Letter; and

(g) There has been no Event of Default on the part of the Redeveloper which has not been cured.

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

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

ARTICLE IV

Construction of Minimum Improvements

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

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

(b) If the Redeveloper desires to make any Material Change or any other change in the Construction Plans affecting the size, height, footprint, exterior building materials, or any other change regarding the Minimum Improvements which would also require approval under any applicable code, ordinance or regulation after approval by the EDA, the Redeveloper shall submit the proposed change to the EDA for its prior written approval. If the proposed change is consistent with the Preliminary Plans or is otherwise acceptable to the EDA and meets all other requirements of section 4.2(a) above, the EDA shall approve the proposed change. Such change in the Construction Plans shall be deemed approved by the City unless rejected, in whole or in part, by written notice by the EDA to the Redeveloper, setting forth in detail the reasons therefore. Such rejection shall be made within 30 business days after receipt of the written notice of such change from the Redeveloper.

Section 4.3. Commencement and Completion of Construction. Subject to Unavoidable Delays, the Redeveloper shall commence construction of the Minimum Improvements by no later than May 31, 2024. The Redeveloper shall substantially complete the Minimum Improvements by May 31, 2025. All work with respect to the Minimum Improvements to be constructed or provided by the Redeveloper on the Redevelopment Property shall be in conformity with the Construction Plans. The Redeveloper shall make such reports to the EDA regarding construction of the Minimum Improvements as the EDA deems necessary or helpful in order to monitor progress on construction of the Minimum Improvements.

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

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

ARTICLE V

Insurance

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

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

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

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

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

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

ARTICLE VI

Payment of Taxes; Use of Tax Increment

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

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

Section 6.2. Use of Tax Increment. Except as provided for in this Agreement, the EDA shall be free to use any Tax Increment it receives from the County with respect to TIF District No. 19 – Twin Oaks Housing for any purpose for which such increment may lawfully be used under the TIF Act and the EDA shall have no obligations to the Redeveloper with respect to the use of such Tax Increment.

ARTICLE VII

Restrictions on Sale of Minimum Improvements

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

ARTICLE VIII

Events of Default

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

(a) Failure by the Redeveloper to acquire the Redevelopment Property in accordance with Article III of this Agreement;

(b) Failure by the Redeveloper to seek approvals from the City and other entities necessary in order to construct the Minimum Improvements;

(c) Failure by the Redeveloper to commence and complete construction of the Minimum Improvements pursuant to the terms, conditions and limitations of Article IV of this Agreement, including the timing thereof, unless such failure is caused by an Unavoidable Delay or waived by the Redeveloper and EDA;

(d) Failure by the Redeveloper to provide and maintain any insurance required to be provided and maintained by Article V;

(e) If the Redeveloper shall file a petition in bankruptcy, or shall make an assignment for the benefit of its creditors or shall consent to the appointment of a receiver;

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

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

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

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

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

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

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

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

Section 8.4. No Additional Waiver Implied by One Waiver. In the event any covenant or agreement contained in this Agreement should be breached by either party and thereafter waived by the other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other concurrent, previous or subsequent breach hereunder.

ARTICLE IX

Additional Provisions

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

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

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

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

(a) in the case of the Redeveloper:
Housing and Redevelopment Authority of Rice County
Attn: County Administrator
320 Third Street NW
Faribault, MN 55021

(b) in the case of EDA:
Economic Development Authority of the City of Faribault
208 1st Avenue Northwest
Faribault, Minnesota 55021
Attn: Executive Director

and with a copy to:
Kennedy & Graven, Chartered
150 South Fifth Street, Suite 700
Minneapolis, MN 55402
Attn: Scott J. Riggs

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

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

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

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

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

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

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

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

****

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

ECONOMIC DEVELOPMENT AUTHORITY OF THE CITY OF FARIBAULT:

By: ________________________________
Rodney Gramse
Its: Chair

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

STATE OF MINNESOTA)
) ss.
COUNTY OF RICE)

The foregoing instrument as acknowledged before me this _____ day of May, 2024, by Rodney Gramse and A. J. Smith, the Chair and Vice Chair/Secretary-Treasurer of the Economic Development Authority of the city of Faribault, a public body corporate and politic under the laws of Minnesota, on behalf of the Economic Development Authority.

____
Notary Public

REDEVELOPER:

HOUSING AND REDEVELOPMENT AUTHORITY OF RICE COUNTY

By: ______________________________
Galen Malecha
Housing and Redevelopment Authority of Rice County Board Chair

By: ______________________________
Joy Watson
Rice County Director of Housing

STATE OF MINNESOTA)
) SS.
COUNTY OF RICE)

The foregoing instrument was acknowledged before me this _____ day of May, 2024, by Galen Malecha and Joy Watson, the Board Chair and Housing Director, respectively, of the Housing and Redevelopment Authority of Rice County, a political subdivision under the laws of the State of Minnesota, on behalf of the Housing and Redevelopment Authority.

By: _________________________________
Notary Public

This document drafted by:

KENNEDY & GRAVEN, CHARTERED (SJR)
150 South 5th Street, Suite 700
Minneapolis, MN 55402
(612) 337-9300

EXHIBIT A TO
REDEVELOPMENT AGREEMENT

LEGAL DESCRIPTION OF REDEVELOPMENT PROPERTY

Outlot B, CANNON RIVER VIEW, Rice County, Minnesota, according to the recorded plat thereof on file and of record in the office of the County Recorder in and for Rice County, Minnesota.

EXHIBIT B TO
REDEVELOPMENT AGREEMENT

DEPICTION OF THE REDEVELOPMENT PROPERTY
AND MINIMUM IMPROVEMENTS

EXHIBIT C TO
REDEVELOPMENT AGREEMENT

PRELIMINARY PLAN DOCUMENTS

Those plans titled "______________________________________" dated _______________, 2024, and prepared by ______________________________________, which are on file at the offices of the City Planner at Faribault City Hall.

EXHIBIT D TO
REDEVELOPMENT AGREEMENT

FORM OF
CERTIFICATE OF COMPLETION

WHEREAS, the Economic Development Authority of the City of Faribault, a public body corporate and politic under the laws of Minnesota ("EDA"), and Housing and Redevelopment Authority of Rice County, a political subdivision under the laws of the State of Minnesota (the "Redeveloper"), have entered into a certain Contract for Private Redevelopment (the "Agreement") dated the ____ day of May, 2024, and recorded in the office of the County Recorder or Registrar in Rice County, Minnesota, as Document No. __________, which Agreement contained certain covenants and restrictions regarding completion of the Minimum Improvements, as defined in the Agreement; and

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

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

Dated: ________________.

ECONOMIC DEVELOPMENT AUTHORITY
OF THE CITY OF FARIBAULT

By: ______________________________
Executive Director

STATE OF MINNESOTA)
) ss.
COUNTY OF RICE)

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

____
Notary Public

EXHIBIT E TO
REDEVELOPMENT AGREEMENT

FORM OF AUTHORIZING RESOLUTION

ECONOMIC DEVELOPMENT AUTHORITY OF THE CITY OF FARIBAULT

RESOLUTION NO. ______

RESOLUTION APPROVING THE ISSUANCE OF, AND PROVIDING THE FORM, TERMS, COVENANTS AND DIRECTIONS FOR THE ISSUANCE OF ITS TAXABLE TAX INCREMENT REVENUE NOTE, SERIES 2025 IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED $202,000

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

Section 1. Authorization; Award of Sale.

1.01. Authorization. The EDA has heretofore approved the establishment of Tax Increment Financing District No. 19 – Twin Oaks Housing (the "TIF District") within Development District No. 1 ("Redevelopment Project") and has adopted a tax increment financing plan for the purpose of financing certain improvements within the Redevelopment Project.

Pursuant to Minnesota Statutes, Section 469.178, the EDA is authorized to issue and sell its bonds for the purpose of financing a portion of the public development costs of the Redevelopment Project. The bonds are payable from all or any portion of revenues derived from the TIF District and pledged to the payment of the bonds. The EDA hereby finds and determines that it is in the best interests of EDA that it issue and sell its taxable Tax Increment Revenue Note, Series 2025 (the "Note"), in the aggregate principal amount of $202,000, for the purpose of financing certain public costs of the Redevelopment Project.

1.02. Agreement Approved; Issuance, Sale and Terms of the Note. The EDA has previously approved the Contract for Private Redevelopment (the "Agreement") between the EDA and Riverchase Faribault, LLC (the "Owner"), and has authorized the Executive Director and President to execute the Agreement. Pursuant to the Agreement, the Note will be sold to the Owner. The Note will be dated as of the date of delivery and will bear interest at the rate of 5.0% per annum to the earlier of maturity or prepayment. In exchange for the EDA's issuance of the Note to the Owner, the Owner will pay certain costs related to the Minimum Improvements (the Qualifying Costs, as defined in the Agreement) pursuant to Section 3.2 of the Agreement. The Note will be delivered in the principal amount of $202,000 for reimbursement of the Owner's costs in accordance with the terms of Section 3.3 of the Agreement.

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

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

No. R-1 $202,000

TAXABLE TAX INCREMENT REVENUE NOTE
SERIES 2025

Rate	Date of Original Issue
5.0%	__________

The Economic Development Authority of the City of Faribault ("EDA"), for value received, certifies that it is indebted and hereby promises to pay to the Housing and Redevelopment Authority of Rice County or registered assigns (the "Owner"), the principal sum of $202,000 and to pay interest thereon at the rate of 5.0 percent per annum, as and to the extent set forth herein.

1. Payments. Principal and interest ("Payments") are estimated to be paid on August 1, 2026, and each February 1 and August 1 thereafter to and including February 1, 2051 ("Payment Dates"), in the amounts and from the sources set forth in Section 3 herein. Payments will be applied first to accrued interest, and then to unpaid principal.

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

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

3. Available Tax Increment. Payments on this Note are payable on each Payment Date in the amount of and solely payable from "Available Tax Increment," which will mean, on each Payment Date, 90 percent of the Tax Increment attributable to the Redevelopment Property (defined in the Agreement) and paid to the EDA by Rice County in the six months preceding the Payment Date, all as the terms are defined in the Contract for Private Redevelopment between the EDA and Owner dated as of May ___. 2024 (the "Agreement"). Available Tax Increment will not include any Tax Increment if, as of any Payment Date, there is an uncured Event of Default by the Owner under the Agreement.

The EDA will have no obligation to pay principal of and interest on this Note on each Payment Date from any source other than Available Tax Increment, and the failure of the EDA to pay the entire amount of principal or interest on this Note on any Payment Date will not constitute a default hereunder as long as the EDA pays principal and interest hereon to the extent of Available Tax Increment. The EDA will have no obligation to pay unpaid balance of principal or accrued interest that may remain after the final Payment on February 1, 2051.

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

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

6. Nature of Obligation. This Note is a single note in the total principal amount of $202,000 issued to aid in financing certain public redevelopment costs and administrative costs of a Redevelopment Project undertaken by the EDA pursuant to Minnesota Statutes, Sections 469.001 through 469.047, as amended, and is issued pursuant to an authorizing resolution (the "Resolution") duly adopted by the EDA on May ______, 2024, and pursuant to and in full conformity with the Constitution and laws of the State of Minnesota, including Minnesota Statutes, Sections 469.174 to 469.179, as amended. This Note is a limited obligation of the EDA which is payable solely from Available Tax Increment pledged to the payment hereof under the Resolution. This Note and the interest hereon will not be deemed to constitute a general obligation of the State of Minnesota or any political subdivision thereof, including, without limitation, the EDA or the city of Faribault. Neither the State of Minnesota, nor any political subdivision thereof will be obligated to pay the principal of or interest on this Note or other costs incident hereto except out of Available Tax Increment, and neither the full faith and credit nor the taxing power of the State of Minnesota or any political subdivision thereof is pledged to the payment of the principal of or interest on this Note or other costs incident hereto.

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

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

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

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

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

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

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

ECONOMIC DEVELOPMENT AUTHORITY OF THE CITY OF FARIBAULT

______________________________	______________________________
Chair	Executive Director

REGISTRATION PROVISIONS

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

Date of Registration	Registered Owner	Signature of EDA Executive Director
	Housing and Redevelopment Authority of Rice County 320 Third Street NW Faribault, MN 55021	

[End of Form of Note]

Section 3. Terms, Execution and Delivery.

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

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

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

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

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

(b) Transfer of Note. Upon surrender for transfer of the Note duly endorsed by the registered owner thereof or accompanied by a written instrument of transfer, in a form reasonably satisfactory to the Registrar, duly executed by the registered owner thereof or by an attorney duly authorized by the registered owner in writing, the Registrar will authenticate and deliver, in the name of the designated transferee or transferees, a new Note of a like aggregate principal amount and maturity, as requested by the transferor. Notwithstanding the foregoing, the Note will not be transferred except (1) to any person other than an affiliate, or other related entity, of the Owner unless the EDA has been provided with an investment letter in a form substantially similar to the investment letter submitted by the Owner or a certificate of the transferor, in a form satisfactory to the EDA, that the transfer is exempt from registration and prospectus delivery requirements of federal and applicable state securities laws, or (2) to the note holder's construction lender to secure full payment and performance of its obligations under the loan. The Registrar may close the books for registration of any transfer after the fifteenth day of the month preceding each Payment Date and until the Payment Date.

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

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

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

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

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

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

Section 4. Security Provisions.

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

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

Section 5. Certification of Proceedings.

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

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

Adopted by the board of commissioners of the Economic Development Authority of the City of Faribault, this ____ day of ____________, 202__.

____
Chair

____
Executive Director

EXHIBIT F TO
REDEVELOPMENT AGREEMENT

FORM OF INVESTMENT LETTER

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

Dated: __________________, 2025

Re: $202,000 Tax Increment Revenue Note (Twin Oaks Housing TIF Project No. 19)

The undersigned, as Purchaser of $202,000 in principal amount of the above-captioned Tax Increment Revenue Note (the "Note"), approved by the Board of Commissioners of the Economic Development Authority of the City of Faribault on __________, 202__, hereby represents to you and to Kennedy & Graven, Chartered, Minneapolis, Minnesota, as legal counsel to the EDA, as follows:

1. We understand and acknowledge that the Note is delivered to the Purchaser on this date pursuant to the Contract for Private Redevelopment by and between the EDA and the Purchaser dated May ___, 2024 (the "Agreement").

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

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

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

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

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

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

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

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

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

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

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

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

HOUSING AND REDEVELOPMENT AUTHORITY OF RICE COUNTY

By: ______________________________
Galen Malecha
Housing and Redevelopment Authority of Rice County Board Chair

By: ______________________________
Joy Watson
Rice County Director of Housing

RESOLUTION NO. 2024-5

FARIBAULT ECONOMIC DEVELOPMENT AUTHORITY
CITY OF FARIBAULT
RICE COUNTY
STATE OF MINNESOTA

RESOLUTION RECOMMENDING THE CITY COUNCIL MODIFY DEVELOPMENT DISTRICT NO. 1, ESTABLISH TAX INCREMENT FINANCING DISTRICT NO. 19: TWIN OAKS HOUSING THEREIN, ADOPT A MODIFICATION TO THE DEVELOPMENT PROGRAM, AND ADOPT THE TAX INCREMENT FINANCING PLAN THEREFOR.

WHEREAS, There is a proposal to modify Development District No. 1, establish Tax Increment Financing District No. 19: Twin Oaks Housing (a housing district), adopt a Modification to the Development Program (the "Development Program Modification"), and adopt the Tax Increment Financing Plan (the "TIF Plan") therefor (the Development Program Modification and the TIF Plan are referred to collectively herein as the "Program Modification and TIF Plan"), all pursuant to and in conformity with applicable law, including Minnesota Statutes, Sections 469.124 to 469.134, and Sections 469.174 to 469.1799, inclusive, as amended (the "Act"); and

WHEREAS, the City of Faribault (the "City") has investigated the facts relating to the Program Modification and TIF Plan and has caused the Program Modification and TIF Plan to be prepared; and

WHEREAS, the City has performed all actions required by law to be performed prior to the adoption of the Program Modification and TIF Plan, and has scheduled a public hearing on the Program Modification and TIF Plan upon published notice as required by law.

NOW, THEREFORE, BE IT RESOLVED by the Faribault Economic Development Authority as follows:

1. The EDA hereby finds that the Program Modification and TIF Plan conform in all respects to the requirements of the Act; will provide an impetus for residential development and provide safe and decent life cycle housing in the City.

2. The EDA further finds that the Program Modification and TIF Plan will afford maximum opportunity, consistent with the sound needs of the City as a whole, for the development or redevelopment of Development District No. 1 in that the intent is to provide only that public assistance necessary to make the private developments financially feasible.

3. The EDA hereby approves the Program Modification and TIF Plan, as presented to the EDA on this date, and recommends that they be established and adopted by the City Council.

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

Approved by the Faribault Economic Development Authority this 16th day of May, 2024.

By: ______________________________
Rodney Gramse
Its: Chair

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

DOCSOPEN\FA105\488a\952689.v1-5/13/24

Adoption Date: April 26, 1988

Modification Public Hearing: May 14, 2024

City of Faribault
Rice County, Minnesota

MODIFICATION TO THE DEVELOPMENT PROGRAM for
Development District No. 1

EHLERS
PUBLIC FINANCE ADVISORS

Prepared by:

Ehlers
3060 Centre Pointe Drive
Roseville, Minnesota 55113

BUILDING COMMUNITIES. IT'S WHAT WE DO.

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Modification to Development Program for Development District No. 1

FOREWORD

The following represents a Modification to the Development Program for Development District No. 1 (the " Development District"). This modification represents a continuation of the goals and objectives set forth in the Development Program for Development District No. 1. Generally, the substantive change includes expansion of the boundaries of the Project Area to include property that has been annexed so the boundaries continue to be coterminous with the corporate boundaries of the City of Faribault.

BOUNDARIES OF THE DEVELOPMENT DISTRICT

The boundaries of the Development District are expanded to include property recently annexed. The boundaries of the Develop District are coterminous with the boundaries of the City as shown in Appendix A. The existing tax increment districts listed below are included in the modified Development District:

- Tax Increment District No. 6-1 (Housing)
- Tax Increment District No. 8 (River Ridge)
- Tax Increment District No. 9 (Faribault Road Redevelopment)
- Tax Increment District No. 13 (Hamilton)
- Tax Increment District No. 14 (Straight River)
- Tax Increment District No. 15 (Lofts of Evergreen)
- Tax Increment District No. 16 (Farmer Seed Building)
- Tax Increment District No. 17 (Riverchase Apartments)
- Tax Increment District No. 18 (Willow Street Apartments)
- Tax Increment District No. 19 (Twin Oaks Housing)

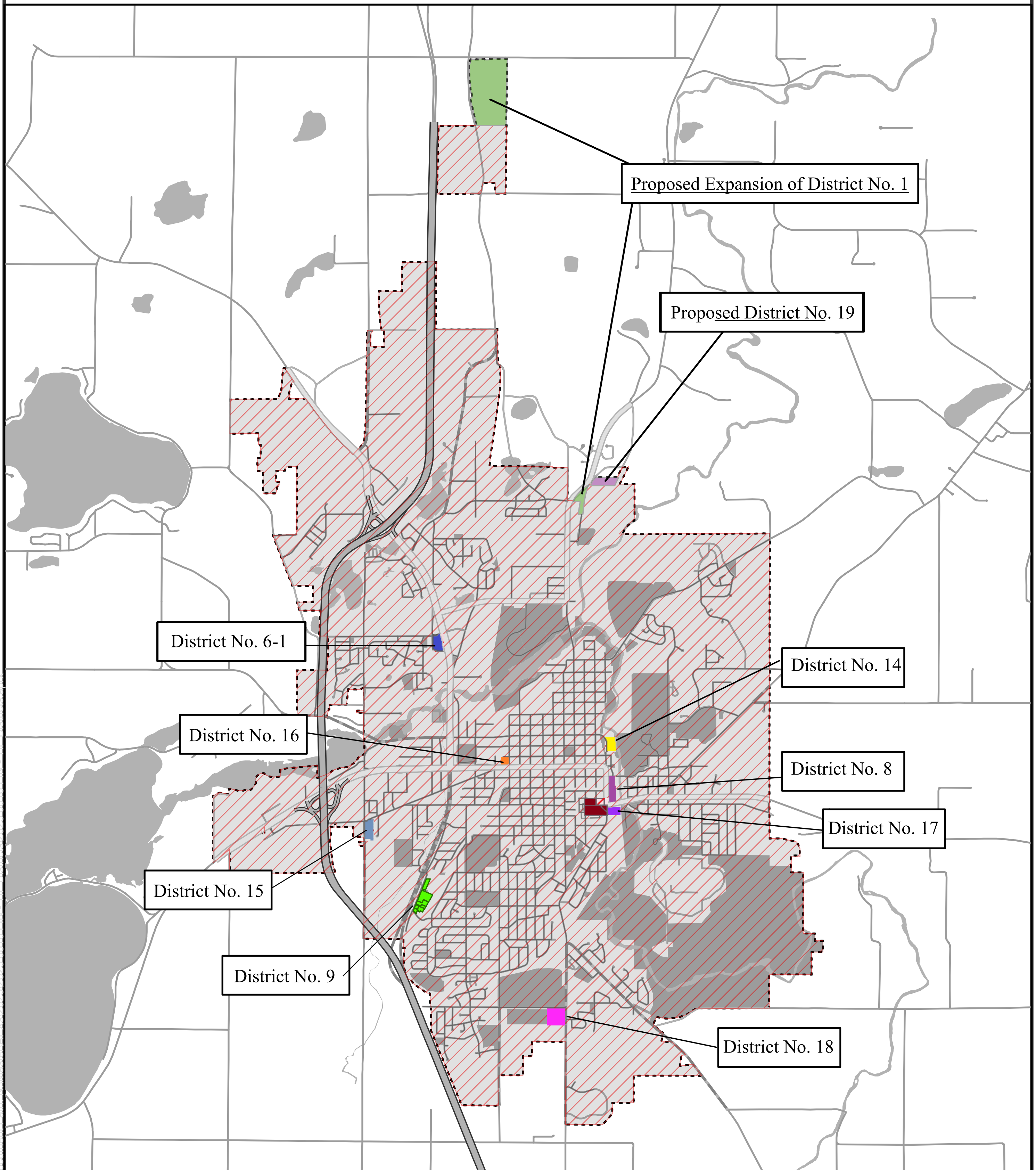
Appendix A: Map of Development District No. 1

City Of Faribault

Mayl 2024

Proposed Expansion of Development District No. 1

This map is neither a legally recorded map nor a survey. This map is a compilation data affecting the area shown; and is for reference purposes only. In using the map, you assume responsibility for the correctness all information extracted from this map.



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N W E S

Existing Development District No. 1
District No. 6-1
District No. 8
District No. 9
Proposed Expanded Development District No. 1
District No. 13
District No. 14
District No. 15
District No. 16
District No. 17
District No. 18
Proposed District No. 19

Appendix B: Development Program for Development District No. 1

LAW OFFICES

BRIGGS AND MORGAN

PROFESSIONAL ASSOCIATION

2200 FIRST NATIONAL BANK BUILDING

SAINT PAUL, MINNESOTA 55101

TELEPHONE (612) 291-1215

TELECOPIER (612) 222-4071

INCLUDING THE FORMER FIRM OF
LEVITT, PALMER, BOWEN, ROTMAN & SHARE

April 12, 1988

Patrick W. Hentges
Faribault City Administrator
City of Faribault
208 N.W. 1st Avenue
Faribault, Minnesota 55021

Re: Development District No. 1 and Tax Increment Financing District and Plan No. 1 of the Faribault Economic Development Authority

Dear Pat:

As promised in my letter to you of yesterday, I am enclosing a copy of the above-mentioned documentation, dated April 26, 1988, to correspond with the City Council's consideration of these plans.

I received today from John Jensvold legal descriptions and these have been incorporated into the larger development district and into the portion thereof which comprises the tax increment financing district.

In very general terms, this document describes the boundaries of the development district (which can be enlarged as necessary in the future), sets out a very general development plan, sets out an initial development expenditure budget (with particular focus on the Viratec project), and includes the designation of the tax increment district and the tax increment financing plan, which dovetail into and reference portions of the development plan and budget. As I say, as time goes on the EDA may wish to expand the development district and/or establish new tax increment financing districts therein as circumstances may warrant.

I would suggest that John double check for accuracy the legal descriptions and the boundary maps included in this document. This is the document which you will forward to the County and School Boards and it is the April 26th document which is mentioned in both the City Council and EDA resolutions approving these plans.

Please let me know if you see the need for any changes to the enclosed.

Very truly yours,

Jim O'Meara

James P. O'Meara

JPO:cf
Enclosures

cc: John Jensvold (w/enclosures)
Dale Martinson (w/enclosures)

Development District No. 1

of the

Faribault Economic Development Authority

including

Development Plan

and

Tax Increment Financing District and Plan No. 1

April 26, 1988

This document was drafted by: Briggs and Morgan
2200 First National Bank Building
Saint Paul, Minnesota 55101
(612) 291-1215

Section I.

Development District No. 1
and Its Development Plan

Section 1.1. Definitions. The terms defined below, for purposes of this Development District and Development Plan and for purposes of any Tax Increment Financing Districts and Plans which may be now or hereafter established and approved within the Development District, shall have the following respective meanings, unless the context specifically requires otherwise. As used herein, the term "development" includes redevelopment, and the term "developing" includes redeveloping.

"City" means the City of Faribault, Minnesota.

"Council" means the City Council of the City, its governing body,

"County" means Rice County, Minnesota.

"Development District" means this Development District No. 1, as the same may be amended.

"Development Plan" means the Development Plan for the Development District, as set forth herein and as the same may be amended.

"EDA" means the Faribault Economic Development Authority, established pursuant to the Enabling Act and pursuant to Resolution 86-77, adopted by the Council as the enabling resolution for the EDA, as amended.

"Enabling Act" means Laws of Minnesota 1986, Chapter 400, as codified in Minnesota Statutes, Sections 469.090 to 469.108, as the same may be amended or supplemented.

"Project Area" means the real property within the City constituting the Development District, as the same may be amended.

"State" means the State of Minnesota.

"Tax Increment Act" means Minnesota Statutes, Sections 469.174 through 469.179, as the same may be amended.

"<u>Tax Increment District</u>" means any tax increment financing district established pursuant to the Tax Increment Act now or in the future within the Development District, and as the same may be amended.

"<u>Tax Increment Plans</u>" means the respective tax increment financing plans adopted pursuant to the Tax Increment Act for the Tax Increment Districts, respectively, as the same may be amended.

Section 1.2. <u>Enabling Act; Statutory Authority</u>. Pursuant to the Enabling Act, the City was authorized to establish an economic development authority that has the powers provided in the Enabling Act, including without limitation the powers of a housing and redevelopment authority under Minnesota Statutes, Sections 469.001 to 469.047, or other law, and the powers of a city under Minnesota Statutes, Sections 469.124 to 469.134, or other law. Pursuant to Resolution 86-77, adopted by the Council on May 27, 1986, as amended (the "Enabling Resolution"), the City established the EDA under the Enabling Act and appointed the initial members of the EDA.

It is the intention of the EDA, notwithstanding the enumeration of specific goals and objectives in the Development Plan but subject to the provisions of the Enabling Resolution, that the EDA shall have and enjoy with respect to the Development District the full range of powers and duties conferred upon the EDA pursuant to the Enabling Act, the Tax Increment Act, city development district laws, housing and redevelopment authority laws, and such other legal authority as the EDA may have or enjoy from time to time.

Section 1.3. <u>Statement and Finding of Public Purpose</u>. The EDA finds that there is a need for development within the City and the Development District to provide employment opportunities, to improve the local tax base, and to improve the general economy of the City and the State. The sound development of the economic security of the people in the City depends upon proper development of marginal and other property, including land within an industrial or commercial area not used for industry or commerce but needed for industrial or commercial development of the area, properties whose values are too low to pay for the public services required or rendered, and properties whose lack of use or improper use has resulted in stagnant or unproductive land that could otherwise contribute to the public health, safety, and welfare.

The EDA finds that in many cases such property cannot be developed without public participation and assistance in forms including property acquisition and/or write-down, proper planning, the financing of land assembly in the work of clearance or development, site preparation, utility installation, and the making or financing of other improvements necessary for development. In cases where the development of property cannot be done by private enterprise alone, the EDA believes it to be in the public interest to consider the exercise of its powers, to advance and spend public money, and to provide the means and impetus for such development.

The EDA finds that in certain cases property within the Project Area would or may not be available for development without the specific or similar financial aid to be sought, that the Development Plan will afford maximum opportunity, consistent with the needs of the City as a whole, for the development of the Project Area by private enterprise, and that the Development Plan conforms to the general plan for the development of the City as a whole.

The EDA also finds that the welfare of the City and the State requires the active promotion, attraction, encouragement, and development of economically sound industry and commerce through governmental action for the purpose of preventing the emergence of blighted and marginal lands and areas of chronic unemployment. It shall also be the policy of the EDA to facilitate and encourage such action as may be necessary to prevent the economic deterioration of such areas to the point where the process can be reversed only by total redevelopment. Through the use of the powers conferred on the EDA pursuant to the Enabling Act, promoting economic development may prevent the occurrence of conditions requiring redevelopment and prevent the emergence of blight, marginal land, and substantial and persistent unemployment.

Section 1.4. Statement of Objectives. The EDA seeks to achieve one or more of the following objectives with respect to such property within the Development District as the EDA may determine and in such circumstances and upon such terms as the EDA may deem appropriate or necessary:

(a) To promote and secure the prompt development of property within the Project Area, which property is not now in its most productive use, in a manner consistent with the Comprehensive

Plan of the City, thus realizing Comprehensive Plan, land use, and tax base goals.

(b) To secure the prompt development of property in the Project Area in order to realize return on presently existing public investment in public utilities, streets, and other infrastructures.

(c) To assist such prompt development through the acquisition or write-down of certain interests in property within the Project Area which is not now in productive use or in its highest and best use, to make or defray the cost of soil corrections or site improvements on said property, and to construct or reimburse for the construction of public improvements on or for the benefit of said property, thereby promoting and securing the development of other land within the Project Area.

(d) Through the implementation of this Development Plan, to provide an impetus for residential development desirable or necessary to accommodate increased population within the City.

(e) To secure the increase of industrial and commercial property subject to taxation within the Project Area.

(f) To promote and secure additional employment opportunities within the City and to prevent the loss of existing employment opportunities, thereby preventing the loss of valuable human resources.

(g) To provide funding for an ongoing development strategy and to prioritize the use of available resources.

(h) To implement and revise from time to time, as may be deemed necessary or desirable, a consolidated and unified Development Plan and to finance the associated development costs on a area-wide basis.

(i) To employ any of the powers of the EDA for the benefit of the Development District in such cases and upon such terms as he EDA may deem appropriate.

(j) To construct or acquire facilities deemed desirable for the development of the Project Area.

Section 1.5. Boundaries of the Development District. The property which constitutes the Development District is outlined on the boundary maps attached to this Section as Exhibit I-A). This property which comprises the Development District and the corresponding Project Area is described as follows:

> Part of the Southeast Quarter of the Northeast Quarter and part of the Northeast Quarter of the Southeast Quarter of Section 23, Township 110 North, Range 21 West of the Fifth Principal Meridian, described as follows: Beginning at a point in the North line of said Southeast Quarter of Northeast Quarter (for purposes of this description bearing of said North line is assumed South 88 degrees 59 minutes 27 seconds West), a distance of 490.00 feet westerly from the Northeast corner of said Southeast Quarter of Northeast Quarter; thence South 88 degrees 59 minutes 27 seconds West, along said North line, 829.85 feet to the Northwest corner of said Southeast Quarter of Northeast Quarter; thence South 00 degrees 22 minutes 47 seconds East, along the West line of said Southeast Quarter of Northeast Quarter, 1338.49 feet to the Southwest corner of said Southeast Quarter of Northeast Quarter; thence South 00 degrees 22 minutes 20 seconds East, along the West line of said Northeast Quarter of Southeast Quarter, 1075.57 feet to a point in the northwesterly right of way line of Interstate Highway 35; thence northeasterly along said northwesterly line of said Highway 35 on the following six courses: thence northeasterly along a non-tangential curve, concave southeasterly (curve data: radius equals 2516.83 feet; delta angle 27 degrees 15 minutes 34 seconds; chord bearing and distance equal North 44 degrees 53 minutes 22 seconds East, 1186.16 feet), an arc distance of 1197.42 feet; thence North 58 degrees 31 minutes 09 seconds East, 124.95 feet; thence North 49 degrees 54 minutes 48 seconds East, 105.42 feet; thence northeasterly along a non-tangential curve, concave northwesterly (curve data: radius equals 834.93 feet; delta angle equals 25 degrees 59 minutes 00 seconds; chord bearing and distance equal North 35

degrees 05 minutes 29 seconds East, 375.40 feet), an arc distance of 378.64 feet; thence North 22 degrees 05 minutes 59 seconds East, 116.94 feet; thence North 30 degrees 37 minutes 50 seconds East, 49.95 feet to a point in the East line of said Southeast Quarter of Northeast Quarter; thence North 00 degrees 19 minutes 50 seconds West, along said East line, 474.08 feet to a point in the southerly right of way line of Minnesota Trunk Highway 21; thence South 88 degrees 02 minutes 11 seconds West, along said Highway 21 right of way line, 65.34 feet; thence continue along said Highway 21 right of way line, North 01 degrees 57 minutes 49 seconds West, 110.81 feet; thence North 45 degrees 40 minutes 11 seconds West, 592.59 feet to said point of beginning; subject to a Township Road over part of the easterly side of the herein described parcel; containing 49.556 acres, more or less.

All that part of the NE 1/4 of the NW 1/4 and all of the West 1/2 of the NW 1/4 lying North and East of the Shieldsville Road (Trunk Highway 21), all in Section 24, Township 110 North, Range 21 West of the 5th Principal Meridian, excluding the Interstate 35 right of way and the approximately 11 acres of said property lying East of said right of way.

All that part of Section 24, Township 110, Range 21 West of the 5th Principal Meridian, described as follows: All that part of the West 1/2 of the NW 1/4 of Section 24, lying South and West of the centerline of Shieldsville Road; and lying Westerly and Northerly and Northwesterly of the Northwesterly right of way of Interstate 35; subject to Minnesota Trunk Highway through the Southwesterly and Westerly part thereof.

All that part of the SE 1/4 of the NW 1/4 of said Section 24, lying North and West of the Northwesterly right of way of Interstate 35.

The EDA finds that the Project Area, together with the objectives which the EDA seeks to accomplish or encourage with respect to such property, constitutes a "redevelopment project" within the meaning of Minnesota Statutes, Section 469.001, Subdivision 14, and constitutes a development district under Minnesota Statutes, Section 469.126.

Section 1.6. Property Acquisition. The EDA intends to acquire such property, or appropriate interests therein, within the Project Area as the EDA may deem to be necessary or desirable to assist in the implementation of the Development Plan.

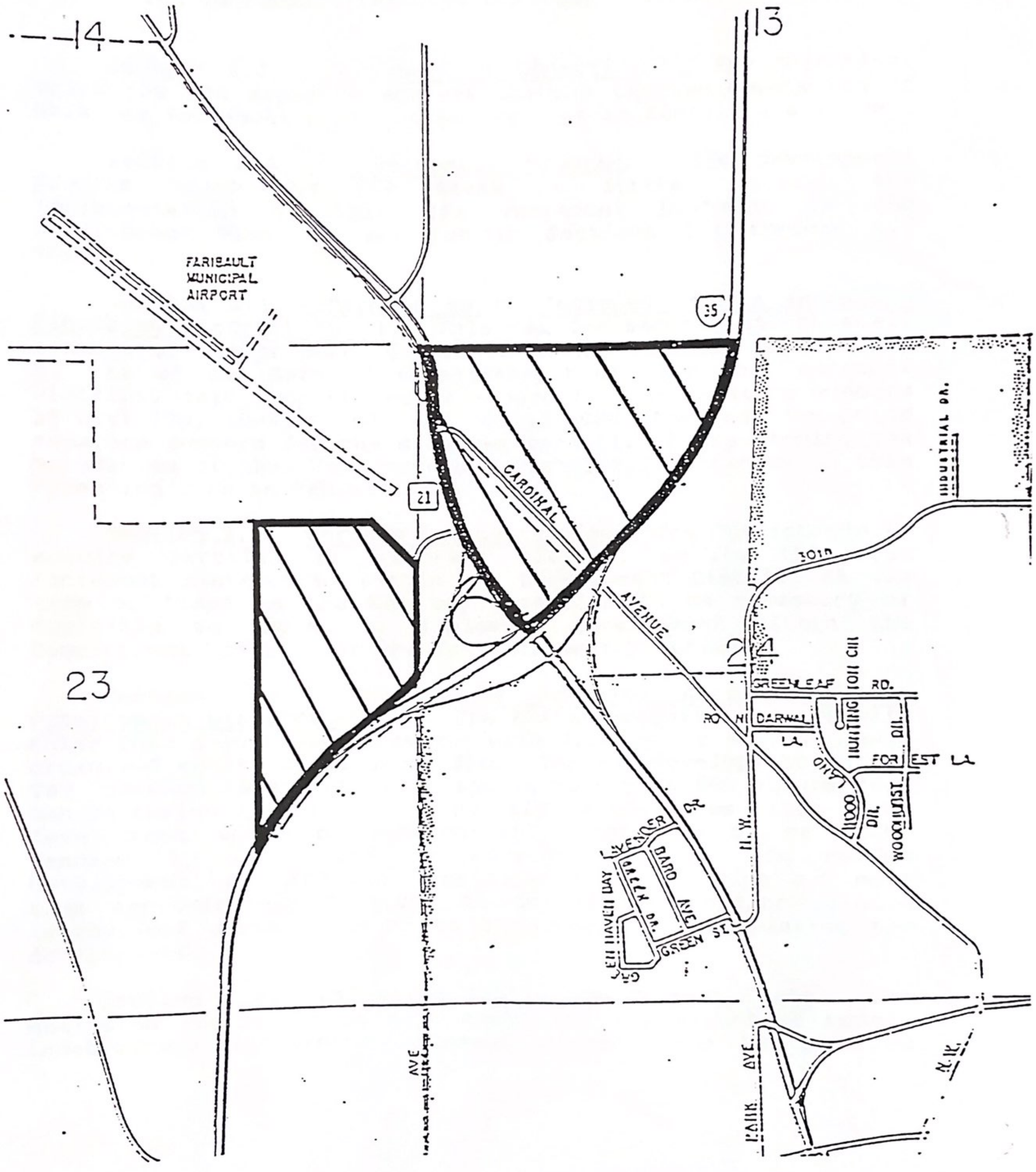
Section 1.7. Estimated Development Costs. The estimated costs of the public improvements to be made or the additional development costs to be incurred within the Project Area and financed in whole or in part by tax increment or other revenues of the EDA include the following:

Site Cost Assistance	$250,000
Site Improvement Assistance	75,000
Capitalized Interest	53,000
Issuance, Fiscal, Administrative, and Legal Costs and Contingencies	22,000
Total Development Costs and Maximum Bonded Indebtedness (Development Costs Would Also Include Interest on Indebtedness)	$400,000

In addition to the costs itemized above, the EDA intends to pay from available tax increments such qualifying administrative costs as may be permitted by but subject to the applicable limitations provided in the Tax Increment Act.

EXHIBIT I-A

Development District No. 1



Adoption Date: May 14, 2024

City of Faribault

Rice County, Minnesota

MODIFICATION TO THE DEVELOPMENT PROGRAM

Development District No. 1

&

Tax Increment Financing (TIF) Plan

Establishment of Tax Increment Financing District No. 19
(Twin Oaks Housing)
(a housing district)

EHLERS
PUBLIC FINANCE ADVISORS

Prepared by:

Ehlers
3060 Centre Pointe Drive
Roseville, Minnesota 55113

BUILDING COMMUNITIES. IT'S WHAT WE DO.

TABLE OF CONTENTS

Modification to the Development Program for Development District No. 1

FOREWORD

The following text represents a Modification to the Development Program for Development District No. 1. This modification represents a continuation of the goals and objectives set forth in the Development Program for Development District No. 1. Generally, the substantive changes include the expansion of the boundaries of Development District No. 1 and the establishment of Tax Increment Financing District No. 19 (Twin Oaks Housing).

For further information, a review of the Development Program for Development District No. 1, is recommended. It is available from the Director of Community & Economic Development at the City of Faribault. Other relevant information is contained in the tax increment financing plans for the tax increment financing districts located within Development District No. 1.

Tax Increment Financing Plan for Tax Increment Financing District No. 19 (Twin Oaks Housing)

FOREWORD

The City of Faribault (the "City"), staff and consultants have prepared the following information to expedite the Establishment of Tax Increment Financing District No. 19 (Twin Oaks Housing) (the "District"), a housing tax increment financing district, located in Development District No. 1.

STATUTORY AUTHORITY

Within the City, there exist areas where public involvement is necessary to cause development or redevelopment to occur. To this end, the City has certain statutory powers pursuant to *Minnesota Statutes ("M.S."), Sections 469.124 - 469.133*, inclusive, as amended, and *M.S., Sections 469.174 to 469.1794*, inclusive, as amended (the "TIF Act"), to assist in financing public costs related to this project.

This section contains the Tax Increment Financing Plan (the "TIF Plan") for the District. Other relevant information is contained in the Modification to the Development Program for Development District No. 1.

STATEMENT OF OBJECTIVES

The District currently consists of one (1) parcel of land and adjacent roads and internal rights-of-way. The District is being created to facilitate the construction of 22 single family homes for sale to income qualified buyers in the City. The City anticipates entering into a contract with the County for the development and development is likely to occur in 2024. This TIF Plan is expected to achieve many of the objectives outlined in the Development Program for Development District No. 1.

The activities contemplated in the Modification to the Development Program and the TIF Plan do not preclude the undertaking of other qualified development or redevelopment activities. These activities are anticipated to occur over the life of Development District No. 1 and the District.

DEVELOPMENT PROGRAM OVERVIEW

Pursuant to the Development Program and authorizing state statutes, the City is authorized to undertake the following activities in the District:

1. Property to be Acquired - The Rice County HRA currently owns the one (1) parcel of property within the District. It is not anticipated that the City will purchase the property from the County HRA.

2. Relocation - Relocation services, to the extent required by law, are available pursuant to *M.S., Chapter 117* and other relevant state and federal laws.

3. Upon approval of a developer's plan relating to the project and completion of the necessary legal requirements, the City may sell to a developer selected properties that it may acquire within the District or may lease land or facilities to a developer.

4. The City may perform or provide for some or all necessary acquisition, construction, relocation, demolition, and required utilities and public street work within the District.

DESCRIPTION OF PROPERTY IN THE DISTRICT AND PROPERTY TO BE ACQUIRED

The District encompasses all property and adjacent roads rights-of-way and abutting roadways identified by the parcels listed below.

Parcel number	Address	Owner
1819176007	NA	Rice County HRA

Please also see the map in Appendix A for further information on the location of the District.

The City may acquire any parcel within the District including interior and adjacent street rights of way. Any properties identified for acquisition will be acquired by the City only in order to accomplish one or more of the following: storm sewer improvements; provide land for needed public streets, utilities and facilities; carry out land acquisition, site improvements, clearance and/or development to accomplish the uses and objectives set forth in this plan. The City may acquire property by gift, dedication, condemnation or direct purchase from willing sellers in order to achieve the objectives of this TIF Plan.

Such acquisitions will be undertaken only when there is assurance of funding to finance the acquisition and related costs.

The Rice County HRA currently owns the one (1) parcel of the property to be included in the District.

DISTRICT CLASSIFICATION

The City, in determining the need to create a tax increment financing district in accordance with *M.S., Sections 469.174 to 469.1794*, as amended, inclusive, finds that the District, to be established, is a housing district pursuant to *M.S., Section 469.174, Subd. 11 and M.S., Section 469.1761.*

- The District consists of one (1) parcel.
- The development will consist of 22 units of single-family owner-occupied housing
- At least 95% of the houses assisted with tax increment must be occupied with persons at 100% of median income for a family of two or less and 115% of median income for families of three or more (rental housing would have stricter income limitations). Median income under this provision is the greater of the statewide median or the county median.

Pursuant to *M.S., Section 469.176, Subd. 7*, the District does not contain any parcel or part of a parcel that qualified under the provisions of *M.S., Sections 273.111*, *273.112, or 273.114* or *Chapter 473H* for taxes payable in any of the five calendar years before the filing of the request for certification of the District.

DURATION & FIRST YEAR OF DISTRICT'S TAX INCREMENT

Pursuant to *M.S., Section 469.175, Subd. 1, and Section 469.176, Subd. 1*, the duration and first year of tax increment of the District must be indicated within the TIF Plan. Pursuant to *M.S., Section 469.176, Subd. 1b.*, the duration of the District will be 25 years after receipt of the first increment by the City (a total of 26 years of tax increment). The City elects to receive the first tax increment in 2026, which is no later than four years following the year of approval of the District.

Thus, it is estimated that the District, including any modifications of the TIF Plan for subsequent phases or other changes, would terminate after 2051, or when the TIF Plan is satisfied. The City reserves the right to decertify the District prior to the legally required date.

ORIGINAL TAX CAPACITY, TAX RATE & ESTIMATED CAPTURED NET TAX CAPACITY VALUE/INCREMENT & NOTIFICATION OF PRIOR PLANNED IMPROVEMENTS

Pursuant to *M.S., Section 469.174, Subd. 7 and M.S., Section 469.177, Subd. 1*, the Original Net Tax Capacity (ONTC) as certified for the District will be based on the market values placed on the property by the assessor in 2023 for taxes payable 2024.

Pursuant to *M.S., Section 469.177, Subds. 1 and 2*, the County Auditor shall certify in each year (beginning in the payment year 2026) the amount by which the original value has increased or decreased as a result of:

1. Change in tax exempt status of property;
2. Reduction or enlargement of the geographic boundaries of the District;
3. Change due to adjustments, negotiated or court-ordered abatements;
4. Change in the use of the property and classification;
5. Change in state law governing class rates; or
6. Change in previously issued building permits.

In any year in which the current Net Tax Capacity (NTC) value of the District declines below the ONTC, no value will be captured and no tax increment will be payable to the City.

The original local tax rate for the District will be the local tax rate for taxes payable 2024, assuming the request for certification is made before June 30, 2024.

Pursuant to *M.S., Section 469.174 Subd. 4 and M.S., Section 469.177, Subd. 1, 2, and 4*, the estimated Captured Net Tax Capacity (CTC) of the District, within Development District No. 1, upon completion of the projects within the District, will annually approximate tax increment revenues as shown in the table below. The City requests 100% of the available increase in tax capacity be used for repayment of the obligations of the City and current expenditures, beginning in the tax year payable 2026. The Project Tax Capacity (PTC) listed is an estimate of values when the projects within the District are completed.

Project Tax Capacity		
Development estimated Tax Capacity upon completion	155,157	
Original estimated Net Tax Capacity	1,038	
Fiscal Disparities	0	
Estimated Captured Tax Capacity	**154,119**	
Original Local Tax Rate	97.7600%	Pay 2024
Estimated Annual Tax Increment	**$150,666**	
Percent Retained by the City	100%	

Note: Tax capacity includes a 3% inflation factor for the duration of the District. The tax capacity included in this chart is the estimated tax capacity of the District in year 25. The tax capacity of the District in year one is estimated to be $38,163.

Pursuant to *M.S., Section 469.177, Subd. 4*, the City shall, after a due and diligent search, accompany its request for certification to the County Auditor or its notice of the District enlargement pursuant to *M.S., Section 469.175, Subd. 4*, with a listing of all properties within the District or area of enlargement for which building permits have been issued during the eighteen (18) months immediately preceding approval of the TIF Plan by the municipality pursuant to *M.S., Section 469.175, Subd. 3.* The County Auditor shall increase the original net tax capacity of the District by the net tax capacity of improvements for which a building permit was issued.

The City has reviewed the area to be included in the District and found no parcels for which building permits have been issued during the 18 months immediately preceding approval of the TIF Plan by the City.

SOURCES OF REVENUE/BONDS TO BE ISSUED

The total estimated tax increment revenues for the District are shown in the table below:

SOURCES	
Tax Increment	$2,721,576
Interest	272,158
TOTAL	**$2,993,734**

The costs outlined in the Uses of Funds will be financed primarily through the annual collection of tax increments. The City reserves the right to issue bonds (as defined in the TIF Act) or incur other indebtedness as a result of the TIF Plan. As presently proposed, the projects within the District will be financed by pay-as-you-go notes and interfund loans. Any refunding amounts will be deemed a budgeted cost without a formal modification to this TIF Plan. This provision does not obligate the City to incur debt.

The City will issue bonds or incur other debt only upon the determination that such action is in the best interest of the City.

The City may issue bonds secured in whole or in part with tax increments from the District in a maximum principal amount of $2,120,830. Such bonds may be in the form of pay-as-you-go notes, revenue bonds or notes, general obligation bonds, or interfund loans. This estimate of total bonded indebtedness is a cumulative statement of authority under this TIF Plan as of the date of approval.

USES OF FUNDS

Currently under consideration for the District is a proposal to facilitate the construction of 22 single family homes for sale to income qualified buyers. The City has determined that it will be necessary to provide assistance to the project for certain District costs, as described herein.

The City has studied the feasibility of the development or redevelopment of property in and around the District. To facilitate the establishment and development or redevelopment of the District, this TIF Plan authorizes the use of tax increment financing to pay for the cost of certain eligible expenses. The estimate of public costs and uses of funds associated with the District is outlined in the following table.

USES	
Land/Building Acquisition	$ 50,000
Site Improvements/Preparation	75,000
Affordable Housing	1,548,672
Utilities	75,000
Other Qualifying Improvements	100,000
Administrative Costs (up to 10%)	272,158
PROJECT COSTS TOTAL	**$ 2,120,830**
Interest	872,904
PROJECT AND INTEREST COSTS TOTAL	**$ 2,993,734**

The total project cost, including financing costs (interest) listed in the table above does not exceed the total projected tax increments for the District as shown in the Sources of Revenue section.

Estimated costs associated with the District are subject to change among categories without a modification to the TIF Plan. The cost of all activities to be considered for tax increment financing will not exceed, without formal modification, the budget above pursuant to the applicable statutory requirements.

The City may expend funds for qualified housing activities outside of the District boundaries.

ESTIMATED IMPACT ON OTHER TAXING JURISDICTIONS

The estimated impact on other taxing jurisdictions assumes that the development contemplated by the TIF Plan would occur without the creation of the District. However, the City has determined that such development or redevelopment would not occur "but for" tax increment financing and that, therefore, the fiscal impact on other taxing jurisdictions is $0. The estimated fiscal impact of the District would be as follows if the "but for" test was not met:

Impact on Tax Base			
Entity	2023/Pay 2024 Total Net Tax Capacity	Estimated Captured Tax Capacity (CTC) upon completion	Percent of CTC to Entity Total
Rice County	101,526,152	154,119	**0.1518%**
City of Faribault	25,751,042	154,119	**0.5985%**
ISD 656 (Faribault Public Schools)	45,934,514	154,119	**0.3355%**

Impact on Tax Rates				
Entity	Pay 2024 Extension Rate	Percent of Total	CTC	Potential Taxes
Rice County	35.1230%	35.93%	154,119	**$ 54,131**
City of Faribault	46.7270%	47.80%	154,119	**72,015**
ISD 656 (Faribault Public Schools)	12.7570%	13.05%	154,119	**19,661**
Other	3.1530%	3.23%	154,119	**4,859**
	97.7600%	**100.00%**		**$150,666**

The estimates listed above display the captured tax capacity when all construction is completed. The tax rate used for calculations is the Pay 2024 rate. The total net capacity for the entities listed above are based on Pay 2024 figures.

Pursuant to *M.S., Section 469.175 Subd. 2(b)*:

(1) Estimate of total tax increment. It is estimated that the total amount of tax increment that will be generated over the life of the District is $2,721,576;

(2) Probable impact of the District on city provided services and ability to issue debt. An impact of the District on police protection is expected. With any addition of new residents or businesses, police calls for service will be increased. New developments add an increase in traffic, and additional overall demands to the call load. The City does not expect that the proposed development, in and of itself, will necessitate new capital investment in vehicles or facilities.

The probable impact of the District on fire protection is not expected to be significant. Typically, new buildings generate few calls, if any, and are of superior construction. The City does not expect that the proposed development, in and of itself, will necessitate new capital investment in vehicles or facilities.

The impact of the District on public infrastructure is expected to be minimal. The development is not expected to significantly impact any traffic movements in the area. The current infrastructure for sanitary sewer, storm sewer and water will be able to handle the additional volume generated from the proposed development. Based on the development plans, there are no additional costs associated with street maintenance, sweeping, plowing, lighting and sidewalks. The development in the District is expected to contribute an estimated $66,000 in sanitary sewer (SAC) and water (WAC) connection fees.

The probable impact of the issuance of any general obligation tax increment bonds payable from tax increment revenues from the District on the City's ability to issue debt for general fund purposes is expected to be minimal. It is not anticipated that there will be any City general obligation debt issued in relation to this project, therefore there will be no impact on the City's ability to issue future debt or on the City's debt limit.

(3) Estimated amount of tax increment attributable to school district levies. It is estimated that the amount of tax increments over the life of the District that would be attributable to school district levies, assuming the school district's share of the total local tax rate for all taxing jurisdictions remained the same, is $355,147;

(4) Estimated amount of tax increment attributable to county levies. It is estimated that the amount of tax increments over the life of the District that would be attributable to county levies, assuming the county's share of the total local tax rate for all taxing jurisdictions remained the same, is $977,802;

(5) Additional information requested by the county or school district. The City is not aware of any standard questions in a county or school district written policy regarding tax increment districts and impact on county or school district services. The county or school district must request additional information pursuant to *M.S., Section 469.175 Subd. 2(b)* within 15 days after receipt of the tax increment financing plan.

No requests for additional information from the county or school district regarding the proposed development for the District have been received.

SUPPORTING DOCUMENTATION

Pursuant to *M.S., Section 469.175, Subd. 1 (a), clause 7* this TIF Plan must contain identification and description of studies and analyses used to make the determination set forth in *M.S., Section 469.175, Subd. 3, clause (b)(2)* and the findings are required in the resolution approving the District.

(i) In making said determination, reliance has been placed upon (1) written representation made by the Rice County HRA to such effects; and (2) City staff awareness of the feasibility of developing the project site within the District, which is further outlined in the city council resolution approving the establishment of the District and Appendix C.

(ii) A comparative analysis of estimated market value both with and without establishment of the District and the use of tax increments has been performed. Such analysis is included with the cashflow in Appendix B and indicates that the increase in estimated market value of the proposed development (less the indicated subtractions) exceeds the estimated market value of the site absent the establishment of the District and the use of tax increments.

DISTRICT ADMINISTRATION

Administration of the District will be handled by the Director of Community & Economic Development.

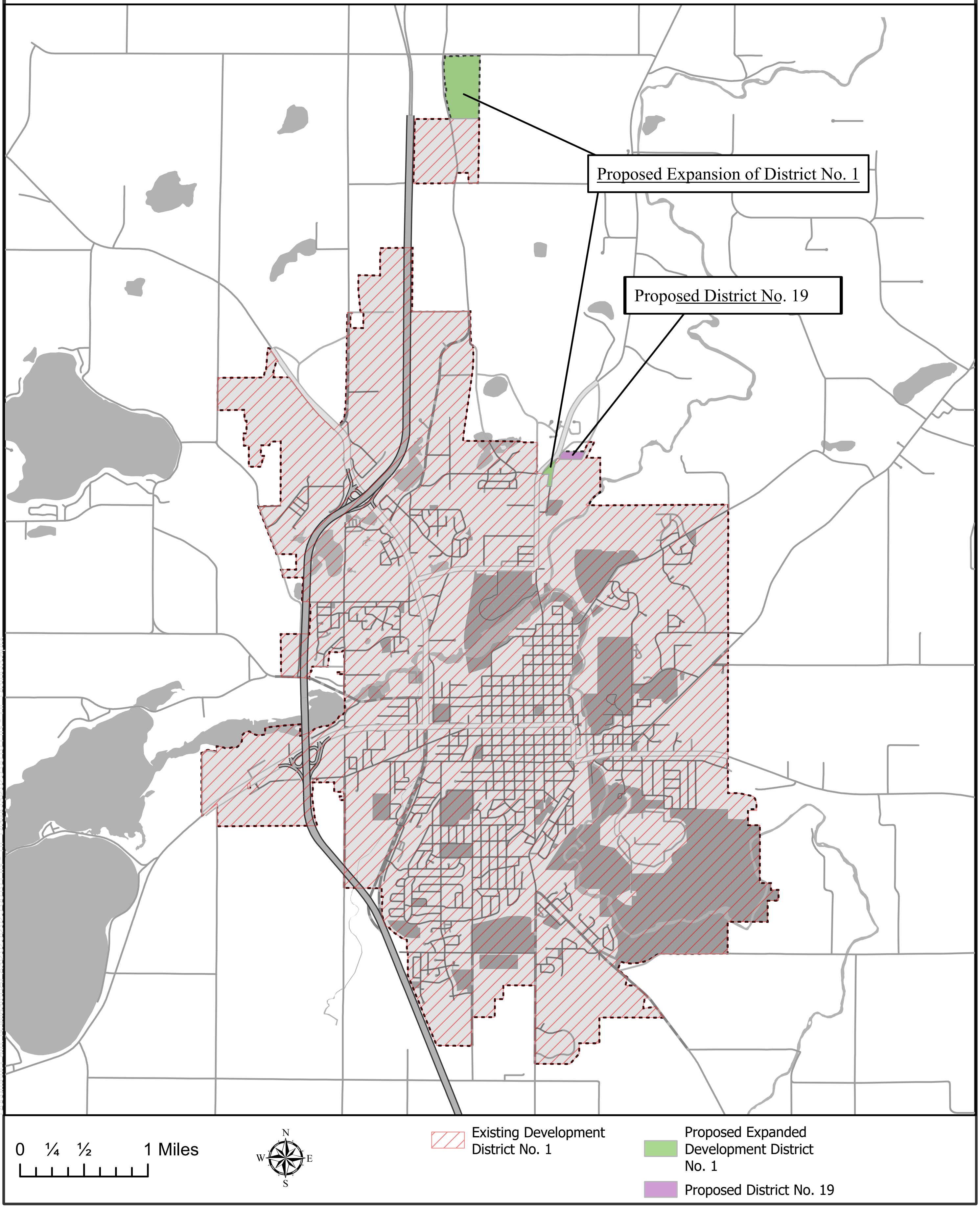
Appendix A: Map of Development District No. 1 and the TIF District

City Of Faribault

Mayl 2024

Proposed Development District No. 1 Expansion and Proposed District No. 19

This map is neither a legally recorded map nor a survey. This map is a compilation data affecting the area shown; and is for reference purposes only. In using the map, you assume responsibility for the correctness all information extracted from this map.



Appendix B: Estimated Cash Flow for the District

Twin Oaks Housing

City of Faribault, MN

Single-Family Development

ASSUMPTIONS AND RATES

DistrictType:	Housing	
District Name/Number:		
County District #:		
First Year Construction or Inflation on Value	**2024**	
Existing District - Specify No. Years Remaining		
Inflation Rate - Every Year:	**3.00%**	
Interest Rate:	**3.00%**	
Present Value Date:	**1-Aug-25**	
First Period Ending	1-Feb-26	
Tax Year District was Certified:	**Pay 2024**	
Cashflow Assumes First Tax Increment For Development:	2026	
Years of Tax Increment	26	
Assumes Last Year of Tax Increment	2051	
Fiscal Disparities Election [Outside (A), Inside (B), or NA]	**NA**	
Incremental or Total Fiscal Disparities	**Incremental**	
Fiscal Disparities Contribution Ratio	0.0000%	Pay 2024
Fiscal Disparities Metro-Wide Tax Rate	0.0000%	Pay 2024
Maximum/Frozen Local Tax Rate:	97.760%	Pay 2024
Current Local Tax Rate: (Use lesser of Current or Max.)	97.760%	Pay 2024
State-wide Tax Rate (Comm./Ind. only used for total taxes)	29.2940%	Pay 2024
Market Value Tax Rate (Used for total taxes)	0.18678%	Pay 2024

Tax Rates

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

BASE VALUE INFORMATION (Original Tax Capacity)

Map ID	PID	Owner	Address	Land Market Value	Building Market Value	Total Market Value	Percentage Of Value Used for District	Original Market Value	Tax Year Original Market Value	Property Tax Class	Current Original Tax Capacity	Class After Conversion	After Conversion Orig. Tax Cap.	Area/ Phase
1	1819176007	Rice County HRA		103,800		103,800	100%	103,800	Pay 2024	Exempt	-	Hmstd. Res.	1,038	1
				103,800	**0**	**103,800**		**103,800**			**0**		**1,038**	

Note:

1. **Base values are for pay 2024 based on review of County website on 4-11-24.**
2. **Located in SD #656**

Twin Oaks Housing

City of Faribault, MN

Single-Family Development

PROJECT INFORMATION (Project Tax Capacity)														
Area/Phase	New Use	Estimated Market Value Per Sq. Ft./Unit	Taxable Market Value Per Sq. Ft./Unit	Total Sq. Ft./Units	Total Taxable Market Value	Property Tax Class	Project Tax Capacity	Project Tax Capacity/Unit	Percentage Completed 2024	Percentage Completed 2025	Percentage Completed 2026	Percentage Completed 2027	First Year Full Taxes Payable
1	Single Family	361,000	346,940	22	7,632,680	Hmstd. Res.	76,327	3,469	50%	100%	100%	100%	2027
TOTAL					7,632,680		76,327						
Subtotal Residential				22	7,632,680		76,327						
Subtotal Commercial/Ind.				0	0		0						

Note:

1. Market values are based upon average sales price.

TAX CALCULATIONS									
New Use	Total Tax Capacity	Fiscal Disparities Tax Capacity	Local Tax Capacity	Local Property Taxes	Fiscal Disparities Taxes	State-wide Property Taxes	Market Value Taxes	Total Taxes	Taxes Per Sq. Ft./Unit
Single Family	76,327	0	76,327	74,617	0	0	14,256	88,873	4,039.70
TOTAL	76,327	0	76,327	74,617	0	0	14,256	88,873	

Note:

1. Taxes and tax increment will vary significantly from year to year depending upon values, rates, state law, fiscal disparities and other factors which cannot be predicted.

WHAT IS EXCLUDED FROM TIF?	
Total Property Taxes	88,873
less State-wide Taxes	0
less Fiscal Disp. Adj.	0
less Market Value Taxes	(14,256)
less Base Value Taxes	(1,015)
Annual Gross TIF	73,602

MARKET VALUE BUT / FOR ANALYSIS	
Current Market Value - Est.	103,800
New Market Value - Est.	7,632,680
Difference	7,528,880
Present Value of Tax Increment	1,758,011
Difference	5,770,869
Value likely to occur without Tax Increment is less than:	5,770,869

Twin Oaks Housing
City of Faribault, MN
Single-Family Development

EHLERS PUBLIC FINANCE ADVISORS

TAX INCREMENT CASH FLOW

% of OTC	Project Tax Capacity	Original Tax Capacity	Fiscal Disparities Incremental	Captured Tax Capacity	Local Tax Rate	Annual Gross Tax Increment	Semi-Annual Gross Tax Increment	State Auditor 0.36%	Admin. at 10%	Semi-Annual Net Tax Increment	Semi-Annual Present Value	PERIOD ENDING Yrs.	Tax Year	Payment Date
							-	-	-	-				02/01/26
100%	38,163	(1,038)	-	37,125	97.760%	36,294	18,147	(65)	(1,808)	16,273	15,796	0.5	2026	08/01/26
							18,147	(65)	(1,808)	16,273	31,359	1	2026	02/01/27
100%	76,327	(1,038)	-	75,289	97.760%	73,602	36,801	(132)	(3,667)	33,002	62,452	1.5	2027	08/01/27
							36,801	(132)	(3,667)	33,002	93,087	2	2027	02/01/28
100%	78,617	(1,038)	-	77,579	97.760%	75,841	37,920	(137)	(3,778)	34,006	124,186	2.5	2028	08/01/28
							37,920	(137)	(3,778)	34,006	154,826	3	2028	02/01/29
100%	80,975	(1,038)	-	79,937	97.760%	78,147	39,073	(141)	(3,893)	35,039	185,931	3.5	2029	08/01/29
							39,073	(141)	(3,893)	35,039	216,576	4	2029	02/01/30
100%	83,404	(1,038)	-	82,366	97.760%	80,521	40,261	(145)	(4,012)	36,104	247,686	4.5	2030	08/01/30
							40,261	(145)	(4,012)	36,104	278,336	5	2030	02/01/31
100%	85,906	(1,038)	-	84,868	97.760%	82,967	41,484	(149)	(4,133)	37,201	309,450	5.5	2031	08/01/31
							41,484	(149)	(4,133)	37,201	340,105	6	2031	02/01/32
100%	88,484	(1,038)	-	87,446	97.760%	85,487	42,743	(154)	(4,259)	38,331	371,223	6.5	2032	08/01/32
							42,743	(154)	(4,259)	38,331	401,882	7	2032	02/01/33
100%	91,138	(1,038)	-	90,100	97.760%	88,082	44,041	(159)	(4,388)	39,494	433,005	7.5	2033	08/01/33
							44,041	(159)	(4,388)	39,494	463,667	8	2033	02/01/34
100%	93,872	(1,038)	-	92,834	97.760%	90,755	45,377	(163)	(4,521)	40,693	494,794	8.5	2034	08/01/34
							45,377	(163)	(4,521)	40,693	525,460	9	2034	02/01/35
100%	96,689	(1,038)	-	95,651	97.760%	93,508	46,754	(168)	(4,659)	41,927	556,590	9.5	2035	08/01/35
							46,754	(168)	(4,659)	41,927	587,259	10	2035	02/01/36
100%	99,589	(1,038)	-	98,551	97.760%	96,344	48,172	(173)	(4,800)	43,199	618,392	10.5	2036	08/01/36
							48,172	(173)	(4,800)	43,199	649,064	11	2036	02/01/37
100%	102,577	(1,038)	-	101,539	97.760%	99,264	49,632	(179)	(4,945)	44,508	680,200	11.5	2037	08/01/37
							49,632	(179)	(4,945)	44,508	710,875	12	2037	02/01/38
100%	105,654	(1,038)	-	104,616	97.760%	102,273	51,136	(184)	(5,095)	45,857	742,013	12.5	2038	08/01/38
							51,136	(184)	(5,095)	45,857	772,691	13	2038	02/01/39
100%	108,824	(1,038)	-	107,786	97.760%	105,371	52,686	(190)	(5,250)	47,246	803,831	13.5	2039	08/01/39
							52,686	(190)	(5,250)	47,246	834,511	14	2039	02/01/40
100%	112,088	(1,038)	-	111,050	97.760%	108,563	54,281	(195)	(5,409)	48,677	865,653	14.5	2040	08/01/40
							54,281	(195)	(5,409)	48,677	896,335	15	2040	02/01/41
100%	115,451	(1,038)	-	114,413	97.760%	111,850	55,925	(201)	(5,572)	50,151	927,478	15.5	2041	08/01/41
							55,925	(201)	(5,572)	50,151	958,162	16	2041	02/01/42
100%	118,915	(1,038)	-	117,877	97.760%	115,236	57,618	(207)	(5,741)	51,670	989,307	16.5	2042	08/01/42
							57,618	(207)	(5,741)	51,670	1,019,992	17	2042	02/01/43
100%	122,482	(1,038)	-	121,444	97.760%	118,724	59,362	(214)	(5,915)	53,233	1,051,138	17.5	2043	08/01/43
							59,362	(214)	(5,915)	53,233	1,081,824	18	2043	02/01/44
100%	126,157	(1,038)	-	125,119	97.760%	122,316	61,158	(220)	(6,094)	54,844	1,112,971	18.5	2044	08/01/44
							61,158	(220)	(6,094)	54,844	1,143,658	19	2044	02/01/45
100%	129,941	(1,038)	-	128,903	97.760%	126,016	63,008	(227)	(6,278)	56,503	1,174,806	19.5	2045	08/01/45
							63,008	(227)	(6,278)	56,503	1,205,494	20	2045	02/01/46
100%	133,840	(1,038)	-	132,802	97.760%	129,827	64,913	(234)	(6,468)	58,212	1,236,642	20.5	2046	08/01/46
							64,913	(234)	(6,468)	58,212	1,267,330	21	2046	02/01/47
100%	137,855	(1,038)	-	136,817	97.760%	133,752	66,876	(241)	(6,664)	59,972	1,298,479	21.5	2047	08/01/47
							66,876	(241)	(6,664)	59,972	1,329,167	22	2047	02/01/48
100%	141,990	(1,038)	-	140,952	97.760%	137,795	68,897	(248)	(6,865)	61,785	1,360,316	22.5	2048	08/01/48
							68,897	(248)	(6,865)	61,785	1,391,005	23	2048	02/01/49
100%	146,250	(1,038)	-	145,212	97.760%	141,959	70,980	(256)	(7,072)	63,652	1,422,153	23.5	2049	08/01/49
							70,980	(256)	(7,072)	63,652	1,452,842	24	2049	02/01/50
100%	150,638	(1,038)	-	149,600	97.760%	146,249	73,124	(263)	(7,286)	65,575	1,483,990	24.5	2050	08/01/50
							73,124	(263)	(7,286)	65,575	1,514,678	25	2050	02/01/51
100%	155,157	(1,038)	-	154,119	97.760%	150,666	75,333	(271)	(7,506)	67,556	1,545,826	25.5	2051	08/01/51
							75,333	(271)	(7,506)	67,556	1,576,514	26	2051	02/01/52
Total							**2,731,409**	**(9,833)**	**(272,158)**	**2,449,418**				
	Present Value From	**08/01/2025**		**Present Value Rate**	**3.00%**		**1,758,011**	**(6,329)**	**(175,168)**	**1,576,514**				

Appendix C: Findings Including But/For Qualifications

The reasons and facts supporting the findings for the adoption of the Tax Increment Financing Plan for Tax Increment Financing District No. 19 (Twin Oaks Housing), as required pursuant to *Minnesota Statutes, (M.S.) Section 469.175, Subdivision 3* are as follows:

1. *Finding that Tax Increment Financing District No. 19 (Twin Oaks Housing) is a housing district as defined in M.S., Section 469.174, Subd. 11.*

   Tax Increment Financing District No. 19 (Twin Oaks Housing) consists of one (1) parcel. The development will consist of the construction of 22 single family homes for sale to income qualified buyers, all or a portion of which will receive tax increment assistance and will meet income restrictions described in *M.S. Section 469.1761.* At least 95% of the houses assisted with tax increment must be occupied with persons at 100% of median income for a family of two or less and 115% of median income for families of three or more. Median income under this provision is the greater of the statewide median or the county median.

2. *Finding that the proposed development, in the opinion of the City Council, would not reasonably be expected to occur solely through private investment within the reasonably foreseeable future.*

   The proposed development, in the opinion of the City, would not reasonably be expected to occur solely through private investment within the reasonably foreseeable future: This finding is supported by the fact that the development proposed in the TIF Plan is a housing district that meets the City's objectives for development of affordable for-sale housing. The cost of site and public improvements and utilities makes this housing development infeasible without City assistance. In order for the County HRA to price the homes at an affordable level the development is feasible only through assistance to the County HRA as the developer to pay for the required public improvements, site preparation and utilities, in part, from tax increment financing.

The increased market value of the site that could reasonably be expected to occur without the use of tax increment financing would be less than the increase in market value estimated to result from the proposed development after subtracting the present value of the projected tax increments for the maximum duration of the District permitted by the TIF Plan: This finding is justified on the grounds that the cost of site and public improvements and utilities add to the total development cost. The City reasonably determines that no other affordable for-sale housing development of similar scope is anticipated on this site without substantially similar assistance being provided to the development.

3. Finding that the TIF Plan for Tax Increment Financing District No. 19 (Twin Oaks Housing) conforms to the general plan for the development or redevelopment of the municipality as a whole.

The Planning Commission reviewed the TIF Plan on April 15, 2024 and found that the expansion of the boundaries of Development District No. 1 to include recently annexed property into the city conforms to the general development plan of the City.

4. Finding that the TIF Plan for Tax Increment Financing District No. 19 (Twin Oaks Housing) will afford maximum opportunity, consistent with the sound needs of the City as a whole, for the development or redevelopment of Development District No. 1 by private enterprise.

Through the implementation of the TIF Plan, the City will provide an impetus for residential development, which is desirable or necessary for increased population and an increased need for life-cycle housing within the City. The TIF Plan also helps the City meet their goal of providing more affordable housing options in the City.

Request for Action

TO:	Faribault Economic Development Authority
FROM:	David Wanberg, Community and Ecomomic Development Director
THROUGH:	
MEETING DATE:	May 16, 2024
SUBJECT:	Review Draft TH 60 West Master Plan

BACKGROUND:

The Economic Development Authority (the "EDA") and Xcel Energy provided funding to prepare the TH 60 West Master Plan. Bolton & Menk, the consultant hired by the EDA to prepare the master plan, has completed a draft of the plan. Because the plan includes large graphics, it is too big to distribute to the EDA through email. However, Staff has included a one-page summary of the plan for EDA review in advance of the EDA's meeting (see attached). Staff will distribute paper copies of the draft master plan at the EDA meeting.

REQUESTED ACTION:

Review comment on the summary of the Draft TH 60 West Master Plan.

ATTACHMENTS:

1. Summary of TH 60 West Master Plan

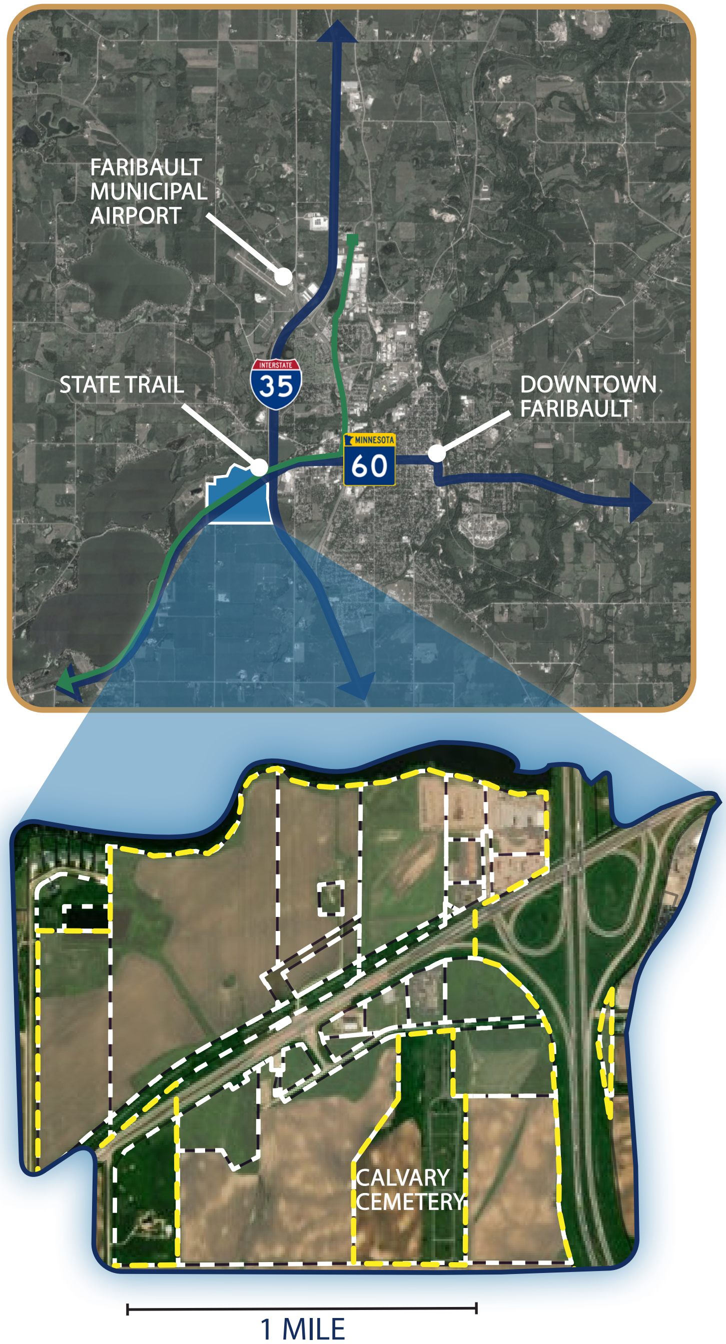
FARIBAULT WESTSIDE GATEWAY
TRUNK HIGHWAY 60/INTERSTATE 35 INTERCHANGE AREA

A West Side Welcome

This area on the west edge of Faribault presents a prime opportunity for highway adjacent commercial and residential development.

TH 60 offers an excellent east-west connection to markets in nearby Downtown Faribault and communities as far west as the Mankato Metro. I-35 provides access to the Twin Cities in the north, rural centers in Minnesota, and Iowa to the south. Additionally, the Sakatah Signing Hills State Trail runs through the heart of the site presenting broad opportunities to reach residents and visitor using the trail.

The City has recently completed a master plan for the area that envisions a mix of highway adjacent commercial, and a mixed density residential neighborhood.



Zoning and Land Use

PIDs:

1834177001, 1834400001, 1835150009

1835150010, 1835150011, 1835275001

1835275002, 1835300001, 1835300002

1835300003, 1835300006, 1835300007

1835325001, 1835350001, 1835375005

1835375005, 1835425001, 1835450002

Current Zoning*

C-2 Highway Commercial

This district supports a mix of commercial uses, including wholesale and bulk sales, auto sales, convenience shopping and restaurants, and lodging.

*the recently completed TH60 Master Plan envisions rezoning parcels further west of the interchange for low, medium, and high density residential. Rezoning would be pursued on a case-by-case basis in association with development applications.

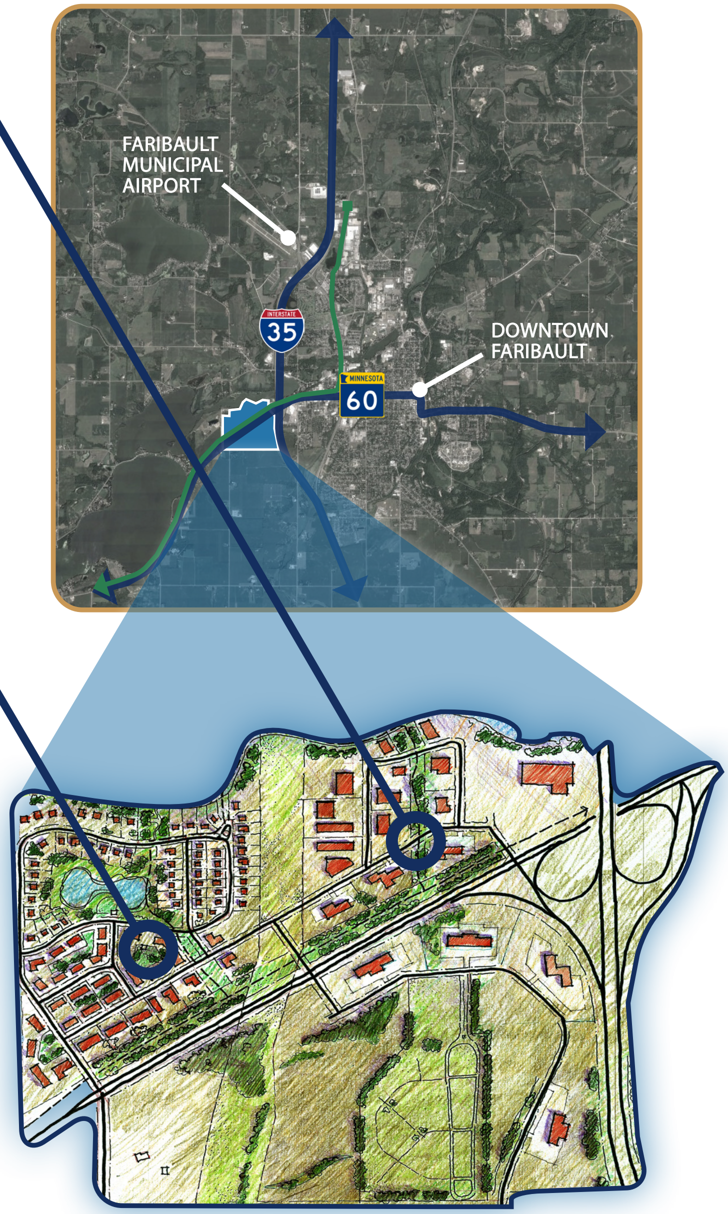
City of Faribault

For additional information or inquires, contact:
DAVE WANBERG
COMMUNITY & ECONOMIC DEVELOPMENT DIRECTOR
dwanberg@ci.faribault.mn.us | 507-333-0350

FARIBAULT WESTSIDE GATEWAY

TRUNK HIGHWAY 60/INTERSTATE 35 INTERCHANGE AREA

COMMERCIAL CENTER



TH 60 Conceptual Development Plan

A NEW RIVERFRONT NEIGHBORHOOD

AMENITIES OF THE CORRIDOR

Utility Connected

Highway Visibility

Scenic Natural Areas

State Bicycle Trail Access

City Of Faribault

For additional information or inquires, contact:

DAVE WANBERG

COMMUNITY & ECONOMIC DEVELOPMENT DIRECTOR

dwanberg@ci.faribault.mn.us | 507-333-0350

City Of Faribault

Request for Action

TO:	Faribault Economic Development Authority
FROM:	David Wanberg, Community and Economic Development Director
THROUGH:	
MEETING DATE:	May 16, 2024
SUBJECT:	Announcements and Updates

BACKGROUND:
The Community and Economic Development Director will provide an overview of EDA-related announcements and projects, including but not limited to the status of the following:

1. Economic Development Coordinator position;
2. KGPCo and potential EDA assistance;
3. FDC investments in the downtown;
4. Faribault Mill EDIF and Revolving Fund Loan;
5. Potential 30-100 acre industrial development; and
6. Other announcements and updates.

REQUESTED ACTION:
None

ATTACHMENTS: