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

Kari Casper, Recording Secretary