ECONOMIC DEVELOPMENT AUTHORITY AGENDA

PUBLIC MEETING ROOM	THURSDAY, JULY 18, 2024	7:00 AM

1. Call to Order/Approve Agenda
2. Approval of the Minutes
3. Routine Business: *Agenda items below are approved by one motion unless an EDA member requests separate action.*
   A. Monthly Loan Status Report
   B. Permit Activity Update Report
   C. Budget Status Report
4. Public Hearings
   A. Business Subsidy Request for FaribaultMill LLC

      Resolution 2024-07 Approve an Economic Development Incentive Fund Loan between Economic Development Authority of Faribault, Minnesota and FaribaultMill LLC

      Resolution 2024-08 Approve a Revolving Loan Agreement between Economic Development Authority of Faribault, Minnesota and FaribaultMill LLC
5. Items for Discussion
   A. Resolution 2024-09 Approve a Downtown Commercial Rehabilitation and Exterior Improvement Program Loan for 21 5th Street NE, PID: 18.31.1.26.177
   B. Resolution 2024-10 Establish the EDA's Preliminary Tax Levy for Fiscal Year 2025
6. Updates and Announcements
7. Adjournment

ECONOMIC DEVELOPMENT AUTHORITY MINUTES

PUBLIC MEETING ROOM	THURSDAY, JUNE 20, 2024	7:00 AM

Meeting Items

1. Call to Order/Approve Agenda

   The regular meeting of the Economic Development Authority was called to order by Chair Gramse at 6:59 am. Commissioners David Campbell, Chris Jeanes, Thomas Spooner, Kevin Voracek, and Chair Gramse were in attendance. Also in attendance were David Wanberg, Jessica Kinser, and Kari Casper. Also present was Applicant, Daniel Beckmann. A motion was made by Kevin Voracek, seconded by Tom Spooner to approve the agenda. The motion passed unanimously.

2. Approval of the Minutes of May 16, 2024

   Motion by Tom Spooner, seconded by Christine Jeanes to approve the meeting minutes of May 16, 2024, as presented. The motion passed unanimously.

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

   Wanberg stated that the EDA received a bill from the Chamber and will set up a meeting to discuss the plans the Chamber has pursuant to the invoice. Wanberg stated that Main Street did not meet all last year and believes it is not active at this time. Motion by Chris Jeanes, seconded by Kevin Voracek to receive and file the Routine Business reports as presented. The motion passed unanimously.

A. Monthly Loan Status Report

B. Permit Activity Update Report

C. Budget Status Report

4. Public Hearings (None)

   None.

5. Items for Discussion

A. Resolution 2024-06 Approve a Downtown Commercial Rehabilitation and Exterior Improvement Program Loan for 13 3rd Street NW

   Wanberg presented this application for approval of Daniel Beckmann's request for assistance in re-roofing his building located at 13 3rd Street, NW. Under the Downtown Commercial Exteriors Improvement Program, roofs offer assistance at 20% of the lowest bid. In this case, Mr. Beckmann will be requesting $2,775. Wanberg stated that he will still need to obtain the Certificate of Appropriateness from the Heritage Preservation Commission before the money can be awarded. Wanber also noted that there are some typos in the Resolution that will need to be corrected regarding the amount. With that being said, Kevin Voracek made a motion, seconded by David Campbell, to approve the request with the noted corrections regarding the amount, which is $2,775.00 based on the lowest bid. The motion passed unanimously.

B. Provide Directions on Waiving the Personal Guarantee related to the Proposed Loans to Faribault Mill

Wanberg stated that the investment group is not willing to provide personal guarantees for the proposed money they are asking for and will only offer up the equipment as collateral. David Campbell asked if they gave a reason for not offering a personal guarantee and Wanberg told them that it was a legitimate reason for not providing the financial documentation. Kevin Voracek stated that is alright to move forward without the personal guarantee but would like something. Wanberg stated that the investment group feels strongly that they would not be in any position to default on this request. The EDA would be first in line for the equipment. After some discussion, the EDA came up with offering a suggestion to the group that they offer up some of the inventory as well. Wanberg then mentioned the legal fees associated with these projects and said that the attorneys felt that they might need to spend about $1,500 on this particular project. Wanberg would normally ask for an escrow to assist in covering these costs and could return what is not used. Kevin Voracek suggested that we have them take the loan out of $50,000 and then another to cover the legal costs. Wanberg stated that in other cities, they charge $3,000 to $5,000 as an application fee that could cover the costs associated with the project instead of requesting escrows. This matter will be coming forward to the EDA in an upcoming meeting. No action was taken at this time.

6. Announcements and Updates

David Wanberg stated that there are 14 applicants for the Economic Development Coordinator position. The application period has closed, and they anticipate starting interviews on July 1 and July 2. He stated that there were several good candidates to choose from. Forest to Fork is up and running. KGP is looking at moving forward as well. As for the former Mayo Clinic site, he has a meeting on that project today. Still working on Riverchase. He stated that with the former Farmer Seed site, the indoor storage will be completed soon -- they have a temporary certificate of occupancy and plan on opening in the fall. There may be some clawbacks relative to the apartments. Wanberg did send a few developers their way and feels like there are three that may be interested. Wanberg and DuChene are working on the clean-up grant with DEED - this may come back to the EDA. Wanberg has heard nothing about the abatement for Midwest Recovery, and they were talking about August to get moving on it. We are working on site plan approval for the Urban Flea Market. He has been working with a bowling center which is looking for a revolving loan. There has been no proposal yet to amend the CUP which needs to be done. Aldi Warehouse is planning on growing, which will help the trucks to come off the road. The City Council approved Matjecek's request. RSA, which is C & S Vending, will be expanding soon. The data center is looking good. Twin Oaks is moving along. Community Action Center's acquisition of the 1st and 1st is moving forward. Wanberg and Kinser recently met regarding Business Retention and Expansion and their first meeting was with MRG.

7. Adjournment

Motion by Dave Campbell, seconded by Kevin Voracek to adjourn the meeting at 7:54 a.m. The motion passed unanimously.

By:______________________________

Kari Casper, Recording Secretary

Request for Action

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

BACKGROUND:
The Economic Development Authority (EDA) has the authority to provide financial incentives to businesses growing and/or relocating to the City. The various 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

July 2024 Totals

Fund	Program Name	Available Balance	Notes
Fund 249	Minnesota Investment Fund (MIF)	$14,248.59	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	$361,615.39	
	- 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	$297,367.50	- Last activity was a loan for Cry Baby Craig’s. - 2024 Budgeted $100,000.
TOTAL EDA LOAN FUNDS AVAILABLE		***$673,231.48***	
Fund 290	EDA Operating Fund/Fund Balance	*$683,553.92	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 2024 $2,775 -- 13 3rd Beckmann DCERIP **2024 Hvistendahl 10,000 DCERIP $15,000
Fund 248	Federal MIF Loan	$635,284.10	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, Director of Community and Economic Development
THROUGH:	
MEETING DATE:	July 18, 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 four permits for new residential construction and 10 new manufactured home move-ins at Evergreen Estates and two in Cannon River. Commercial projects continue.

REQUESTED ACTION:

Receive and file as presented.

ATTACHMENTS:

1. 2024-06 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	$ 4,384,481.00	149	$ 79,092.05	$ 5,534,132.36	163	$ 70,814.19
June	$ 7,695,949.56	176	$ 64,129.64	$ 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:	**$ 35,307,739.80**		**$ 416,085.04**	**$ 117,271,162.64**		**$ 1,380,480.73**
YTD Permits:		**798**			**1908**	

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

Request for Action

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

BACKGROUND:
The budget is divided into “operating expenses” and “program funds.” The Program Funds budget is made up of fund balances and various different one-time lump funds. These funds are targeted for specific projects based on the approved Work Plan in the categories of: Available Land, Gateways, Regionalism, Workforce/Data Analysis, and Ongoing Operations.

Attached is the Budget Status report for Fund 290 (Economic Development Authority). This information is being provided for informational purposes.

REQUESTED ACTION:
Receive and file as presented.

ATTACHMENTS:
1. 290 Summary Trial Balance

General Ledger

Summary Trial Balance

User: kcasper
Printed: 07/15/2024 - 12:46PM
Period: 01 to 07, 2024

Account Number	Description	Budget Amount	Beginning Balance	Debit This Period	Credit This Period	Ending Balance
Fund 290	Economic Development Authority					
ASSETS						
290-00000-000-10100	Cash	0.00	1,358,247.98	754,078.42	891,954.63	1,220,371.77
290-00000-000-10410	Investments - Fair Value Adj	0.00	-53,405.75	7,579.77	5,679.59	-51,505.57
290-00000-000-10450	Interest Receivable	0.00	5,945.98	0.00	0.00	5,945.98
290-00000-000-10500	Taxes Receivable - Current	0.00	2,184.19	0.00	2,184.19	0.00
290-00000-000-10700	Taxes Receivable - Delinquent	0.00	3,165.54	0.00	0.00	3,165.54
290-00000-000-11500	Accounts Receivable	0.00	0.00	941.50	941.50	0.00
290-00000-000-13200	Due From Other Governments	0.00	0.00	0.00	0.00	0.00
290-00000-000-13700	Loans Receivable	0.00	9,522.36	0.00	780.62	8,741.74
290-00000-000-13710	Loan Receivable-Deferred	0.00	989,348.48	0.00	0.00	989,348.48
290-00000-000-15500	Prepaid Items	0.00	0.00	0.00	0.00	0.00
	ASSETS Totals:	0.00	2,315,008.78	762,599.69	901,540.53	2,176,067.94
LIABILITIES						
290-00000-000-20200	Accounts Payable	0.00	-8,148.00	891,954.63	883,806.63	0.00
290-00000-000-20201	Accounts Payable Pass-Thru	0.00	0.00	0.00	0.00	0.00
290-00000-000-20800	Due To Other Governments	0.00	0.00	0.00	500,000.00	-500,000.00
290-00000-000-22000	Deposits	0.00	0.00	0.00	0.00	0.00
290-00000-000-22200	Deferred Revenues	0.00	-3,165.54	0.00	0.00	-3,165.54
290-00000-000-22210	Loans Receivable - Deferred	0.00	-989,348.48	0.00	0.00	-989,348.48
	LIABILITIES Totals:	0.00	-1,000,662.02	891,954.63	1,383,806.63	-1,492,514.02
FUND BALANCE						
290-00000-000-25300	Unreserved Fund Balance	0.00	-1,314,346.76	0.00	0.00	-1,314,346.76
	FUND BALANCE Totals:	0.00	-1,314,346.76	0.00	0.00	-1,314,346.76

Account Number	Description	Budget Amount	Beginning Balance	Debit This Period	Credit This Period	Ending Balance
REVENUE						
290-00000-462-31010	Current Ad Valorem Taxes	372,648.00	0.00	0.00	228,818.03	-228,818.03
290-00000-462-31020	Delinquent Ad Valorem Taxes	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
290-00000-462-31035	Delinquent Mobile Home Taxes	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
290-00000-462-31500	PILOT	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
290-00000-462-33402	Market Value Homestead Credit	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
290-00000-462-34108	Administrative Fees	0.00	0.00	0.00	0.00	0.00
290-00000-462-34700	Application Fees	2,500.00	0.00	0.00	1,150.00	-1,150.00
290-00000-462-36200	Other Miscellaneous Revenue	500.00	0.00	0.00	0.00	0.00
290-00000-462-36210	Interest on Investments	20,580.00	0.00	0.00	12,234.69	-12,234.69
290-00000-462-36211	Interest Market Value	0.00	0.00	5,679.59	7,579.77	-1,900.18
290-00000-462-36215	Loan Interest	383.00	0.00	0.00	8,910.89	-8,910.89
290-00000-462-36240	Refunds & Reimbursements	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
290-00000-462-39100	Sale of Land	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
	REVENUE Totals:	396,611.00	0.00	5,679.59	258,693.38	-253,013.79
EXPENSE						
Department 46500	Economic Development					
290-46500-462-42110	General Supplies	0.00	0.00	0.00	0.00	0.00
290-46500-462-42115	Meeting	250.00	0.00	0.00	0.00	0.00
290-46500-462-42420	Minor Computer Equipment	0.00	0.00	0.00	0.00	0.00
290-46500-462-43030	Engineering Fees	0.00	0.00	0.00	0.00	0.00
290-46500-462-43040	Legal Fees - Civil Process	20,000.00	0.00	11,426.13	0.00	11,426.13
290-46500-462-43080	Indirect Cost Allocation	0.00	0.00	0.00	0.00	0.00
290-46500-462-43090	Expert & Professional Services	75,000.00	0.00	12,945.50	0.00	12,945.50
290-46500-462-43095	Software Maintenance & Support	0.00	0.00	0.00	0.00	0.00
290-46500-462-43130	EDA Program Budget	650,000.00	0.00	841,860.00	0.00	841,860.00
290-46500-462-43140	Training & Education	3,500.00	0.00	950.00	0.00	950.00
290-46500-462-43220	Postage	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
290-46500-462-43310	Travel Expense	4,500.00	0.00	0.00	0.00	0.00

Account Number	Description	Budget Amount	Beginning Balance	Debit This Period	Credit This Period	Ending Balance
290-46500-462-43430	Advertising - Other	45,000.00	0.00	330.00	0.00	330.00
290-46500-462-43510	Legal Notices Publishing	500.00	0.00	0.00	0.00	0.00
290-46500-462-43520	Recording Fees	1,000.00	0.00	0.00	0.00	0.00
290-46500-462-43610	Insurance & Bonds	1,771.00	0.00	1,975.00	0.00	1,975.00
290-46500-462-43810	Electric Utilities	0.00	0.00	0.00	0.00	0.00
290-46500-462-43860	Storm Water Utilities	40.00	0.00	0.00	0.00	0.00
290-46500-462-44160	Rents & Leases	0.00	0.00	0.00	0.00	0.00
290-46500-462-44330	Dues & Subscriptions	24,000.00	0.00	14,320.00	0.00	14,320.00
290-46500-462-44370	Miscellaneous Charges	0.00	0.00	0.00	0.00	0.00
290-46500-462-44390	Taxes & Licenses	50.00	0.00	0.00	0.00	0.00
290-46500-462-44600	Loans & Grants	345,000.00	0.00	0.00	0.00	0.00
290-46500-462-45100	Land	0.00	0.00	0.00	0.00	0.00
290-46500-462-47200	Transfer Out	0.00	0.00	0.00	0.00	0.00
	290-46500 EXPENSE Totals:	1,170,611.00	0.00	883,806.63	0.00	883,806.63
	EXPENSE Totals:	1,170,611.00	0.00	883,806.63	0.00	883,806.63
	Fund 290 Totals:	-774,000.00	0.00	2,544,040.54	2,544,040.54	0.00
	Report Totals:	-774,000.00	0.00	2,544,040.54	2,544,040.54	0.00

City Of Faribault

Request for Action

TO:	Faribault Economic Development Authority
FROM:	David Wanberg, Community and Economic Development Director
THROUGH:	
MEETING DATE:	July 18, 2024
SUBJECT:	Business Subsidy Request for FaribaultMill LLC

BACKGROUND:

At its April 18, 2024, meeting, the Economic Development Authority (the "EDA") indicated its willingness to consider providing a business subsidy of up to $300,000 in forgivable and low-interest loans to FaribaultMill LLC for equipment purchases needed to grow the company. Because the requested subsidy exceeds $150,000, the EDA must hold a public hearing before acting on the business subsidy request.

Ross Widmoyer, CEO and President (the "Applicant"), on behalf of FaribaultMill LLC (the "Owner"), requests the following business subsidy:

- $50,000 Economic Development Investment Fund ("EDIF") forgivable loan; and
- $250,000 revolving loan at a 3.5 percent interest rate with a five-year term, a ten-year amortization, and a balloon payment at five years.

The Applicant proposes that the EDA have a first lien position on equipment and products. The EDA must balance the rewards and risks with all loan requests. Years ago, under previous ownership, the mill went bankrupt. However, the Applicant reports that the mill's new ownership and management have doubled sales and employment in Faribault.

The Owner has invested over $2 million in private capital to update the facility and expand production. If the Owner secures $300,000 in forgivable and low-interest loans from the EDA, it will purchase three new looms to continue its growth in e-commerce, custom corporate sales, and contracts with the US Navy.

The Applicant anticipates that the company will add five new jobs at $26 per hour. As the company grows, the Applicant hopes to expand the existing facility and solidify FaribaultMill's operation in Faribault.

Again, there are always risks associated with providing loans. However, the EDA may find that the potential rewards of growing and solidifying an iconic Faribault industry justify providing the requested forgivable and low-interest loans.

<u>Application Fees and Escrows</u>
The EDA requires a $500 business subsidy application fee to help cover the cost of the business subsidy public hearing and a $350 application fee for the revolving loan request. The Applicant is also responsible for covering all City Attorney and other City consultant costs.

However, FaribaultMill requested that the EDA not require an escrow for various reasons. Nevertheless, the Applicant and the EDA discussed that instead of requiring an escrow, the EDA would subtract an administrative fee from the EDIF forgivable loan to cover the City's costs. The Owner will be required to cover all City Attorney and other City consultant costs.

<u>Business Subsidy Public Hearing</u>
The EDA should open a public hearing related to the Applicant's business subsidy request. After receiving public comments, the EDA should close the public hearing and take separate actions on the Applicant's EDIF forgivable loan request and the Applicant's low-interest revolving loan request.

REQUESTED ACTION:

Open a public hearing related to the Applicant's business subsidy request. Receive public comments and close the public hearing.

ATTACHMENTS:

Request for Action

TO:	Faribault Economic Development Authority
FROM:	David Wanberg, Community and Economic Development Director
THROUGH:	
MEETING DATE:	July 18, 2024
SUBJECT:	Resolution 2024-07 Approve an Economic Development Incentive Fund Loan between Economic Development Authority of Faribault, Minnesota and FaribaultMill LLC

BACKGROUND:

At its April 18, 2024, meeting, the Economic Development Authority (the "EDA") indicated its willingness to provide a $50,000 Economic Development Investment Fund ("EDIF") forgivable loan to FaribaultMill LLC for equipment purchases to grow the company. The City Attorney prepared an EDIF loan agreement for the EDA's approval (see attached).

REQUESTED ACTION:

Approve Resolution 2024-07.

ATTACHMENTS:

1. Resolution 2024-07
2. FaribaultMill $50,000 EDIF Loan Agreement

ECONOMIC DEVELOPMENT AUTHORITY OF FARIBAULT, MINNESOTA

RESOLUTION #2024-07

APPROVE AN ECONOMIC DEVELOPMENT INVESTMENT FUND LOAN BETWEEN ECONOMIC DEVELOPMENT AUTHORITY OF FARIBAULT, MINNESOTA AND FARIBAULTMILL LLC

WHEREAS, on July 15, 2024, Ross Widmoyer, President and CEO of FarilbaultMill LLC (the "Applicant"), on behalf of FaribaultMill LLC (the "Owner"), submitted an application requesting a $50,000 Economic Development Investment Fund ("EDIF") forgivable loan for equipment purchases to grow the company at 1500 2nd Avenue NW (the "Project"); and

WHEREAS, the EDA held a public hearing on July 18, 2024, to consider offering a business subsidy to FaribaultMill LLC; and

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

WHEREAS, the Applicant anticipates the requested EDIF forgivable loan will help create five new jobs at $26 per hour; and

WHEREAS, the EDA reviewed the Applicant's request for a $50,000 EDIF forgivable loan and found it complies with the goals and mission of the EDA to retain and expand businesses; and

NOW, THEREFORE, BE IT RESOLVED by the Economic Development Authority of the City of Faribault, Minnesota (the "EDA") as follows:

Section 1: Recitals and exhibits. This Resolution incorporates the recitals in the preamble of this Resolution and the exhibits attached to the Resolution as if fully set forth herein.

Section 2: Approval of an Economic Development Investment Fund ("EDIF") forgivable loan. The EDA approves a $50,000 EDIF forgivable loan to FaribaultMill LLC (the "Owner") for the Project outlined in the recitals above. The Owner must comply with applicable terms and conditions outlined in the EDIF Policy and Guidelines adopted by the EDA.

Section 3. Administrative fees to cover the City Attorney's costs and application fees. Instead of the Applicant submitting the required application fees and escrow to process the Applicant's EDIF forgivable loan request and the Applicant's revolving loan request, the EDA and the Applicant agree that the EDA will use $5,000 of the $50,000 EDIF forgivable loan to cover the City Attornery's costs and application fees. The Owner is responsible for additional costs, if any, that exceed the $5,000 administrative fee.

Section 4: Authorization to take additional steps. The EDA authorizes City Staff and City Consultants to take any and all additional steps and actions necessary or convenient to accomplish the intent of this Resolution.

Section 5: Authorization to execute agreements. The EDA authorizes its President and Secretary to execute all required agreements related to this Resolution on behalf of the EDA in furtherance of the above-approved EDIF forgivable loan.

ADOPTED: July 18, 2024

____
Rodney Gramse, President

ATTEST:

____
AJ Smith, Secretary

EXHIBIT A

LOAN AGREEMENT

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ECONOMIC DEVELOPMENT INVESTMENT FUND

LOAN AGREEMENT

THIS AGREEMENT (the "Agreement") is made and entered into this ______ day of July, 2024, between the Economic Development Authority of Faribault, a public body corporate and politic under the laws of Minnesota (the "City"), and FaribaultMill LLC, a Delaware limited liability company (the "Borrower"):

<u>RECITALS</u>

1. The purpose of the City is as follows:

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

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

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

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

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

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

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

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

(iii) Submit a time schedule for the Development;

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

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

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

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

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

7. The City has agreed to lend to the Borrower, upon execution of this Agreement, project financing for the Development in the maximum principal amount of $50,000 (the "Funds"), to be repaid as follows: The entire unpaid balance of principal shall be due and payable upon the earlier of the following: (i) thirty (30) days after written notification by City to Borrower of the occurrence of any default or non-compliance with any provision or requirement of the Agreement (following notice and passing of all applicable notice and cure provisions); or (ii) ten (10) days after the Borrower makes or allows to be made any total or partial transfer, sale, assignment, conveyance or transfer in any other mode, of the Property (as such term is defined in the Agreement), if such transfer occurs before the issuance of a Certificate of Occupancy for the Development; unless, such transfer, sale, assignment, conveyance or transfer in any other mode is expressly allowed under the Agreement. Payments made under this Note shall be governed by the terms of the Agreement, particularly the loan requirements set forth in Paragraph Nos. 2 and 25 below of the Agreement, (the "Repayment").

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

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

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

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

1. The recitals set forth in the preamble to this Agreement and the exhibits attached to this Agreement are incorporated into this Agreement as if fully set forth herein.

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

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

4. The business assistance in the form of a forgivable loan are proposed to be granted by the City to Borrower under Minnesota Statutes, Sections 116J.993 through 116J.995 (the "Business Subsidy Act"), and Minnesota Statutes, Chapter 469 and pursuant to the requirements of the Policy, when combined with other assistance being provided by the City to the Borrower, constitutes a Business Subsidy under the Business Subsidy Act and subject to the Business Subsidy Agreement set forth in Exhibit E.

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

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

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

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

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

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

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

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

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

(A) as to the Borrower:

FaribaultMill LLC
1500 2nd Avenue NW
Faribault, MN 55021
ATTN: Ross Widmoyer

(B) as to the City:

Economic Development Authority
of Faribault
208 1st Avenue NW
Faribault, MN 55021
ATTN: Community and Economic
Development Director

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

or at such other address with respect to either such party as that party may, from time to time, designate in writing and forward to the other as provided in this section 12.

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

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

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

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

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

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

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

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

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

22. The Borrower warrants that all work performed pursuant to this Agreement shall be in compliance with existing laws, codes, ordinances, pertinent regulations, standards, and specifications. This Agreement does not act as a substitute for any permits or approvals that are otherwise required by the Borrower in order to complete any of the Improvements.

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

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

25. Additional Loan Requirements.

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

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

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

(c) Forgivable Loan. The Loan provided herein is forgivable upon satisfaction by the Borrower of the conditions specified herein and completion of the Minimum Improvements. Specifically, Borrower shall provide the City with evidence that the Loan proceeds were used in the redevelopment of the Property and the requirements of paragraph no. 25 (a) have been satisfied. The City, in its sole judgment, shall determine whether the expenditure of funds qualify for such forgiveness. Borrower shall provide City with such evidence on the disbursement date provided herein.

26. In lieu of the Borrower paying an escrow to the Lender for the processing of the loan pursuant to this Agreement and the accompanying loan documents, the Borrower desires that Lender deduct five thousand dollars ($5,000.00) from the loan proceeds as payment for and to cover the costs of the Lender in originating and processing the loan. In the event that the costs to process the loan pursuant to this Agreement exceed the $5,000.00 amount retain by the Lender, the Borrower agrees to immediately reimburse any outstanding amounts to the Lender. Failure of the Borrower to immediately reimburse the Lender upon such demand shall constitute a default under this Agreement and the accompanying loan documents.

[Signature pages to follow]

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

THE BORROWER:

Dated: July ____, 2024.

FARIBAULTMILL LLC

By: ____________________________
Paul D. Grangaard
Its: Manager

STATE OF MINNESOTA)
) ss.
COUNTY OF RICE)

The foregoing instrument was acknowledged before me this ______ day of July, 2024, by Paul D. Grangaard, Manager of FaribaultMill LLC, a Delaware limited liability company, by and on behalf of said corporation.

____
Notary Public

CITY:

ECONOMIC DEVELOPMENT AUTHORITY OF FARIBAULT

Dated: July ___, 2024.

By: ________________________________
Rodney Gramse
Its: Chair

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

STATE OF MINNESOTA)
) ss.
COUNTY OF RICE)

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

____
Notary Public

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

EXHIBIT A TO LOAN AGEEMENT

LEGAL DESCRIPTION OF THE PROPERTY

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

PID No.: ______________________________

____ [Insert legal]

EXHIBIT B TO LOAN AGREEMENT

PROMISSORY NOTE

$50,000.00 Date: July ____, 2024

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

1. The entire unpaid balance of principal shall be due and payable upon the earlier of the following: (i) thirty (30) days after written notification by Holder to Maker of the occurrence of any default or non-compliance with any provision or requirement of the Loan Agreement (following notice and passing of all applicable notice and cure provisions), dated July ______, 2024, between the Maker and Holder (the "Agreement"); or (ii) ten (10) days after the Maker makes or allows to be made any total or partial transfer, sale, assignment, conveyance or transfer in any other mode, of the Property (as such term is defined in the Agreement), if such transfer occurs before the issuance of a Certificate of Occupancy for the Development (as defined in the Agreement); unless, such transfer, sale, assignment, conveyance or transfer in any other mode is expressly allowed under the Agreement. Payments made under this Note shall be governed by the terms of the Agreement entered into between the Maker and Holder, particularly the loan requirements set forth in Paragraph Nos. 2 and 25 of the Agreement.

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

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

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

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

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

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

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

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

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

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

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

FaribaultMill LLC, a
Delaware limited liability company

By: ______________________________
Paul D. Grangaard
Its: Manager

EXHIBIT C TO LOAN AGREEMENT

SECURITY AGREEMENT

THIS SECURITY AGREEMENT, dated as of July ______, 2024, is made and entered into by and between FaribaultMill LLC, a Delaware limited liability company (the "Debtor"), with its principal place of business at 1500 2nd Avenue NW, Faribault, MN 55021, and the ECONOMIC DEVELOPMENT AUTHORITY OF FARIBAULT, a public body corporate and politic under the laws of Minnesota (the "EDA"), with its principal place of business at 208 NW 1st Avenue, Faribault, Minnesota 55021, EDA is referred to herein as "Secured Party."

1. Security Interest and Collateral. Pursuant to a Loan Agreement dated as of July ______, 2024, (the "Loan Agreement"), between the Debtor and the EDA, EDA loaned $50,000 to Debtor (the "Loan"). The proceeds of the Loan will be applied to provide a portion of the funding necessary for the Development at the Property as depicted in the Loan Agreement ("Facility") located in the City of Faribault, Minnesota ("City"), including the costs of acquiring equipment ("Equipment") and constructing certain leasehold improvements ("Leasehold Improvements") to the Facility located on certain property at 1500 2nd Avenue NW in the City. To secure the repayment of the Loan, the Debtor issued a Promissory Note to EDA in the amount of $50,000 (the "Note"). To secure the repayment of the Loan, the Debtor hereby grants the Secured Party a purchase money security interest (herein called the "Security Interest") in the following property (herein called the "Equipment"):

Qty	**Description**
	[Insert Equipment]

with the proceeds of the Loan and installed in, attached to, or used in connection with the Facility.

Together with all parts, additions, replacements, and repairs to the Equipment now or hereafter installed in, attached to, or used in the Facility, and the proceeds thereof (collectively with the Equipment, the "Equipment"). See Exhibit A for a list of the initial Equipment provided for with the proceeds of the Loan.

2. Debtor's Representations, Warranties, and Covenants. Debtor represents, warrants, covenants, and agrees as follows:

(a) Organization. The Debtor is a Delaware corporation, and Debtor has full power and authority to execute, deliver, and perform this Security Agreement, and to own its property and conduct its business as presently conducted and as proposed to be conducted.

(b) Authorization. The execution, delivery, and performance of this Security Agreement by the Debtor has been duly authorized by all necessary action and will not:

(i) require any consent or approval of any entity which has not been obtained; or

(ii) violate any material provision of any indenture, contract, agreement or instrument to which Debtor is a party or by which it is bound.

(c) Performance by Debtor. Unless Debtor obtains Secured Party's written consent to the contrary, or except as provided in the Loan Agreement, Debtor shall not:

(i) terminate its interest in any of the Equipment; or

(ii) sell, transfer, or assign, or offer to sell, transfer or assign all or any part of the Equipment or permit all or any part of the Equipment to be sold, transferred, or assigned; or

(iii) remove or consent to the removal of any of the Equipment from the Facility.

(d) Title to Equipment. Debtor shall keep good marketable title to all of the Equipment, and none of the Equipment is subject to any lien or security interest except for the security interest created by this Security Agreement and other security interests consented to in writing by Secured Party which have not otherwise been subordinated to the interests of the Secured Party. Debtor shall defend the Equipment against all claims and demands of all and any other persons at any time claiming any interest therein adverse to Secured Party.

(e) Actions and Proceedings. There are no actions at law, suits in equity, or other proceedings before any governmental agency, commission, bureau, tribunal, or other arbitration proceedings against or affecting Debtor, that if adversely determined would adversely affect Debtor's interest in the Equipment or would adversely affect the rights of Debtor to pledge and assign all or a part of the Equipment or the rights and security afforded Secured Party hereunder.

(f) Insurance. The Debtor agrees it will keep the Equipment insured, or cause the Equipment to be kept insured, at all times against loss by fire or other hazards concerning which, in the judgment of the Secured Party, insurance protection is reasonably necessary and in amounts sufficient to protect against loss or damage of the Equipment. Such policy or policies will contain a loss payable clause in favor of Secured Party or its successors or assigns, in form satisfactory to Secured Party, provided, however, that Debtor may, at its reasonable discretion, self-insure the Equipment.

(g) No Fixture. If any of the Equipment is or becomes a fixture, Debtor agrees to furnish Secured Party, at Secured Party's request, with a statement or statements signed by all persons who have or claim an interest in the real estate concerned, which statements shall provide that the signer consents to the security interest created hereby and disclaims any interest in the Equipment as fixtures.

(h) Understandings Regarding Equipment. Debtor acknowledges that the Equipment is or will be of the design, capacity, and manufacture specified for and by Debtor, and that Debtor is satisfied that the same is or will be suitable for its intended purposes. Debtor further acknowledges and agrees that Secured Party has not made, and does not make, any representation, warranty, or covenant with respect to merchantability, fitness for any purpose, durability, patent, copyright or trademark infringement, suitability, or capability of any item of Equipment in any respect or in connection with any other purpose or use of Debtor, or any other representation, warranty, or covenant of any kind or character expressed or implied with respect thereto. Debtor accordingly agrees not to assert any claim whatsoever against Secured Party based thereon. Debtor further agrees, regardless of cause, not to assert any claim whatsoever against Secured Party for loss of anticipatory profits or consequential damages.

(i) Use of Equipment. The Equipment will be used for its intended business purpose and will at all times be located at the Facility, except as provided in the Loan Agreement.

(j) Condition of Equipment. Debtor will keep the Equipment in good condition and repair, reasonable wear and tear excepted, and will permit Secured Party to enter the Facility at reasonable times and upon reasonable notice for the purpose of examining the Equipment.

(k) Costs of Collection. In the event of any action or proceeding to collect or realize upon the Equipment or to enforce any of Secured Party's rights hereunder, the Debtor shall pay:

(i) all of Secured Party's attorneys' fees and legal expenses, with interest thereon, incurred by the Secured Party;

(ii) all taxes, levies, insurance expenses, and costs of repairs to, or maintenance of, the Equipment; and

(iii) all costs of the Secured Party reasonably incurred in taking possession of, disposing of, or preserving the Equipment after any Event of Default (defined below).

3. Event of Default. Upon the occurrence of a default in the payment of the Notes, in the Loan Agreement, or in this Security Agreement, the Secured Party may exercise any remedy available to it under the terms of the Loan Agreement, the Notes, or this Security Agreement, and may, without limiting any other right or remedy available to it, exercise and enforce any and all rights and remedies available upon default to a secured party under the Uniform Commercial Code as enacted in the State of Minnesota, Minnesota Statutes, Chapter 336, as amended (the "UCC"), and the Secured Party and all representatives of the Secured Party are hereby granted the right to enter upon any property of the Debtor, without a hearing or prior notice thereof, for the purpose of taking possession of the Equipment. If notice to the Debtor of any intended disposition of the Equipment or any other intended action is required by law in a particular instance, such notice shall be deemed commercially reasonable if given (in the manner specified in this Security Agreement) at least ten calendar days prior to the date of the intended disposition or other action.

4. Further Assurances. The Debtor shall execute and deliver to the Secured Party, promptly and at the Debtor's expense, financing statements, including without limitation a UCC-1 Financing Statement listing the Equipment and all proceeds thereof as collateral. Debtor agrees that the Secured Party is authorized, at its option, to file a photocopy or other reproduction of this Security Agreement as a financing statement and such photocopy or other reproduction shall be sufficient as a financing statement under the UCC, and the Debtor hereby irrevocably appoints the Secured Party as the Debtor's attorney-in-fact to execute and file, from time to time, on its behalf, one or more financing statements with respect to the Equipment and to execute such other documents and instruments on behalf of the Debtor as the Secured Party, in its sole judgment, shall deem necessary or desirable for the purposes of effectuating this Security Agreement, such power being coupled with an interest.

5. Cumulative Remedies. All of the Secured Party's rights and remedies herein are cumulative and in addition to any rights or remedies available at law or in equity, including the UCC, and may be exercised concurrently or separately. The Debtor shall pay all costs, expenses, losses, damages, and legal costs (including attorneys' fees) incurred by the Secured Party as a result of enforcing any terms or conditions of this Security Agreement.

6. No Liability Imposed on the Secured Party. The Secured Party shall not be obligated to perform or discharge, nor does it hereby undertake to perform or discharge, any obligation, duty, or liability, nor shall this Security Agreement operate to place responsibility for the control, care, or management of the Equipment upon Secured Party; provided, that upon payment in full of the Notes, the Secured Party shall execute and file UCC termination statements in the offices in which financing statements with respect to the Equipment are effective.

7. Indemnification. The Debtor hereby agrees to indemnify and to hold the Secured Party harmless of and from any and all liability, loss, or damage which it may or might incur under or by reason of this Security Agreement, and of and from any and all claims and demands whatsoever which may be asserted against it by reason of any alleged obligations or undertakings on its part to perform or discharge any of the terms, covenants, or agreements contained herein. Should the Secured Party incur any such liability or be required to defend against any such claims or demands, or should a judgment be entered against the Secured Party, the amount thereof, including costs, expenses, and attorneys' fees, shall bear interest thereon at the rate then in effect on the Notes, shall be secured hereby, and shall be added to the obligations of the Debtor secured hereunder. The Debtor shall reimburse the Secured Party for such additional obligations immediately upon demand, and upon the failure of the Debtor to do so, Secured Party may declare such additional obligations immediately due and payable.

8. Expenses of Secured Party. All expenses paid or incurred in protecting, storing, warehousing, insuring, handling, and shipping the Equipment, all costs of keeping the Equipment free of liens, encumbrances, and security interests (other than the security interest created by this Security Agreement), and the removing of the same and all excise, property, sales, and use taxes imposed by state, federal, or local authority on any of the Equipment or with respect to the sale thereof, shall be borne and paid for by the Debtor and if the Debtor fails to promptly pay any amounts thereof when due, the Secured Party may, at its option, but shall not be required to, pay the same, and upon such payment the same shall constitute additional obligations of the Debtor

and shall bear interest at the rate specified in the Notes and shall be secured by the security interests granted hereunder.

9. Continuing Rights. The rights and powers of the Secured Party hereunder shall continue and remain in full force effect until the Notes (and any additional obligations referred to in Sections 7 and 8 hereof) are paid in full.

10. Books and Records. The Debtor will permit the Secured Party, and its representatives, at reasonable times and upon reasonable notice, to examine the Debtor's books and records (including data processing records and systems) with respect to the Facility and the Equipment and make copies thereof at any time and from time to time, and the Debtor will furnish such information reports to the Secured Party and its representatives regarding the Equipment as the Secured Party and its representatives may from time to time request. The Secured Party shall have the authority, at any time, to require the Debtor to place upon the Debtor's books and records relating to the Equipment and other rights to payment covered by the security interest created in this Security Agreement a notation stating that any such Equipment and other rights of payment are subject to a security interest in favor of the Secured Party.

11. Successors and Assigns. This Security Agreement and each and every covenant, agreement, and provision hereof shall be binding upon the Debtor, and its successors and assigns, and shall inure to the benefit of the Secured Party, and its successors and assigns.

12. Governing Law. This Security Agreement is executed pursuant to and shall be governed by the laws of the State of Minnesota.

13. Severability. It is the intent of this Security Agreement to confer to the Secured Party the rights and benefits hereunder to the full extent allowable by law, including all rights available under the UCC. The unenforceability or invalidity of any provisions hereof shall not render any other provision or provisions herein contained unenforceable or invalid. Any provisions judicially determined to be unenforceable shall be severable from this Security Agreement.

14. Miscellaneous.

(a) Waiver. The performance or observance of any promise or condition set forth in this Security Agreement may be waived only in writing. No delay in the exercise of any power, right or remedy operates as a waiver thereof, nor shall any single or partial exercise of any other power, right or remedy.

(b) Assignment. This Security Agreement shall be binding upon the Debtor, and its successors and assigns, and shall inure to the benefit of the Secured Party, and its successors and assigns. All rights and powers specifically conferred upon the Secured Party may be transferred or delegated by the Secured Party to any of its successors and assigns, including any successor holder of the Notes.

(c) Certain Defined Terms. Capitalized terms used in this Security Agreement and defined in this Security Agreement or the Notes are used with the meanings given in this Security Agreement or the Notes.

(d) Other Matters. If any provision or application of this Security Agreement is held unlawful or unenforceable in any respect, such illegality or unenforceability shall not affect other provisions or applications which can be given effect, and this Security Agreement shall be construed as if the unlawful or unenforceable provision or application had never been contained herein or prescribed hereby. All representations and warranties contained in this Security Agreement or in any other agreement between Debtor and Secured Party shall survive the execution, delivery, and performance of this Security Agreement and the creation and payment of any indebtedness to Secured Party. Debtor waives notice of the acceptance of this Security Agreement by Secured Party.

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

As to the Debtor/Borrower:

FaribaultMill LLC
1500 2nd Avenue NW
Faribault, MN 55021
ATTN: Ross Widmoyer

As to the Secured Party/EDA/ City:

Economic Development Authority of Faribault
208 1st Avenue NW
Faribault, MN 55021
ATTN: Community and Economic Director

with a copy to:

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

(The remainder of this page is intentionally left blank.)

IN WITNESS WHEREOF, Debtor/FaribaultMill LLC and the Secured Party/Economic Development Authority of Faribault have executed this Security Agreement as of the date set forth above.

Dated: July ______, 2024.

DEBTOR:

FaribaultMill LLC

By: ____________________________
Paul D. Grangaard
Its: Manager

STATE OF MINNESOTA)
) ss.
COUNTY OF RICE)

The foregoing instrument was acknowledged before me this ______ day of July 2024, by Paul D. Grangaard, the Manager of FaribaultMill LLC, a Delaware corporation, by and on behalf of said corporation.

____
Notary Public

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SECURED PARTY:

Economic Development Authority of Faribault

Dated: July ____, 2024.

By: ________________________________
Rodney Gramse
Its: Chair

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

STATE OF MINNESOTA)
) ss.
COUNTY OF RICE)

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

____
Notary Public

THIS DOCUMENT DRAFTED BY:
Kennedy & Graven, Chartered (SJR)
700 Fifth Street Towers
150 South Fifth Street
Minneapolis, MN 55402
(612) 337-9300

DOCSOPEN\FA105\484\964026.v3-7/16/24

EXHIBIT A TO SECURITY AGREEMENT

EQUIPMENT

Qty	Description
	[Insert Equipment]

EXHIBIT D TO LOAN AGREEMENT

GUARANTY AGREEMENT

This Guaranty Agreement (the “Guaranty” or “Guaranty Agreement”) is made and entered into this ______ day of July, 2024, by FaribaultMill LLC, a Delaware limited liability company (the "Guarantor") for the benefit of the Economic Development Authority of Faribault, a public body corporate and politic under the laws of Minnesota ("Lender").

WITNESSETH:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

To Lender:	Economic Development Authority of Faribault 208 NW 1st Avenue Faribault, MN 55021 Attn: Community and Economic Development Director
To Guarantor:	FaribaultMill LLC 1500 2nd Avenue NW Faribault, MN 55021 ATTN: Ross Widmoyer

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

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

GUARANTOR

FaribaultMill LLC

By: ____________________________

Paul D. Grangaard

Its: Manager

EXHIBIT A TO GUARANTY AGREEMENT

LEGAL DESCRIPTION

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

PID No.: ________________________

____________________________________ (insert legal description)

EXHIBIT E

BUSINESS SUBSIDY AGREEMENT

Business Subsidy Agreement. The provisions of this Exhibit E constitute the "business subsidy agreement" for the purposes of the Business Subsidy Act.

(a) *General Terms*. The parties agree and represent to each other as follows:

(1) The subsidies provided to the Borrower pursuant to this Agreement consist of the principal amount of the Loan Agreement set forth in this Agreement. This business subsidy agreement shall apply to all the subsidies set forth in this Agreement.

(2) The public purposes of the subsidy are to facilitate the Project, to facilitate the renovation of existing improvements and construction of additional improvements, to preserve tax base, and to retain employment in the City.

(3) The goals for the subsidy are (i) to secure development of the Project on the Property; (ii) to maintain such improvements for at least five years as described in clause (6) below.

(4) If the goals described in clause (3) are not met, the Borrower must make the payments to the City described in Section (c) of this Section.

(5) The subsidy is needed to induce Borrower to rehabilitate the Property, and to make the cost of the Project financially feasible.

(6) The Borrower must continue operation of the Project as a "Qualified Facility" for at least five years after the Benefit Date (defined hereinafter), subject to the continuing obligation described in the Agreement. For the purposes of this Section, the term Qualified Facility means a commercial and residential facility. The improvements will be a Qualified Facility as long as the Facility is operated by Borrower or a tenant for the aforementioned qualified uses. During any period when the Facility is vacant and not operated for the aforementioned qualified uses, the Facility will not constitute a Qualified Facility.

(7) The Borrower is a limited liability company under the laws of the State of Delaware and is in good standing and has no parent corporation.

(8) The Borrower expects to receive financial assistance from the following "grantors" as defined in the Business Subsidy Act, in connection with the Property or the Project:

(a) a forgivable loan from the Economic Development Authority of the City of Faribault, Minnesota of up to $50,000.00.

(b) a forgivable loan from the Economic Development Authority of the City of Faribault, Minnesota of up to $250,000.00.

(b) *Job and Wage Goals*. The creation or retention of jobs is determined to be a goal of the Project, thus the job and wage goals are set to five (5).

(c) *Remedies*. If the Borrower fails to meet the goals described in Section (a)(3), the Borrower shall repay to the City, respectively, upon written demand from the City, a "pro rata share" of the principal amount of the respective subsidies previously received, together with interest based on the rate set forth in Section 116J.994, subd. 6 of the Business Subsidy Act, accrued from the date of the default to the date of payment and the outstanding principal amount of their respective subsidies (i.e. the remaining amount to be paid to Borrower pursuant to this Agreement) shall be reduced by the "pro rata share." The term "pro rata share" means a percentage calculated as follows:

(i) if the failure relates to the number of jobs, the jobs required less the jobs retained, divided by the jobs required;

(ii) if the failure relates to wages, the number of jobs required less the number of jobs that meet the minimum wages, divided by the number of jobs required;

(iii) if the failure relates to maintenance of the Project in accordance with Section (a)(6), 60 less the number of months of operation as a commercial and residential facility, commencing on the Benefit Date and ending with the date the facility ceases operation as reasonably determined by City staff, divided by 60; and

(iv) if more than one of clauses (i) through (iii) apply, the sum of the applicable percentages of clauses (ii) and (iii), not to exceed 100%.

Notwithstanding anything to the contrary in the Agreement, the remedies in this Section are the City's sole remedies for failure to meet the goals set forth in this Section. In addition to the remedy described in this Section for failure to meet the goals stated in Section (a)(3), the Borrower agrees and understands that it may not receive a business subsidy from the City or any grantor (as defined in the Business Subsidy Act) for a period of five years from the date of the failure or until the Borrower satisfies its repayment obligation under this Section, whichever occurs first.

(d) *Reports.* The Borrower must submit to the City, a written report regarding business subsidy goals and results by no later than March 1 of each year, commencing March 1, 2025, and continuing until the later of (i) the date the goals stated Section (a)(3) are met; (ii) 30 days after expiration of the period described in Section (a)(6); or (iii) if the goals are not met, the date the subsidy is repaid in accordance with Section (c). The report must comply with Section 116J.994, subdivision 7 of the Business Subsidy Act. The City will provide information to the Borrower regarding the required forms. If the Borrower fails to timely file any report required under this

Section, the City will mail the Borrower a warning within one week after the required filing date. If, after 14 days of the postmarked date of the warning, the Borrower fails to provide a report, the Borrower must pay to the City a penalty of $100.00 for each subsequent day until the report is filed. The maximum aggregate penalty payable under this Section is $1,000.00 payable to the City.

(e) *Audits*. Upon written request of the City in any year, Borrower shall retain at its expense an independent, third party accountant to audit any job and wage report submitted by Borrower under Section (d). The Borrower must deliver to the City a written report from the accountant promptly upon completion of such audit.

City Of Faribault

Request for Action

TO:	Faribault Economic Development Authority
FROM:	David Wanberg, Community and Economic Development Director
THROUGH:	
MEETING DATE:	July 18, 2024
SUBJECT:	Resolution 2024-08 Approve a Revolving Loan Agreement between Economic Development Authority of Faribault, Minnesota and FaribaultMill LLC

BACKGROUND:

At its April 18, 2024, meeting, the Economic Development Authority (the "EDA") indicated its willingness to provide a $250,000 revolving loan to FaribaultMill LLC for equipment purchases to grow the company. The City Attorney prepared a loan agreement for the EDA's approval (see attached).

REQUESTED ACTION:

Approve Resolution 2024-08.

ATTACHMENTS:

1. Resolution 2024-08
2. FaribaultMill $250,000 Revolving_Loan_Agreement

ECONOMIC DEVELOPMENT AUTHORITY OF FARIBAULT, MINNESOTA

RESOLUTION #2024-07

APPROVE A REVOLVING LOAN BETWEEN ECONOMIC DEVELOPMENT AUTHORITY OF FARIBAULT, MINNESOTA AND FARIBAULTMILL LLC

WHEREAS, on July 15, 2024, Ross Widmoyer, President and CEO of FarilbaultMill LLC (the "Applicant"), on behalf of FaribaultMill LLC (the "Owner"), submitted an application requesting a $250,000 revolving loan for equipment purchases to grow the company at 1500 2nd Avenue NW (the "Project"); and

WHEREAS, the EDA held a public hearing on July 18, 2024, to consider offering a business subsidy to FaribaultMill LLC; and

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

WHEREAS, the Applicant anticipates the requested revolving loan will help create five new jobs at $26 per hour; and

WHEREAS, the EDA reviewed the Applicant's request for a $250,000 revolving loan and found it complies with the goals and mission of the EDA to retain and expand businesses; and

NOW, THEREFORE, BE IT RESOLVED by the Economic Development Authority of the City of Faribault, Minnesota (the "EDA") as follows:

Section 1: Recitals and exhibits. This Resolution incorporates the recitals in the preamble of this Resolution and the exhibits attached to the Resolution as if fully set forth herein.

Section 2: Approval of a $250,000 revolving loan. The EDA approves a $250,000 revolving loan to FaribaultMill LLC (the "Owner") for the Project outlined in the recitals above. The Owner must comply with applicable terms and conditions outlined in the loan agreement.

Section 3. Administrative fees to cover the City Attorney's costs and application fees. Instead of the Applicant submitting the required application fees and escrow to process the Applicant's EDIF forgivable loan request and the Applicant's revolving loan request, the EDA and the Applicant agree that the EDA will use $5,000 of the $50,000 EDIF forgivable loan to cover the City Attornery's costs and application fees.

The Owner is responsible for additional costs, if any, that exceed the $5,000 administrative fee.

Section 4: Authorization to take additional steps. The EDA authorizes City Staff and City Consultants to take any and all additional steps and actions necessary or convenient to accomplish the intent of this Resolution.

Section 5: Authorization to execute agreements. The EDA authorizes its President and Secretary to execute all required agreements related to this Resolution on behalf of the EDA in furtherance of the above-approved revolving loan.

ADOPTED: July 18, 2024

____
Rodney Gramse, President

ATTEST:

____
AJ Smith, Secretary

EXHIBIT A

LOAN AGREEMENT

(The remainder of this page was left blank intentionally.)

LOAN AGREEMENT

EDA REVOLVING LOAN
BETWEEN
ECONOMIC DEVELOPMENT AUTHORITY OF FARIBAULT, MINNESOTA
AND
FARIBAULTMILL LLC

This Loan Agreement ("Agreement") is made this __ day of July, 2024, by FaribaultMill LLC, a limited liability company formed under the laws of the state of Delaware ("Borrower") and the Economic Development Authority of Faribault ("EDA" or "Lender"), a public body corporate and politic under the laws of Minnesota.

RECITALS

A. In consideration for the loan contemplated by this Agreement, Borrower is executing and delivering to Lender this Loan Agreement along with its attachments.

B. Lender agrees to loan to Borrower EDA Revolving Loan funds up to the maximum amount of $250,000 to assist in financing of an existing manufacturing facility (the "Project Costs") in the City, including purchasing and installing various equipment the ("Minimum Improvements") to be located on property which is located within the City of Faribault, Minnesota (the "City") and legally described as set forth in Exhibit A, which is incorporated by reference and included in this Agreement as if fully set forth herein (the "Property").

C. This Agreement is subject to the contingency of Borrower obtaining additional, adequate financial assistance from public and private lending sources, and subject to the further contingency of Borrower providing adequate collateral.

ACCORDINGLY, to induce Lender to make the Loan to Borrower, and for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. The Loan Amount. Subject to and upon the terms and conditions of this Agreement, Lender agrees to loan to Borrower EDA Revolving Loan funds up to the maximum sum of $250,000.00, or so much thereof as is disbursed to Borrower in accordance with this Agreement ("Loan"). The Loan shall be evidenced by a promissory note (the "Note") payable by Borrower to Lender and substantially in the form of Exhibit B attached to this Agreement, a separate security agreement (the "Security Agreement"), the form of which is attached as Exhibit C, and an executed UCC financing statement substantially in the form set forth hereto as Exhibit D, which shall all be dated as of the date of this Agreement. Proceeds of the Loan shall be disbursed in accordance with Section 3 hereof.

In addition to the assistance contemplated by this Agreement, Borrower shall enter into a loan agreement with the EDA for a forgivable loan of up to $50,000.00 on terms established by Borrower and the EDA.

2. Repayment of Loan. The Loan shall be repaid with interest as follows:

(a) Interest at the rate of 3.5 percent per annum shall accrue on the amount of Loan proceeds disbursed to Borrower from the date or dates of such one or more disbursements until the Loan is repaid in full.

(b) Payments of principal and interest shall commence on _________, 20__ (the "Initial Payment Date") and continue on the first day of each and every month thereafter until paid in full. Such payments shall fully amortize any outstanding balance of the Loan over ten (10) years; provided, however, the entire remaining unpaid balance of principal and interest shall be due and payable on the first day of the 60th month following the Initial Payment Date.

3. Disbursement of Loan Proceeds.

(a) Loan proceeds shall be disbursed to Borrower in one lump payment upon closing. The date of the first disbursement of Loan proceeds to Borrower is referred to herein as the "Loan Closing Date".

(b) The following events shall be conditions precedent to the initial disbursement of the Loan proceeds to Borrower:

(i) Borrower having executed and delivered to Lender, prior to the Loan Closing Date and without expense to Lender, executed copies of this Agreement, the Note, the Security Agreement, the Guaranty, and an executed UCC financing statement;

(ii) Borrower having provided evidence satisfactory to Lender that Borrower has established a separate accounting system for the exclusive purpose of recording the receipt and expenditure of the Loan proceeds;

(iii) Borrower having paid to Lender the full amount of the legal fees incurred by Lender in the negotiation and preparation of this Agreement and any other agreement or instrument securing the Loan;

(iv) Borrower having provided evidence satisfactory to Lender that Borrower has obtained adequate financing to complete all activities related to Borrower's undertakings on the Property.

4. Representations and Warranties. Borrower represents and warrants to Lender that:

(a) Borrower is duly authorized and empowered to execute, deliver, and perform this Agreement and to borrow money from Lender.

(b) The execution and delivery of this Agreement, and the performance by Borrower of its obligations hereunder, do not and will not violate or conflict with any provision of law and do not and will not violate or conflict with, or cause any default or event of default to occur under, any agreement binding upon Borrower.

(c) The execution and delivery of this Agreement has been duly approved by all necessary action of Borrower, and this Agreement has in fact been duly executed and delivered by Borrower and constitutes its lawful and binding obligation, legally enforceable against it.

(d) Borrower warrants that it shall keep and maintain books, records, and other documents relating directly to the receipt and disbursements of Loan proceeds and that any duly authorized representative of Lender shall, at all reasonable times, have access to and the right to inspect, copy, audit, and examine all such books, records, and other documents of Borrower pertaining to the Loan until the completion of all closeout procedures and the final settlement and conclusion of all issues arising out of this Loan.

(e) Borrower warrants that it has fully complied with all applicable state and federal laws pertaining to its business and will continue to comply throughout the terms of this Agreement. If at any time Borrower receives notice of noncompliance from any governmental entity, Borrower agrees to take any necessary action to comply with the state or federal law in question.

(f) Borrower warrants that it will use the proceeds of the Loan made by Lender solely for the Project Costs.

(g) Borrower warrants that it will not create, permit to be created, or allow to exist any liens, charges, or encumbrances prior to the obligation created by this Loan Agreement, except as otherwise authorized in writing by Lender.

5. <u>Event of Default by Borrower</u>. The following shall be Events of Default under this Agreement:

(a) failure to pay any principal or interest on the Loan when due;

(b) any representation or warranty made by Borrower herein or in any document, instrument, or certificate given in connection with this Agreement or the Guaranty is false when made;

(c) Borrower fails to pay its debts as they become due, makes an assignment for the benefit of its creditors, admits in writing its inability to pay its debts as they become due, files a petition under any chapter of the Federal Bankruptcy Code or any similar law, state or federal, now or hereafter existing, becomes "insolvent" as that term is generally defined under the Federal Bankruptcy Code, files an answer admitting insolvency or inability to pay its debts as they become due in any involuntary bankruptcy case commenced against it, or fails to obtain a dismissal of such case within thirty (30) days after its commencement or converts the case from one chapter of the Federal Bankruptcy Code to another chapter, or be the subject of an order for relief in such bankruptcy case, or be adjudged a bankrupt or insolvent, or has a custodian, trustee, or receiver appointed for, or has any court take jurisdiction of its property, or any part thereof, in any proceeding for the purpose of reorganization, arrangement, dissolution, or liquidation, and such custodian, trustee, or receiver is not discharged, or such jurisdiction is not relinquished, vacated, or stayed within thirty (30) days of the appointment;

(d) a garnishment summons or writ of attachment is issued against or served upon Lender for the attachment of any property of Borrower in Lender's possession or any indebtedness owing to Borrower, unless appropriate papers are filed by Borrower contesting the same within thirty (30) days after the date of such service or such shorter period of time as may be reasonable in the circumstances;

(e) any breach or failure of Borrower to perform any other term or condition of this Agreement not specifically described as an Event of Default in this Agreement and such breach or failure continues for a period of thirty (30) days after Lender has given written notice to Borrower specifying such default or breach, unless Lender agrees in writing to an extension of such time prior to its expiration; provided, however, if the failure stated in the notice cannot be corrected within the applicable period, Lender will not unreasonably withhold its consent to an extension of such time if corrective action is instituted by Borrower within the applicable period and is being diligently pursued until the Default is corrected, but no such extension shall be given for an Event of Default that can be cured by the payment of money (i.e., payment of taxes, insurance premiums, or other amounts required to be paid hereunder); or

(f) any breach by Borrower of any other agreement between Borrower, and Lender, the City of Faribault, Minnesota, or the Economic Development Authority of Faribault, Minnesota.

6. Business Subsidy. The business assistance to be granted by the City to Borrower under Minnesota Statutes, Sections 116J.993 through 116J.995 (the "Business Subsidy Act"), and Minnesota Statutes, Chapter 469 and pursuant to the requirements of the Policy, when combined with other assistance being provided by the City to the Borrower, constitutes a Business Subsidy under the Business Subsidy Act and subject to the Business Subsidy Agreement set forth in Exhibit E.

7. Lender's Remedies upon Borrower's Default. Upon an Event of Default by Borrower and after provision by Lender of written notice, Lender shall have the right to exercise any or all of the following remedies (and any other rights and remedies available to it):

(a) declare the principal amount of the Loan and any accrued interest thereon to be immediately due and payable upon providing written notice to Borrower;

(b) suspend its performance under this Loan Agreement;

(c) take any action provided for at law or equity to enforce compliance by Borrower with the terms of this Agreement;

(d) exercise its rights under the Guaranty; and

(e) exercise its rights under the Security Agreement and the Uniform Commercial Code.

In addition to any other amounts due on the Loan, and without waiving any other right of Lender under this Agreement or any other instrument securing the Loan or other applicable documents, Borrower shall pay to Lender a late fee of $50 for any payment not received in full by Lender within 30 calendar days of the date on which it is due. Furthermore, interest will continue to accrue on any amount due until the date on which it is paid to Lender, and all such interest will be due and payable at the same time as the amount on which it has accrued.

8. Lender's Costs of Enforcement of Agreement. If an Event of Default has occurred as provided herein, then upon demand by Lender, Borrower shall pay or reimburse Lender for all expenses, including all reasonable attorneys fees and expenses incurred by Lender in connection with the enforcement of this Agreement, or in connection with the protection or enforcement of the interests and collateral security of Lender in any litigation or bankruptcy or insolvency proceeding or in any action or proceeding relating in any way to the transactions contemplated by this Agreement.

9. Indemnification.

(a) Borrower shall and does hereby agree to protect, defend, indemnify and hold Lender, and its officers, agents, and employees, harmless of and from any and all liability, loss, or damage that it may incur under or by reason of this Agreement, and of and from any and all claims and demands whatsoever that may be asserted against Lender by reason of any alleged obligations or undertakings on its part to perform or discharge any of the terms, covenants, or agreements contained herein.

(b) Should Lender, or its officers, agents, or employees incur any such liability or be required to defend against any claims or demands pursuant to this Agreement, or should a judgment be entered against Lender, the amount thereof, including costs, expenses, and reasonable attorneys fees, shall be secured hereby, shall be added to the Loan, and Borrower shall reimburse Lender for the same immediately upon demand, and upon the failure of Borrower to do so, Lender may declare the Loan immediately due and payable.

(c) This indemnification and hold harmless provision shall survive the execution, delivery, and performance of this Agreement and the creation and payment of any indebtedness to Lender. Borrower waives notice of the acceptance of this Agreement by Lender.

(d) Nothing in this Agreement shall constitute a waiver of or limitation on any immunity from or limitation on liability to which Lender is entitled under law.

10. Collateral. The parties acknowledge that the Lender intends to take a collateral security in the Borrower's Equipment pursuant to the Security Agreement and the Uniform Commercial Code. The Borrower hereby agrees that it shall take any action necessary, as directed by the Lender, to assist the Lender in satisfactorily securing such interest in the collateral. If the Borrower fails to take any action or refrain from any action necessary, in the Lender's sole discretion, to facilitate such collateral securitization, the Borrower shall be immediately in default of this Agreement and the Lender may, at its sole option, take whatever steps may be necessary to recover the Loan proceeds, along with its collection costs, including reasonable attorneys' fees.

11. Documentation of Use of Funds. The Borrower shall provide the Lender with necessary documentation that the Loan proceeds have been used for the items and purposes stated in the Borrower's application.

12. Project Compliance Information. The Borrower shall provide to the Lender any information requested or needed by the Lender to monitor project implementation for compliance with Industrial Development Loan program guidelines.

13. Application of Certain Federal Laws. A portion of the EDA Revolving Loan program-funding source may be from federal funds. Therefore the Borrower agrees that, to the extent required by law, Borrower understands and shall comply with all applicable provisions of the Davis-Bacon Act, the Contract Work Hours and Safety Standards Act, the Copeland Act, and the Fair Labor Standards Act.

14. Lobbying. The Borrower shall not use any Loan proceeds to pay any person for influencing or attempting to influence an officer or employee of a federal agency, a member of Congress, an officer or employee of Congress, or any employee of a member of Congress in connection with the awarding of any federal contract, the making of a federal grant, the entering into of any cooperative agreement, or the extension, continuation, renewal, amendment, or modification of any federal contract, grant, loan, or cooperative agreement.

15. Non-Minnesota Construction Contracts. In the situation of non-Minnesota construction contracts, the Borrower must comply with Minnesota Statutes, Chapter 290.9705, by either:

(a) depositing with the State eight percent (8.00%) of every payment made to non-Minnesota construction contractors where the contract exceeds $100,000; or

(b) receiving an exemption from the requirement set forth in Section 3.6(a) from the Minnesota Department of Revenue.

16. Nondiscrimination. The provisions of Minnesota Statutes, Section 181.59, which relate to civil rights and discrimination, shall be considered a part of this Agreement as though wholly set forth herein and the Borrower shall comply with each such provision throughout the term of this Agreement.

17. Hazard Insurance. At all times during the term of this Agreement, the Borrower shall maintain, or cause to be maintained, at its cost and expense, and from time to time at the request of the Lender shall furnish proof of the payment of premiums on, insurance against loss and damage to the machinery and equipment and the Property under a policy or policies covering such risks as are ordinarily insured against by similar businesses. The insurance required by this paragraph shall be taken out and maintained in responsible insurance companies selected by the Borrower which are authorized under the laws of the state of Minnesota to assume the risks covered thereby. Upon request, the Borrower will deposit annually with the Lender policies evidencing all such insurance, or a certificate or certificates or binders of the respective insurers stating that such insurance is in force and effect. Each policy required by this paragraph shall: (i) list the Lender as a loss payee; and (ii) contain a provision that the insurer shall not cancel nor modify it in such a way as to reduce the coverage provided below the amounts required herein without giving written notice to the Borrower and the Lender at least thirty (30) days before the cancellation or modification becomes effective.

18. Workers' Compensation Insurance. The Borrower shall obtain workers' compensation insurance as required by Minnesota law.

19. Business with the State of Minnesota/State Tax Laws. The Borrower is required by Minnesota law to provide its Minnesota tax identification number if it does business with the state of Minnesota. This information may be used in the enforcement of federal and state tax laws. Supplying these numbers could result in an action to require the Borrower to file state tax returns and pay delinquent state tax liabilities. This Agreement will not be approved unless these numbers are provided. These numbers will be available to federal and state tax authorities and state personnel involved in the payment of state obligations.

(a) Minnesota Tax ID: ______________

(b) Federal Employer ID: ______________

20. Miscellaneous.

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

(b) Assignment. This Agreement shall be binding upon Borrower and its successors and assigns and shall inure to the benefit of Lender and its successors and assigns. All rights and powers specifically conferred upon Lender may be transferred or delegated by Lender to any of its successors and assigns. Borrower's rights and obligations under this Agreement may be assigned only when such assignment is approved in writing by Lender.

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

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

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

To Lender: Economic Development Authority of Faribault
208 NW 1st Avenue
Faribault, MN 55021
Attn: Community and Economic Development Director

To Borrower: FaribaultMill LLC
1500 2nd Avenue NW
Faribault, MN 55021
Attn: Ross Widmoyer

(f) Termination. If the Loan is not disbursed pursuant to this Agreement by December 31, 2024, this Agreement shall terminate and neither party shall have any further obligation to the other, except that if the Loan is not disbursed because Borrower has failed to use its best efforts to comply with the conditions set forth in Section 3 of this Agreement then Borrower shall pay to Lender all reasonable attorneys fees, costs, and expenses incurred by Lender in connection with this Agreement and any accompanying documents.

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

(h) Headings. The headings appearing at the beginning of the several sections contained in this Agreement have been inserted for identification and reference purposes only and shall not be used in the construction and interpretation of this Agreement.

(i) Review of Documents. The Borrower shall not be entitled to any disbursement of Loan proceeds until the Lender's legal counsel has reviewed and approved this Agreement and the exhibits attached hereto.

(j) Attorneys and Consultants Fees. The Borrower will pay to the Lender, at closing or within ten days of written request by the Lender, all attorneys and financial advisor fees incurred by the Lender in the negotiation, preparation, and implementation of this Agreement and its exhibits. In addition, Borrower will pay to the Lender, at closing or within ten days of written request by the Lender, a processing fee, application fee, any required recording fees for all loan documents and any applicable mortgage registration tax.

(k) Conflict of Interests; Representatives Not Individually Liable. No officer or employee of the Lender may acquire any financial interest, direct or indirect, in this Agreement, any, or in any contract related to the referenced machinery or equipment, or the Property. No officer, agent, or employee of the Lender shall be personally liable to the Borrower or any successor in interest in the event of any default or breach by the Lender or for any amount that may become due to the Borrower or on any obligation or term of this Agreement.

(l) Effect on Other Agreements. Nothing in this Agreement shall be construed to modify any term of any other agreement to which the Lender and the Borrower, or the City of Faribault and the Borrower are parties.

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

(n) Modifications. This Agreement may be modified solely through written amendments hereto executed by the Borrower and the Lender.

21. Additional Loan Requirements.

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

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

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

[Signature pages to follow]

IN WITNESS WHEREOF, this Agreement has been duly executed and delivered by the proper officers thereunto duly authorized on the day and year first written above.

ECONOMIC DEVELOPMENT AUTHORITY OF FARIBAULT

By: ______________________________
Rodney Gramse
Chair

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

STATE OF MINNESOTA)
) ss.
COUNTY OF RICE)

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

____
Notary Public

THE BORROWER:

Dated: July ____, 2024.

FARIBAULTMILL LLC

By: ____________________________
Paul D. Grangaard
Its: Manager

STATE OF MINNESOTA)
) ss.
COUNTY OF RICE)

The foregoing instrument was acknowledged before me this ______ day of July, 2024, by Paul D. Grangaard, Manager of FaribaultMill LLC, a Delaware limited liability company, by and on behalf of said company.

____
Notary Public

DRAFTED BY:
Kennedy & Graven, Chartered
150 South Fifth Street, Suite 700
Minneapolis, MN 55402
(612) 337-9300

EXHIBIT A TO LOAN AGREEMENT

Legal Description

[to be added]

EXHIBIT B TO LOAN AGREEMENT

Form of Promissory Note

PROMISSORY NOTE

-$250,000- _________, 2024
-3.50%-

FaribaultMill LLC, a Delaware limited liability company ("Maker"), for value received, hereby promises to pay to the Economic Development Authority of Faribault, a public body corporate and politic under the laws of Minnesota or its assigns (Authority and any assigns are collectively referred to herein as "Holder"), at its designated principal office or such other place as the Holder may designate in writing, the principal sum of $250,000.00 or so much thereof as may be advanced under this Note, with interest as hereinafter provided, in any coin or currency that at the time or times of payment is legal tender for the payment of private debts in the United States of America. The principal of and interest on this Note is payable in installments due as follows:

1. Interest at the rate of 3.50 percent per annum shall accrue on the amount of Loan proceeds disbursed to the Maker from the date or dates of such one or more disbursements until the Loan is repaid in full.

2. Payments of principal and interest shall commence on __________, 20__ (the "Initial Payment Date") and continue on the first day of each and every month thereafter until paid in full. Such payments shall fully amortize the Loan over ten (10) years; provided, however, the entire remaining unpaid balance of principal and interest shall be due and payable on the first day of the 60th month following the Initial Payment Date.

3. The Maker shall have the right to prepay the principal of this Note, in whole or in part, on any date a principal and interest payment is due and payable.

4. This Note is given pursuant to the loan agreement of even date herewith between Borrower and Lender (the "Loan Agreement") and is secured by a corporate guaranty of even date herewith (the "Guaranty"), a Security Agreement and a UCC filing statement. In the event the Security Agreement and UCC filing statement or the Guaranty is found to be invalid for whatever reason, such invalidity shall constitute an event of default hereunder.

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

5. The remedies of the Holder of this Note as provided herein, and in the Loan Agreement, the Security Agreement and UCC filing statement, the Guaranty, or any other instrument securing this Note shall be cumulative and concurrent and may be pursued singly, successively, or together, and, at the sole discretion of the Holder of this Note, may be exercised as often as occasion therefor shall occur; and the failure to exercise any such right or remedy shall in no event be construed as a waiver or release thereof.

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

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

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

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

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

IN WITNESS WHEREOF, the Maker has caused this Note to be duly executed as of the __ day of ___________________, 20___.

FARIBAULTMILL LLC

By: ____________________________
Paul D. Grangaard
Its: Manager

STATE OF MINNESOTA)
) ss.
COUNTY OF RICE)

The foregoing instrument was acknowledged before me this ______ day of July, 2024, by Paul D. Grangaard, Manager of FaribaultMill LLC, a Delaware limited liability company, by and on behalf of said company.

____
Notary Public

EXHIBIT C TO LOAN AGREEMENT

Form of Corporate Guaranty

GUARANTY AGREEMENT

This Guaranty Agreement (the "Guaranty" or "Guaranty Agreement") is made and entered into this ____ day of ___________________________, 2024, by FaribaultMill LLC and for the benefit of the Economic Development Authority of Faribault ("Lender"), a body corporate and politic under the laws of Minnesota.

WITNESSETH:

WHEREAS, FaribaultMill LLC proposes to borrow the sum of $250,000 from Lender in order to relocate an existing business entity into the City of Faribault, Minnesota, to be located on property which is legally described as set forth in the attached Exhibit A to this Guaranty, which is incorporated by reference and included in this Guaranty as if fully set forth herein; and

WHEREAS, pursuant to the loan agreement of even date herewith between Guarantor and Lender (the "Loan Agreement"), Guarantor has agreed to repay to Lender $250,000 together with interest thereon at the rate and within the time stated in Guarantor's promissory note of even date herewith ("Note"); and

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

To Lender: Economic Development Authority of Faribault
208 NW 1st Avenue
Faribault, MN 55021
Attn: Community and Economic Development Director

To Guarantors: FaribaultMill LLC
1500 2nd Avenue NW
Faribault, MN 55021
Attn: Ross Widmoyer

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

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

FARIBAULTMILL LLC

By: ____________________________
Paul D. Grangaard
Its: Manager

STATE OF MINNESOTA)
) ss.
COUNTY OF RICE)

The foregoing instrument was acknowledged before me this ______ day of July, 2024, by Paul D. Grangaard, Manager of FaribaultMill LLC, a Delaware limited liability company, by and on behalf of said company, as Guarantor.

____
Notary Public

EXHIBIT A
TO GUARANTY AGREEMENT

LEGAL DESCRIPTION

[to be added]

EXHIBIT D TO LOAN AGREEMENT

Form of UCC Security Filing

[Insert UCC Form]

EXHIBIT E TO LOAN AGREEMENT

BUSINESS SUBSIDY AGREEMENT

Business Subsidy Agreement. The provisions of this Exhibit E constitute the "business subsidy agreement" for the purposes of the Business Subsidy Act.

(a) *General Terms*. The parties agree and represent to each other as follows:

(1) The subsidies provided to the Borrower pursuant to this Agreement consist of the principal amount of the Loan Agreement set forth in this Agreement. This business subsidy agreement shall apply to all the subsidies set forth in this Agreement.

(2) The public purposes of the subsidy are to facilitate the Project, to facilitate the renovation of existing improvements and construction of additional improvements, to preserve tax base, and to retain employment in the City.

(3) The goals for the subsidy are (i) to secure development of the Project on the Property; (ii) to maintain such improvements for at least five years as described in clause (6) below.

(4) If the goals described in clause (3) are not met, the Borrower must make the payments to the City described in Section (c) of this Section.

(5) The subsidy is needed to induce Borrower to rehabilitate the Property, and to make the cost of the Project financially feasible.

(6) The Borrower must continue operation of the Project as a "Qualified Facility" for at least five years after the Benefit Date (defined hereinafter), subject to the continuing obligation described in the Agreement. For the purposes of this Section, the term Qualified Facility means a commercial and residential facility. The improvements will be a Qualified Facility as long as the Facility is operated by Borrower or a tenant for the aforementioned qualified uses. During any period when the Facility is vacant and not operated for the aforementioned qualified uses, the Facility will not constitute a Qualified Facility.

(7) The Borrower is a limited liability company under the laws of the State of Delaware and is in good standing and has no parent corporation.

(8) The Borrower expects to receive financial assistance from the following "grantors" as defined in the Business Subsidy Act, in connection with the Property or the Project:

(a) a forgivable loan from the Economic Development Authority of the City of Faribault, Minnesota of up to $50,000.00.

(b) a forgivable loan from the Economic Development Authority of the City of Faribault, Minnesota of up to $250,000.00.

(b) *Job and Wage Goals*. The creation or retention of jobs is determined to be a goal of the Project, thus the job and wage goals are set to five (5).

(c) *Remedies*. If the Borrower fails to meet the goals described in Section (a)(3), the Borrower shall repay to the City, respectively, upon written demand from the City, a "pro rata share" of the principal amount of the respective subsidies previously received, together with interest based on the rate set forth in Section 116J.994, subd. 6 of the Business Subsidy Act, accrued from the date of the default to the date of payment and the outstanding principal amount of their respective subsidies (i.e. the remaining amount to be paid to Borrower pursuant to this Agreement) shall be reduced by the "pro rata share." The term "pro rata share" means a percentage calculated as follows:

(i) if the failure relates to the number of jobs, the jobs required less the jobs retained, divided by the jobs required;

(ii) if the failure relates to wages, the number of jobs required less the number of jobs that meet the minimum wages, divided by the number of jobs required;

(iii) if the failure relates to maintenance of the Project in accordance with Section (a)(6), 60 less the number of months of operation as a commercial and residential facility, commencing on the Benefit Date and ending with the date the facility ceases operation as reasonably determined by City staff, divided by 60; and

(iv) if more than one of clauses (i) through (iii) apply, the sum of the applicable percentages of clauses (ii) and (iii), not to exceed 100%.

Notwithstanding anything to the contrary in the Agreement, the remedies in this Section are the City's sole remedies for failure to meet the goals set forth in this Section. In addition to the remedy described in this Section for failure to meet the goals stated in Section (a)(3), the Borrower agrees and understands that it may not receive a business subsidy from the City or any grantor (as defined in the Business Subsidy Act) for a period of five years from the date of the failure or until the Borrower satisfies its repayment obligation under this Section, whichever occurs first.

(d) *Reports.* The Borrower must submit to the City, a written report regarding business subsidy goals and results by no later than March 1 of each year, commencing March 1, 2025, and continuing until the later of (i) the date the goals stated Section (a)(3) are met; (ii) 30 days after expiration of the period described in Section (a)(6); or (iii) if the goals are not met, the date the subsidy is repaid in accordance with Section (c). The report must comply with Section

116J.994, subdivision 7 of the Business Subsidy Act. The City will provide information to the Borrower regarding the required forms. If the Borrower fails to timely file any report required under this Section, the City will mail the Borrower a warning within one week after the required filing date. If, after 14 days of the postmarked date of the warning, the Borrower fails to provide a report, the Borrower must pay to the City a penalty of $100.00 for each subsequent day until the report is filed. The maximum aggregate penalty payable under this Section is $1,000.00 payable to the City.

(e) *Audits*. Upon written request of the City in any year, Borrower shall retain at its expense an independent, third party accountant to audit any job and wage report submitted by Borrower under Section (d). The Borrower must deliver to the City a written report from the accountant promptly upon completion of such audit.

City Of Faribault

Request for Action

TO:	Faribault Economic Development Authority
FROM:	David Wanberg, Community and Economic Development Director
THROUGH:	
MEETING DATE:	July 18, 2024
SUBJECT:	Resolution 2024-09 Approve a Downtown Commercial Rehabilitation and Exterior Improvement Program Loan for 21 5th Street NE, PID: 18.31.1.26.177

BACKGROUND:

On June 26, 2024, David Hvistendahl (the "Applicant"), on behalf of Hvisten Corporation (the "Owner") submitted an application for a deferred loan through the Economic Development Authority's (the "EDA's") Downtown Commercial Rehabilitation and Exterior Improvement Program (the "Program") for building repairs at 21 5th Street NE (the "Property"). More specifically, the Applicant requests Program funding to repair masonry walls, including tuckpointing, replacing damaged brick, and repairing window openings and the top of the masonry wall at the roof's edge (the "Project"). Per the Program policies, the Applicant received two bids for the proposed work, with the lowest bid being $131,700. Given a Program policy that limits facade renovation awards to 50 percent of the Owner's lowest bid, not to exceed the maximum Program award of $15,000, the maximum Program award for the proposed Project is $15,000 ($131,700 x 0.50 = $65,850, which exceeds the $15,000 maximum allowed Program award). The Property is not located in the City's Heritage Preservation District and does not require Heritage Preservation Commission review and approval.

Late last year, the EDA provided Program funds to the Applicant for emergency roofing repairs on some of the subject Property's buildings. The Applicant completed that work and is eligible for additional Program funding. The EDA has sufficient funds to cover the requested Program award.

REQUESTED ACTION:

Approve Resolution 2024-09.

ATTACHMENTS:

1. Resolution 2024-09

ECONOMIC DEVELOPMENT AUTHORITY OF FARIBAULT

Resolution #2024-09

APPROVE A DOWNTOWN COMMERCIAL REHABILITATION AND EXTERIOR IMPROVEMENT PROGRAM LOAN FOR 21 5TH STREET NE, PID 18.31.1.26.177

WHEREAS, on June 26, 2024, David Hvistendahl (the "Applicant"), on behalf of Hvisten Corporation (the "Owner"), submitted a complete application (see Exhibit A) to the Economic Development Authority of Faribault, Minnesota (the "EDA") for a deferred loan through the Downtown Commercial Rehabilitation and Exterior Improvement Program (the "Program") for proposed building repairs at 21 5th Street NE (PID 18.31.1.26.177) (the "Property"); and

WHEREAS, the Applicant requests Program funding to repair the masonry walls, including tuckpointing, replacing damaged brick, and performing repairs to window openings and the top of the masonry wall under the roof's edge (the "Project"); and

WHEREAS, the Owner received the following bids for the Project (see Exhibit A: Owner's Application):

1. O'Leary Restoration Inc. (dated April 2, 2024): $131,700; and

2. Jerry Topp (dated July 7, 2024): $147,350; and

WHEREAS, the Program limits façade renovation awards to 50 percent of the Owner's lowest bid, not to exceed a maximum Program award of $15,000; and

WHEREAS, the Applicant's lowest bid for the Project is $131,700.00; and

WHEREAS, 50 percent of the Project's lowest bid exceeds the maximum Program award of $15,000 ($131,700 x 0.50 = $65,850); consequently, the Applicant may receive a maximum program award of $15,000 for the Project; and

WHEREAS, the Property is not located in the City's Heritage Preservation District and does not require the Heritage Preservation Commission to review and approve the Applicant's Project; and

WHEREAS, the EDA has reviewed the Owner's request for Program funding and found it consistent with the Program's policies and not subject to the Business Subsidy requirements outlined in state law.

NOW, THEREFORE, BE IT RESOLVED by the Economic Development Authority of the City of Faribault, Minnesota (the "EDA"), as follows:

Section 1: Recitals and exhibits. This Resolution incorporates the recitals in the preamble of this Resolution and the exhibits attached to this Resolution as is if fully set forth herein.

Section 2: Program award. The EDA approves a $15,000.00 deferred loan to the Owner for the Project outlined in the recitals above with the following conditions:

A. The Owner must comply with all terms and conditions outlined in the Program policies adopted by the EDA in March 2022 and updated in October 2023.

B. The Owner must obtain all required permits before beginning any work on the Project.

Section 3: Authorization to take additional steps. The EDA authorizes the City Staff and City Consultants to take any and all additional steps and actions necessary or convenient to accomplish the intent of this Resolution.

Section 4: Authorization to execute agreements. The EDA authorizes its President and the Secretary to execute all required financial agreements on behalf of the EDA in furtherance of the above-approved Program award.

ADOPTED: July 18, 2024

____
Rodney Gramse, President

ATTEST:

____
AJ Smith, Secretary

EXHIBIT A

rec'd $150
√ #4612
pd.

Downtown Commercial Rehabilitation & Exterior Improvement Program – Application

Prior to submitting an application – applicants are encouraged to meet with Community & Economic Development Staff to review the program guidelines and proposed project.

RECEIVED
JUN 26 2024
City of Faribault
Community Development

Please contact the Economic Development Coordinator at:
507.333.0388 or dwanberg@ci.faribault.mn.us

Application Information

Applications must be submitted by the property owner(s) of the building.

Name(s) of Property Owner/Applicant		
Hvisten Corp., David Hvistendahl		
Telephone Number:	507-581-6322	
Email Address:	dhv@hrmel.com	
Mailing Address:	818 FOREST AVE	
City:	State:	Zip:
Northfield	MN	55057

Property Information *This Program is open to all commercial properties within the Central Business District and commercial addresses immediately adjacent the District – as shown on the attached map.*		
Address(es) of Eligible Property:	21 5th St NE	
Parcel ID (PID):	18.31.1.26.177	
Original Year of Construction:	1868	
Business/Occupant(s):	10000 Drops	
	Dwyer Construction	
	Corks & Pints	
Has this property previously received public financing?	Yes There are 7 buildings on one PID	No
Has the applicant defaulted on any public financing in the last two years?	Yes	No
Are there any liens or judgements on the property?	Yes	No
Are the property taxes paid/current?	Yes	No

Project Information Eligible expenses are limited to: *Permanent exterior improvements* *Permanent façade improvements* *Permanent interior improvements*	
Estimated Total Cost of proposed Rehabilitation and/or Façade Improvements: *(based on attached estimates)*	$131,200.00
Requested Loan Amount: *(based on Program scale)*	$15,000.00

Description of Proposed Improvements / Project

The alley level + top floor (3800 sf/floor) will be used for barrel aging for 10000 Drops, which has filled up the 4th floor of the main building (5000 sf) and will start filling up the 3rd floor. The alley level will eventually host bathrooms and a meeting room adjacent to the 2-story event center to be built in building 4.

Justification / Impact of Project within Commercial Business District

Identify how the improvement is going to positively impact the Commercial Business District. Examples: Cleaning up façade disrepair; Preserving the building's structural integrity; Creating a positive visual impact to the Downtown, Code compliance work.

Tuckpointing preserves the buildings integrity and visually improves the exterior.

Data Practices Act

The information that you supply in your application to the City of Faribault/Faribault EDA ("City") will be used to assess you eligibility for financial assistance. The City will not be able to process your application without this information. The Minnesota Government Data Practices Act (Minnesota Statues, Chapter 13) governs whether the information that you are providing to the City is public or private. If financial assistance is provided for the project, the information submitted in connection with your application will become public, except for those items protected under Minnesota Statutes, Section 13.59, Subdivision 3(b) or Section 13.591, Subdivision 2.

I/We have read the above statement and agree to supply the information to the City with full knowledge of the matters contained in this notice. I/We certify that the information submitted in conjunction with the application is true and accurate.

6-18-24

Property Owner/Applicant Date

Co-Property Owner/Applicant Date

City Staff or other authorized representative of the City shall have the right to inspect the property to be improved at any time from the date of application upon giving notice to the owner and to occupants.

I/We certify that all statements on this application are true and correct to the best of my/our knowledge. I/We understand that any intentional misstatements will be grounds for disqualification.

I/We have read the City of Faribault's Downtown Commercial Rehabilitation and Exterior Improvement Program Policy and will abide by the rules and regulations set forth in the policy adopted on May, 21, 2020.

I/We authorize program representatives the right to access the property to be improved for the purposes of the deferred loan program and to take photographs of the structure before and after rehabilitation.

I/We understand that I/we are responsible for obtaining appropriate building permits and Certificate of Appropriateness. In the case of improvements that do not require a city-issued building permit, the applicant must submit the name and state license number of the contractor completing the work and agree to an inspection of the work by a city building official.

I/We further understand that I/we will make the final selection of the improvements to be made with the loan funds and that the contract for improvements will be solely between me and the contractor(s). The administering agency will not be liable for the inadequate performance of the contractor(s).

6-18-24

Property Owner/Applicant Date

Co-Property Owner/Applicant Date

Acknowledgements	
Please initial each to confirm that you have read and understand the program policy and guidelines.	
DAH	I/We understand that awards are based on eligibility, availability, and completeness of application – approval is at the sole discretion of the EDA.
DAH	I/We understand that I/We can only receive one award at a time (only one project – building/PID at a time).
DAH	I/We understand that I/we have one year from the date of the loan award to complete the project and request payment of loan funds.
DAH	I/We understand that the loan award funds will be dispersed upon receipt of paid invoices for the project and proof of payment at the end of the project.
DAH	I/We are the owner of the commercial property to be improved.
DAH	I/We are current with mortgage, real estate taxes, and insurance payments.
DAH	I/We understand that if we have defaulted on a publically funded program or have been delinquent on loan payments for a publically funded program within the last two years, I/we are not eligible for this program.
DAH	I/We understand that the building must be free of all lien and judgments.
DAH	I/We understand that if the building is located within the HPC district – the project must receive approval by the Heritage Preservation Commission prior to the start of work. It's not.
DAH	I/We understand that an inspection of the property will be conducted to determine that the proposed improvements are necessary for the building to conform to current code and property maintenance ordinances.
DAH	I/We understand that I/we will be required to sign loan documents upon award, including a Promissory Note and Repayment Agreement.
DAH	I/We understand that the loan will be forgiven if I/we maintain ownership of the building for three (3) years.
DAH	I/We understand that if I/we sell the building or otherwise transfer all ownership interest within three (3) years – the loan must be repaid in its entirety.

Property Owner/Applicant	Title	Date
[illegible signature]	CEO	6-18-24

Co-Property Owner/Applicant	Title	Date

O'LEARY RESTORATION INC.

204 W 7th St. #225
Northfield MN, 55057
612-432-4669
dan@olearyinc.com

April 2, 2024

BID FORM

Client: Dave Hvistendahl

Contact: Dave Hvistendahl

Email/Phone: dhvistendahl@hvmd.com / 507-581-6322

Project Name: 10000 Drops Building 5 Exterior

Project address: 21 5th St NE, Faribault, MN 55021

Scope of work:

The work shall include performing masonry repairs to the brick on the northeast and northwest sides of building 5. The masonry repairs include tuckpointing, replacing broken/damaged brick, performing necessary repairs to window openings, and performing necessary repairs to the top of the masonry wall under the roofing edge.

Costs:

Total Cost: $131,700.00

Dan O'Leary
President
O'Leary Restoration Inc.

Jerry Topp

208 6th Street East

Northfield MN 55057

Date: 7.07.2024

To: DAVE HVISTENDAHL

PROJECT ADDRESS: 21 5TH ST. NE
FARIBAULT, MN.

PERFORMING MASONRY REPAIRS ON THE EXTERIOR - TO N.E. AND N.W. SIDES OF BUILDING # 5

- TOTAL $ 147, 350

Jerry Topp
7.07-2024

City Of Faribault

Request for Action

TO:	Faribault Economic Development Authority
FROM:	David Wanberg, Community and Economic Development Director
THROUGH:	
MEETING DATE:	July 18, 2024
SUBJECT:	Resolution 2024-10 Establish the EDA's Preliminary Tax Levy for Fiscal Year 2025

BACKGROUND:

Minnesota Statute 469.107, Subdivision 1 provides that a City may, at the request of its Economic Development Authority (EDA), levy a tax each year on all taxable property within the taxing district for the benefit of the EDA. Although the City Council approves the levy amount, the statute limits the levy to a maximum of 0.0183 percent of the estimated taxable market value in the district.

Since 2011, the EDA has recommended, and the City Council has approved, the maximum levy amount allowed by the statute (refer to the attached preliminary 2024 EDA levy calculations). The EDA may request the maximum allowed levy for 2025 to support the EDA's 2024 preliminary work program and budget. The levy is the EDA's primary source of flexible revenue that the EDA can use to fund its programs and fulfill its mission. The 2025 estimated taxable market value is $2,250,909,500. Therefore, the maximum the City Council can levy for the EDA in 2025 is $408,089 ($2,250,909,500 x 0.0001813 = $408,089).

The City must certify its proposed 2025 property tax levy to the Rice County Auditor by September 30, 2024. Presuming the EDA wishes to request the maximum levy amount allowed by statute for 2025, the EDA should adopt Resolution 2024-10 requesting that the City Council approve the maximum tax levy allowed by statute for EDA purposes in 2025, not to exceed $408,089 (refer to the attached resolution). Once the City Council certifies the tax levy, the Council can reduce the levy, but it cannot increase it.

REQUESTED ACTION:

Approve Resolution 2024-10.

ATTACHMENTS:

1. Resolution 2024-10

ECONOMIC DEVELOPMENT AUTHORITY OF FARIBAULT, MINNESOTA

RESOLUTION #2024-10

ESTABLISH THE EDA'S PRELIMINARY TAX LEVY FOR FISCAL YEAR 2025

WHEREAS, Minnesota Statute 469.107, Subdivision 1 provides that a City may, at the request of its Economic Development Authority (the "EDA"), levy a tax each year on all taxable property within the taxing district for the benefit of the EDA; and

WHEREAS, Minnesota Statute 469.107, Subdivision 1 limits the levy to a maximum of 0.01813 percent of the estimated taxable market value in the district; and

WHEREAS, the 2024 estimated taxable market value in the district is $2,250,909,500; and

WHEREAS, the maximum the City Council can levy for EDA purposes in 2025 is $408,809 ($2,250,909,500 x 0.0001813 = $408,089); and

WHEREAS, the EDA's work program and budget depend on whether the EDA receives the maximum levy amount allowed by Minnesota Statutes; and

NOW, THEREFORE, BE IT RESOLVED, by the Economic Development Authority of Faribault, Minnesota (the "EDA"), that it establishes and recommends that the City Council approve a 2025 tax levy of $408,089 for the EDA's purposes.

ADOPTED: July 18, 2024

____
Rod Gramse, President

ATTEST:

____
AJ Smith, Secretary/Treasurer

City Of Faribault

Request for Action

TO:	Faribault Economic Development Authority
FROM:	
THROUGH:	
MEETING DATE:	July 18, 2024
SUBJECT:	Updates and Announcements

BACKGROUND:

REQUESTED ACTION:

ATTACHMENTS: