



**City Council Work Session
Tuesday, September 2, 2025 at 6:00 PM
Public Meeting Room**

AGENDA

1. Call to Order

2. Items for Discussion

- A. Follow-Up on Fairbo Downtown Central Loan Amendment Request
- B. 2026 Preliminary Tax Levy Update
- C. Short-Term Rental Registration and Regulations

3. Future Discussion

4. Adjournment

(The Council may meet as a group for dinner)

Please contact the City Administrator's Office if you need special accommodations while attending this meeting.

Para pedir este documento en otro idioma, envíe un correo electrónico y adjunte el documento a accessibility@faribault.org.

Si aad u codsato dukumeentigan oo ku qoran luqad kale, fadlan e-mail u soo dir oo ku soo lifaaq dukumiintiga accessibility@faribault.org.



Council Work Session Memorandum

TO: Mayor and City Council
THROUGH: Jessica Kinser, City Administrator
FROM:
MEETING DATE: September 2, 2025
SUBJECT: Follow-Up on Faribo Downtown Central Loan Amendment Request

Discussion:

After conferring with legal counsel, the attached notice was sent to Faribo Downtown Central on August 27th. At the time of publication of the agenda, no response has been received. A verbal update and anything received prior to the meeting will be provided at that time.

One item I would like to bring forth for September 9th is a resolution to amend resolution 2023-232 to modify the provision that provides 50% of the interest to go to the EDA and the remaining 50% to go to the General Fund. This is not really being managed by the EDA, and the Finance Department is the entity truly managing the loan. I am proposing all interest go to the General Fund since that is where the management of the loan is happening.

Attachments:

1. 8.27.25 Notice to FDC
2. Amended FDC Amortization Table
3. 2024 Loan Documents FDC Executed



August 27, 2025

Faribo Downtown Central LLC
3305 Highway 60 West
Faribault, MN 55021
ATTN: Brett Reese and Nort Johnson

VIA EMAIL

Dear Brett and Nort,

The request from FDC to remove certain properties from the Special Commercial Rehabilitation Loan Agreement (“Agreement”) with the City of Faribault brought about further review and questions related to compliance with the terms of the Agreement. Before the City Council considers an amendment, the following items need to be addressed:

1. Submit all items as required by Recital 5 of the Agreement:
 - a. 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.
 - b. Submit an overall cost estimate for the design and construction of the Development.
 - c. Submit a time schedule for the Development.
 - d. 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.
 - e. Submit to the City the Borrower’s financing plan showing that the proposed development is financially feasible.
 - f. Furnish satisfactory financial data to the City evidencing the Borrower’s ability to undertake the Development.

We recognize that the language from the Agreement contemplated these items being provided before the loan funds were issued. However, if all work has been concluded, these items may be provided as final/actual documents rather than estimates.



2. Provide a detailed breakdown of all soft costs noted in the presentation from August 18, 2025, and identify which entity(s) (City, HRA or EDA) funds covered what portions.
3. Verify the date of completion as required in section 25(b) of the Agreement.
4. Bring all principal and interest payments to current. FDC has made interest only payments since the start of the loan. The Agreement requires that principal payments were to start after 12 months on interest only. A new amortization schedule is attached which is dated on the origination date of the loan of April 9, 2024, which shows that \$35,347.80 is owed (less accrued interest) from May 9, 2025, to August 9, 2025. The payments need to be brought to current before the Council will consider an amendment to the Agreement.
5. Provide all lease documents related to 311 Central Avenue in effect from March 29, 2024, or the execution date of the Agreement through present. Provide documentation of any terminations of leases that have occurred since March 29, 2024, through present.
6. Finalize and record the final plat of the Eastman Disbursal Addition.

Also, as part of an amendment to the Agreement, the City will draft an Acknowledgement Form to be signed by both FDC (as seller) and the buyer of a property released from the Agreement that acknowledges the requirements for the property to be held for five years or until April 9, 2029 and no displacement of persons or businesses shall occur; the statement that no other City funds, including the EDA and HRA, can be provided during this five-year period; all work on a property shall be in compliance with existing laws, codes, ordinances, pertinent regulations, standards and specifications; etc.

Please let me know of any questions you have related to the items listed above.

Sincerely,

Jessica Kinser
City Administrator

CC via email: Mayor Spooner and the City Council
Scott Riggs, City Attorney
Dave Wanberg, Community & Economic Development Director

General Fund (101) to EDA TO FDC

Loan Details	
Loan amount	\$500,000.00
Annual interest rate	7.00%
Loan period in years	5
Start date of loan	4/9/2024

Loan Summary	
Monthly payment	\$11,753.62
Number of payments	60
Total interest	\$107,923.62
Total cost of loan	\$607,923.62

Pmt No.	Payment Date	Beginning Balance	Payment Due	Principal	Interest	Ending Balance	Payment	Date
1	5/9/2024	\$500,000.00	\$0.00	\$0.00	\$2,916.67	\$500,000.00		
2	6/9/2024	\$500,000.00	\$0.00	\$0.00	\$2,916.67	\$500,000.00		
3	7/9/2024	\$500,000.00	\$8,750.01	\$8,750.01	\$2,916.67	\$500,000.00	\$17,500.02	7/2/2024
4	8/9/2024	\$491,249.99	\$2,916.67	\$0.00	\$2,916.67	\$491,249.99	\$2,916.67	8/1/2024
5	9/9/2024	\$491,249.99	\$2,916.67	\$51.05	\$2,865.62	\$491,198.94	\$2,916.67	9/9/2024
6	10/9/2024	\$491,198.94	\$2,916.67	\$51.34	\$2,865.33	\$491,147.60	\$2,916.67	10/7/2024
7	11/9/2024	\$491,147.60	\$0.00	\$0.00	\$0.00	\$491,147.60		
8	12/9/2024	\$491,147.60	\$5,833.34	\$103.28	\$5,730.06	\$491,044.32	\$5,833.34	12/4 & 12/5
9	1/9/2025	\$491,044.32	\$2,916.67	\$52.24	\$2,864.43	\$490,992.07	\$2,916.67	1/9/2025
10	2/9/2025	\$490,992.07	\$2,916.67	\$52.55	\$2,864.12	\$490,939.52	\$2,916.67	2/11/2025
11	3/9/2025	\$490,939.52	\$2,916.67	\$52.86	\$2,863.81	\$490,886.67	\$2,916.67	2/28/2025
12	4/9/2025	\$490,886.67	\$2,916.67	\$53.16	\$2,863.51	\$490,833.50	\$2,916.67	3/26/2025
13	5/9/2025	\$490,833.50	\$11,753.62	\$8,890.42	\$2,863.20	\$481,943.08	\$2,916.67	4/30/2025
14	6/9/2025	\$481,943.08	\$11,753.62	\$8,942.29	\$2,811.33	\$473,000.79	\$2,916.67	6/2/2025
15	7/9/2025	\$473,000.79	\$11,753.62	\$8,994.45	\$2,759.17	\$464,006.34	\$2,916.67	6/27/2025
16	8/9/2025	\$464,006.34	\$11,753.62	\$9,046.92	\$2,706.70	\$454,959.43	\$2,916.67	8/1/2025
17	9/9/2025	\$454,959.43	\$11,753.62	\$9,099.69	\$2,653.93	\$445,859.74		
18	10/9/2025	\$445,859.74	\$11,753.62	\$9,152.77	\$2,600.85	\$436,706.97		
19	11/9/2025	\$436,706.97	\$11,753.62	\$9,206.16	\$2,547.46	\$427,500.80		
20	12/9/2025	\$427,500.80	\$11,753.62	\$9,259.87	\$2,493.75	\$418,240.94		
21	1/9/2026	\$418,240.94	\$11,753.62	\$9,313.88	\$2,439.74	\$408,927.06		
22	2/9/2026	\$408,927.06	\$11,753.62	\$9,368.21	\$2,385.41	\$399,558.84		
23	3/9/2026	\$399,558.84	\$11,753.62	\$9,422.86	\$2,330.76	\$390,135.98		
24	4/9/2026	\$390,135.98	\$11,753.62	\$9,477.83	\$2,275.79	\$380,658.16		
25	5/9/2026	\$380,658.16	\$11,753.62	\$9,533.11	\$2,220.51	\$371,125.04		
26	6/9/2026	\$371,125.04	\$11,753.62	\$9,588.72	\$2,164.90	\$361,536.32		
27	7/9/2026	\$361,536.32	\$11,753.62	\$9,644.66	\$2,108.96	\$351,891.66		
28	8/9/2026	\$351,891.66	\$11,753.62	\$9,700.92	\$2,052.70	\$342,190.74		
29	9/9/2026	\$342,190.74	\$11,753.62	\$9,757.51	\$1,996.11	\$332,433.24		
30	10/9/2026	\$332,433.24	\$11,753.62	\$9,814.43	\$1,939.19	\$322,618.81		
31	11/9/2026	\$322,618.81	\$11,753.62	\$9,871.68	\$1,881.94	\$312,747.13		
32	12/9/2026	\$312,747.13	\$11,753.62	\$9,929.26	\$1,824.36	\$302,817.87		
33	1/9/2027	\$302,817.87	\$11,753.62	\$9,987.18	\$1,766.44	\$292,830.69		
34	2/9/2027	\$292,830.69	\$11,753.62	\$10,045.44	\$1,708.18	\$282,785.25		
35	3/9/2027	\$282,785.25	\$11,753.62	\$10,104.04	\$1,649.58	\$272,681.21		
36	4/9/2027	\$272,681.21	\$11,753.62	\$10,162.98	\$1,590.64	\$262,518.23		
37	5/9/2027	\$262,518.23	\$11,753.62	\$10,222.26	\$1,531.36	\$252,295.96		

Pmt No.	Payment Date	Beginning Balance	Payment Due	Principal	Interest	Ending Balance	Payment	Date
38	6/9/2027	\$252,295.96	\$11,753.62	\$10,281.89	\$1,471.73	\$242,014.07		
39	7/9/2027	\$242,014.07	\$11,753.62	\$10,341.87	\$1,411.75	\$231,672.20		
40	8/9/2027	\$231,672.20	\$11,753.62	\$10,402.20	\$1,351.42	\$221,270.00		
41	9/9/2027	\$221,270.00	\$11,753.62	\$10,462.88	\$1,290.74	\$210,807.12		
42	10/9/2027	\$210,807.12	\$11,753.62	\$10,523.91	\$1,229.71	\$200,283.21		
43	11/9/2027	\$200,283.21	\$11,753.62	\$10,585.30	\$1,168.32	\$189,697.91		
44	12/9/2027	\$189,697.91	\$11,753.62	\$10,647.05	\$1,106.57	\$179,050.86		
45	1/9/2028	\$179,050.86	\$11,753.62	\$10,709.16	\$1,044.46	\$168,341.70		
46	2/9/2028	\$168,341.70	\$11,753.62	\$10,771.63	\$981.99	\$157,570.08		
47	3/9/2028	\$157,570.08	\$11,753.62	\$10,834.46	\$919.16	\$146,735.62		
48	4/9/2028	\$146,735.62	\$11,753.62	\$10,897.66	\$855.96	\$135,837.95		
49	5/9/2028	\$135,837.95	\$11,753.62	\$10,961.23	\$792.39	\$124,876.72		
50	6/9/2028	\$124,876.72	\$11,753.62	\$11,025.17	\$728.45	\$113,851.55		
51	7/9/2028	\$113,851.55	\$11,753.62	\$11,089.49	\$664.13	\$102,762.06		
52	8/9/2028	\$102,762.06	\$11,753.62	\$11,154.17	\$599.45	\$91,607.89		
53	9/9/2028	\$91,607.89	\$11,753.62	\$11,219.24	\$534.38	\$80,388.65		
54	10/9/2028	\$80,388.65	\$11,753.62	\$11,284.69	\$468.93	\$69,103.96		
55	11/9/2028	\$69,103.96	\$11,753.62	\$11,350.51	\$403.11	\$57,753.45		
56	12/9/2028	\$57,753.45	\$11,753.62	\$11,416.72	\$336.90	\$46,336.72		
57	1/9/2029	\$46,336.72	\$11,753.62	\$11,483.32	\$270.30	\$34,853.40		
58	2/9/2029	\$34,853.40	\$11,753.62	\$11,550.31	\$203.31	\$23,303.09		
59	3/9/2029	\$23,303.09	\$11,753.62	\$11,617.69	\$135.93	\$11,685.41		
60	4/9/2029	\$11,685.41	\$11,753.44	\$11,685.41	\$68.03	\$0.00		
			\$599,173.62	\$500,000.00	\$107,923.62			

SPECIAL COMMERCIAL REHABILITATION LOAN AGREEMENT

THIS SPECIAL COMMERCIAL REHABILITATION AGREEMENT (the "Agreement") is made and entered into this 29 day of March, 2024, between the Economic Development Authority of Faribault, a public body corporate and politic under the laws of Minnesota, on behalf of the City of Faribault, a Minnesota municipal corporation under the laws of Minnesota (collectively, the "City"), and Faribo Downtown Central LLC, a Minnesota limited liability company (the "Borrower"):

RECITALS

1. The purpose of the City is as follows:
 - A. Provide a sufficient supply of adequate, safe and sanitary dwellings in order to protect the health, safety, morals and welfare of the city;
 - B. Clear and redevelop blighted areas;
 - C. Provide commercial development opportunities; and
 - D. Redevelop blighted areas in situations in which private enterprise would not act without governmental participation or subsidies.
2. The Borrower has acquired certain real property legally described on Exhibit A attached hereto (the "Property"), which is located in Rice County, Minnesota.
3. The Borrower has submitted or is in the process of submitting an updated proposal for development of the Property (the "Development" or the "Project").
4. Business assistance is proposed to be granted by the City to Borrower under Minnesota Statutes, Sections 116J.993 through 116J.995 (the "Business Subsidy Act"), and Minnesota Statutes, Chapter 469 for the Property pursuant to the requirements of the City Downtown Revitalization Program (the "Policy").
5. This Agreement between the Borrower and the City, provides for certain benefits and business assistance to the Borrower in connection with development of the Property, including the following assistance: a one-time loan in the maximum principal amount of \$500,000.
 - (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 \$500,000 to assist with the Development at the Property.
 7. Pursuant to City of Faribault Resolution #2023-232, the City Council authorized the transfer of \$500,000 from the City's General Fund (101) to the Faribault Economic Development Authority (the "EDA") to administer a special commercial rehabilitation loan for the Borrower on the terms and conditions set forth in Resolution #2023-232 as set forth in Exhibit E.
 8. This Agreement shall be administered by the EDA on the behalf and at the direction of the City Council, consistent with the terms and conditions of the authorizing resolution and any applicable policies of the City.
 9. 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 \$500,000 (the "Funds"), to be repaid as follows: the unpaid balance of principal and interest or so much thereof as may be advanced under this Note is payable in installments due as follows: Repayment of principal and interest must not exceed a term of five (5) years. The Borrower must make monthly principal and interest payments to the City per the amortization table included in Exhibit E of the Agreement, pages E-3 and E-4, which allows the Borrower to pay interest only - without principal payments - during the first twelve (12) months of the loan term (the "Repayment").
 10. 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.

11. The parties are authorized and empowered to enter into this Agreement under the laws of the State of Minnesota.
12. 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 \$500,000 loan pursuant to the terms and conditions set forth in City of Faribault Resolution #2023-232 and the Repayment as required by this Agreement, the Promissory Note (the "Note"), the form of which is attached hereto as Exhibit B, a separate mortgage (the "Mortgage"), the form of which is attached as Exhibit C, and a separate Guaranty Agreement, the form of which is attached hereto as Exhibit D. The Borrower agrees to execute all such documents at closing.
3. Upon closing, the City agrees to provide the Funds.
4. The business assistance in the form of a loan are proposed to be granted by the City to Borrower under Minnesota Statutes, Sections 116J.993 through 116J.995 (the "Business Subsidy Act"), and Minnesota Statutes, Chapter 469 and pursuant to the requirements of the Policy, with such required Business Subsidy Agreement being incorporated by reference into this Agreement as set forth in Exhibit F.
5. The Borrower agrees to fully comply with all stated requirements, and acknowledges that all terms, conditions, and requirements are made part of this Agreement.
6. All documents executed shall, as deemed reasonably necessary by the City, be filed with the County Recorder and/or Registrar of Titles. The City shall maintain a lien on the Property pursuant to the security instruments required herein.
7. Failure to comply with any term, covenant, condition, or requirement contained in this Agreement, or a default under any note, mortgage, or other instrument executed in connection with this Agreement (following the passing of any applicable notice and cure periods), following thirty (30) days after the City gives written notice specifying the form of said non-compliance, shall constitute a breach of this Agreement and a default by the Borrower. The foregoing notwithstanding, if a default requires more than thirty (30) days to cure, such default shall not constitute an uncured default, provided that the curing of the default is promptly commenced upon receipt of written notice from the City, and with due

diligence is thereafter continuously prosecuted to completion and is completed in a reasonable period of time, not to exceed ninety (90) days.

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

8. The Borrower, for itself and for its successors and/or its assigns, further agrees and consents to the filing of such security instruments and this Agreement with the government officials or entities appropriate to protect the interest of the City in the Property.
9. Without limitation of any provision set forth herein, the Borrower agrees to pay to the City any costs or expenses, including without limitation attorney fees, incurred by the City in enforcing any provision of this Agreement.
10. Except as expressly set forth herein, nothing in this Agreement shall constitute a limitation or waiver of the City's right to enforce any ordinance, law, rule, or regulation.
11. The Borrower shall and does hereby agree to protect, defend, indemnify and hold the City, including its officers, agents, and employees, harmless of and from any and all liability, loss, or damage that it may incur under or by reason of this Agreement, and of and from any and all claims and demands whatsoever that may be asserted against the City by reason of any alleged obligations or undertakings on the part of the City to perform or discharge any of the terms, covenants, or agreements contained in this Agreement. This indemnification and hold harmless provision shall survive the execution, delivery, and performance of this Agreement and the payment or repayment of any Funds. The Borrower waives notice of the acceptance of this Agreement by the City. Nothing in this Agreement shall constitute a waiver or limitation of the City's immunities or limitations on liability as set forth in Minnesota Statutes, Chapter 466 or otherwise.
12. A notice, demand, or other communication under this Agreement by either party to the other shall be sufficiently given or delivered if it is dispatched by registered or certified mail, postage prepaid, return receipt requested, or delivered personally; and

(A) as to the Borrower: Faribo Downtown Central LLC
3305 Highway 60 West
Faribault, MN 55021
ATTN: Brett Reese and Nort Johnson

(B) as to the City: City of Faribault
208 1st Avenue NW
Faribault, MN 55021
ATTN: City Administrator

Economic Development Authority
of Faribault
208 1st Avenue NW
Faribault, MN 55021
ATTN: Executive 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 shall be recorded among the land records of Rice County, Minnesota. The provisions of this Agreement shall run with the Property and be binding upon the Borrower and its assigns or successors in interest.
22. The Borrower warrants that all work performed pursuant to this Agreement shall be in compliance with existing laws, codes, ordinances, pertinent regulations, standards, and specifications. This Agreement does not act as a substitute for any permits or approvals that are otherwise required by the Borrower in order to complete any of the Improvements.
23. Each of the undersigned parties warrants it has the full authority to execute this Agreement.
24. Borrower represents and warrants that no person or business will be displaced or otherwise entitled to relocation benefits as a result of the acquisition, sale, rehabilitation or redevelopment of the Property, and that there are no tenants or other persons or businesses in possession of the Property other than Borrower, or that have been disclosed by Borrower. The Borrower represents and warrants that no relocation benefits are applicable to the Property. Borrower acknowledges that, absent these representations and warranties being made by Borrower to the City in this Agreement, the City would not provide funds pursuant to the Policy and this Agreement to the Borrower to rehabilitate or redevelop the Property. Borrower agrees to defend and indemnify the City against any claims made by any third parties for relocation benefits or services.
25. Additional Loan Requirements.

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

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

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

26. The City acknowledges the existence of previous loan agreements (the "Existing Loan Agreements") with the EDA and HRA regarding the Property that contain a term preventing any additional funds to be provided to the Borrower by the City. Notwithstanding such term in the Existing Loan Agreements, the City desires to provide additional funds to the Borrower.
27. Phase I Completion. The loan contemplated by this Agreement shall only be issued by the City to the Borrower upon the complete close-out of the Phase I development contemplated by the Existing Loan Agreements for the EDA and HRA. Such close-out requirements shall be determined by the City and in the City's sole discretion consistent with the terms and conditions of the Existing Loan Agreements.

[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: March 29, 2024.

FARIBO DOWNTOWN CENTRAL LLC

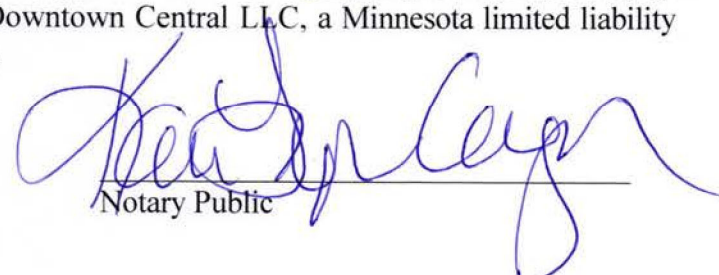
By: 

Brett Reese

Its: Chief Manager

STATE OF MINNESOTA)
) ss.
COUNTY OF RICE)

The foregoing instrument was acknowledged before me this 29 day of March, 2024, by Brett Reese, the Chief Manager of Faribo Downtown Central LLC, a Minnesota limited liability company, by and on behalf of said company.


Notary Public



**ECONOMIC DEVELOPMENT AUTHORITY
OF FARIBAULT**

Dated: March 26, 2024.

By: [Signature]
Rodney Gramse

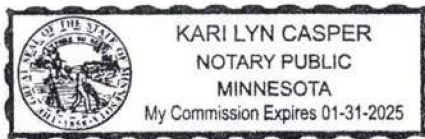
Its: Chair

By: [Signature]
A.J. Smith

Its: Vice Chair/Secretary Treasurer

STATE OF MINNESOTA)
) ss.
COUNTY OF RICE)

On this 26 day of March, 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.



[Signature]
Notary Public

CITY OF FARIBAULT:

Dated: March 29, 2024.

By: [Signature]
Kevin F. Voracek

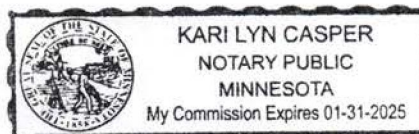
Its: Mayor

By: [Signature]
Timothy C. Murray

Its: City Administrator

STATE OF MINNESOTA)
) ss.
COUNTY OF RICE)

On this 29 day of March, 2024, before me personally appeared Kevin F. Voracek and Timothy C. Murray, the Mayor and City Administrator, respectively, of the City of Faribault, a Minnesota municipal corporation, on behalf of said corporation.



[Signature]
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. 18.31.1.26.320

PID No. 18.31.1.26.319

PID No. 18.31.1.26.318

PID No. 18.31.1.26.317

PID No. 18.31.1.26.316

PID No. 18.31.1.26.302

(addresses associated with building also include
12 3rd Street NE, 14 3rd Street NE, 16 3rd Street NE,
303 Central, 305 Central)

PID No. 18.31.1.26.300

PID No. 18.31.1.26.299

PID No. 18.31.1.26.294

PID No. 18.31.1.26.471

GUARANTY AGREEMENT

This Guaranty Agreement (the "Guaranty" or "Guaranty Agreement") is made and entered into this 29 day of March, 2024, by Brett Reese (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"), Faribo Downtown Central LLC, a Minnesota limited liability company (the "Borrower") proposes to borrow the sum of \$500,000.00 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 \$500,000.00 together with interest thereon at the rate 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 1st Avenue NW
 Faribault, MN 55021
 ATTN: Executive Director

City of Faribault
208 NW 1st Avenue
Faribault, MN 55021
Attn: City Administrator

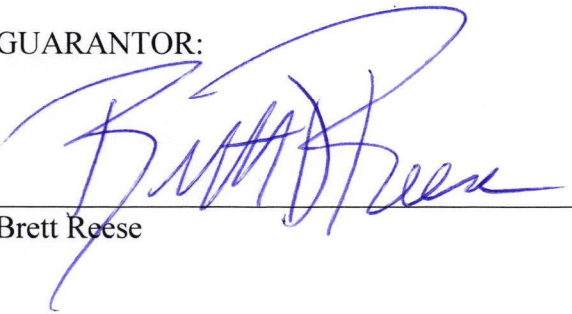
To Guarantor: Faribo Downtown Central LLC
 3305 Highway 60 West
 Faribault, MN 55021
 Attn: Brett Reese

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

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

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

GUARANTOR:



Brett Reese

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. 18.31.1.26.320

PID No. 18.31.1.26.319

PID No. 18.31.1.26.318

PID No. 18.31.1.26.317

PID No. 18.31.1.26.316

PID No. 18.31.1.26.302

(addresses associated with building also include
12 3rd Street NE, 14 3rd Street NE, 16 3rd Street NE,
303 Central, 305 Central)

PID No. 18.31.1.26.300

PID No. 18.31.1.26.299

PID No. 18.31.1.26.294

PID No. 18.31.1.26

MORTGAGE

THIS MORTGAGE, made this 29 day of March, 2024, by Faribo Downtown Central LLC, a Minnesota limited liability company, with its principal place of business located at 3305 Highway 60 West, Faribault, MN 55021 ("Mortgagor"), to the Economic Development Authority of Faribault, a public body corporate and politic under the laws of Minnesota, located at 208 1st Avenue NW, Faribault, MN 55021 ("Mortgagee").

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

PID No. 18.31.1.26.320

PID No. 18.31.1.26.319

PID No. 18.31.1.26.318

PID No. 18.31.1.26.317

PID No. 18.31.1.26.316

PID No. 18.31.1.26.302

(addresses associated with building also include
12 3rd Street NE, 14 3rd Street NE, 16 3rd Street NE,
303 Central, 305 Central)

PID No. 18.31.1.26.300

PID No. 18.31.1.26.299

PID No. 18.31.1.26.294

PID No. 18.31.1.26.471

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

This Mortgage is given in consideration of and as security for the payment of Five Hundred Thousand and No/100 Dollars (\$500,000.00) (the "Loan"), receipt of which is hereby acknowledged and which is made to enable the Mortgagor to make improvements to the Property. The Loan is evidenced by a Promissory Note (the "Note"), attached hereto as Exhibit B, and repayment of the Loan shall be in accordance with the terms of the Note.

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

- a. To warrant title to the Property;
- b. To pay all other mortgages, liens, charges or encumbrances against the Property as and when they become due;
- c. To pay the indebtedness of the Note as herein provided;
- d. To pay all real estate taxes on the Property;

- e. To keep the Property in repair and not commit waste; and
- f. To keep the Property insured against loss by fire and other hazards for at least the sum of the full insurable value of the Property for the protection for the Mortgagee.

If the Mortgagor herein shall pay the Mortgagee herein, its successors or assigns, the sum of Five Hundred Thousand and No/100 Dollars (\$500,000.00) when it becomes due according to the terms of the above-mentioned Note, then this Mortgage shall be null and void, otherwise to remain in full force and effect. But if default shall be made in payment of said sum when due or in any of the covenants or agreements contained herein, then the Mortgagee may declare immediately due and payable the entire unpaid principal balance, and the Mortgagee, its successors or assigns, are hereby authorized and empowered to foreclose this Mortgage by action or advertisement, pursuant to the statutes of the State of Minnesota in such case made and provided, power being expressly granted to sell the Property at public auction and convey the same to the purchaser in fee simple and, out of the proceeds arising from such sale, to pay the principal of the Note with interest, if any, together with all legal costs and charges of such foreclosure and the maximum attorneys' fees permitted by law.

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

- i. Mortgagor fails to pay any amounts due under the Note when said payment is due, and such default shall continue for ten (10) days after notice from the City; and
- ii. Mortgagor violates or fails to perform any of the other terms, covenants or conditions of this Mortgage and such default shall continue for thirty (30) days after notice from the Mortgagee, unless such default cannot be cured in the exercise of reasonable diligence within said thirty (30) day period, in which event Mortgagor shall be allowed such additional time as is needed to cure such default with all due diligence.

Notwithstanding Mortgagee's acceleration of the sums secured by this Mortgage, Mortgagor shall have the right to have any proceedings begun by Mortgagee to enforce this Mortgage discontinued at any time prior to the earlier of (i) sale of the Property pursuant to the power of sale contained in this Mortgage or (ii) a judgment enforcing this Mortgage, if: (a) Mortgagor pays Mortgagee all sums constituting the default actually existing under this Mortgage and the Note at the commencement of foreclosure proceedings under this Mortgage; (b) Mortgagor

cures all breaches of any other covenants or agreements of Mortgagor contained in this Mortgage; (c) Mortgagor pays all reasonable expenses incurred by Mortgagee in enforcing the covenants and agreements of Mortgagor contained in this Mortgage and in enforcing Mortgagee's remedies as provided herein, including, but not limited to, reasonable attorneys' fees, and (d) Mortgagor takes such action as Mortgagee may reasonably require to assure that the lien of this Mortgage, Mortgagee's interest in the Property and Mortgagor's obligation to pay the sums secured by this Mortgage shall continue unimpaired. Upon such payment and cure by Mortgagor, this Mortgage and the obligations secured hereby shall remain in full force and effect as if no acceleration had occurred.

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

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

(Signatures Appear on Next Page)

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

MORTGAGOR:

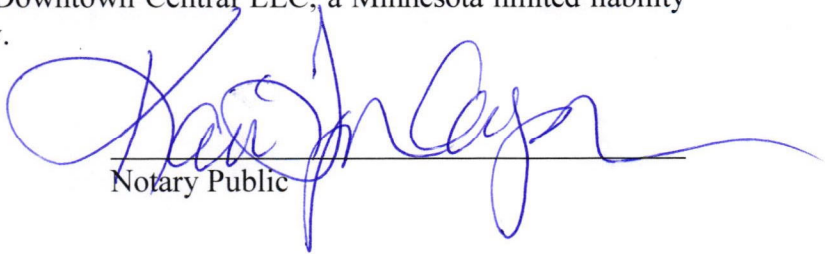
Dated: March 29, 2024.

FARIBO DOWNTOWN CENTRAL LLC

By: 
Brett Reese
Its: Chief Manager

STATE OF MINNESOTA)
) ss.
COUNTY OF RICE)

The foregoing instrument was acknowledged before me this 29 day of March, 2024, by Brett Reese, the Chief Manager of Faribo Downtown Central LLC, a Minnesota limited liability company, by and on behalf of said company.


Notary Public



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

EXHIBIT A TO MORTGAGE
PROPERTY LEGAL DESCRIPTION

PID No. 18.31.1.26.320

PID No. 18.31.1.26.319

PID No. 18.31.1.26.318

PID No. 18.31.1.26.317

PID No. 18.31.1.26.316

PID No. 18.31.1.26.302

(addresses associated with building also include
12 3rd Street NE, 14 3rd Street NE, 16 3rd Street NE,
303 Central, 305 Central)

PID No. 18.31.1.26.300

PID No. 18.31.1.26.299

PID No. 18.31.1.26.294

PID No. 18.31.1.26.471

EXHIBIT B TO MORTGAGE
EXECUTED PROMISSORY NOTE

PROMISSORY NOTE

\$500,000.00

7.0%

Date: March 21, 2024

Faribo Downtown Central LLC, a Minnesota 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 "City"), 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 Five Hundred Thousand and No/100 Dollars (\$500,000.00) or so much thereof as may be advanced under this Note, with interest of seven (7.0%) percent 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 March __, 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 Loan Agreement); unless, such transfer, sale, assignment, conveyance or transfer in any other mode is expressly allowed under the Agreement.

Notwithstanding the above paragraph, the unpaid balance of principal and interest or so much thereof as may be advanced under this Note is payable in installments due as follows: Repayment of principal and interest must not exceed a term of five (5) years. The Maker must make monthly principal and interest payments to the Holder per the amortization table included in Exhibit E of the Agreement, pages E-3 and E-4, which allows the Maker to pay interest only - without principal payments - during the first twelve (12) months of the loan term.

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.

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

Faribo Downtown Central LLC, a Minnesota limited liability company

By:


Brett Reese

Its:

Chief Manager

EXHIBIT E

CITY RESOLUTION 2023-232

State of Minnesota
County of Rice

CITY OF FARIBAULT

RESOLUTION #2023-232

AUTHORIZE THE TRANSFER OF \$500,000 FROM THE CITY'S GENERAL FUND TO THE FARIBAULT EDA TO ADMINISTER A SPECIAL COMMERCIAL REHABILITATION LOAN FOR FARIBO DOWNTOWN CENTRAL LLC

WHEREAS, Faribo Downtown Central LLC requested a \$500,000 loan from the City to assist with the rehabilitation of its downtown commercial buildings; and

WHEREAS, the City Council held a work session on November 21, 2023, and indicated it would be willing to transfer \$500,000 to the Faribault Economic Development Authority to administer a special commercial rehabilitation loan on behalf of the City for Faribo Downtown Central LLC.

NOW, THEREFORE BE IT RESOLVED by the Faribault City Council as follows:

1. The recitals set forth above are incorporated into this Resolution.
2. The City Council (the "City") directs the City Finance Director to transfer \$500,000 from the City's General Fund (101) to the Faribault Economic Development Authority (the "EDA") to administer a special commercial rehabilitation loan on behalf of the City for Faribo Downtown Central LLC (the "Borrower").
3. The City requests that the EDA prepare and administer loan documents (the "Loan") for execution between the Borrower and the EDA on behalf of the City.
4. The terms of the Loan must be consistent with the EDA's standard loan documents and the following:
 - A. The Loan period must not exceed five (5) years.
 - B. The principal amount of the Loan must not exceed \$500,000.
 - C. The Loan's interest rate must be two (2) percent above current bond interest rates.
 - D. The Borrower must make monthly principal and interest payments to the EDA per the Amortization Table included in Exhibit A of this resolution, which allows the Borrower to pay interest - without principal payments - during the first 12 months of the loan period.
 - E. The EDA must transfer the Borrower's monthly principal payments and 50 percent of the Borrower's interest payments to the City's General Fund. The EDA may retain 50 percent of the

Borrower's interest payments.

- F. The Borrower must provide the EDA with a detailed list of how it will use the Loan for approval by the EDA, and shall provide documentation as to the completion of all work for which the Loan was utilized.
- G. The Borrower can only use the Loan on those properties/building owned by the Borrower from the original portfolio of buildings presented to the EDA in 2022 as follows:

<u>PARCEL ID</u>	<u>ADDRESS</u>
18.31.1.26.293	N/A
18.31.1.26.294	329 Central Ave.
18.31.1.26.299	313 Central Ave.
18.31.1.26.300	311 Central Ave.
18.31.1.26.302	301/303/305 Central Ave. & 12/14 3rd St. NE
18.31.1.26.316	229 Central Ave.
18.31.1.26.317	227 Central Ave.
18.31.1.26.319	221/223 Central Ave.
18.31.1.26.320	219 Central Ave.
18.31.1.26.471	114/116 Central Ave.

- 5. The Mayor and the City Administrator are authorized and directed to execute and deliver any additional agreements, certificates or other documents that the City determines are necessary to implement this Resolution.
- 6. The City Council directs City staff to take any appropriate action and to prepare any appropriate documents to facilitate the directives of the City Council as set forth in this Resolution.
- 7. The Mayor, City staff, City attorney and City consultants are hereby authorized and directed to take any and all additional steps and actions necessary or convenient in order to accomplish the intent of this Resolution.

Date Adopted: November 28, 2023.

Faribault City Council

Kevin F. Voracek, Mayor

ATTEST:

Timothy C. Murray, City Administrator

EXHIBIT A TO RESOLUTION 2023-232

Amortization Table

General Fund (101) to EDA TO FDC

Loan Details	
Loan amount	\$500,000.00
Annual interest rate	7.00%
Loan period in years	5
Start date of loan	12/26/2023

Loan Summary	
Monthly payment	\$11,973.12
Number of payments	60
Total interest	\$169,709.76
Total cost of loan	\$669,709.76

Pmt No.	Payment Date	Beginning Balance	Payment	Principal	Interest	Ending Balance
1	1/26/2024	\$500,000.00	\$2,916.67	\$0.00	\$2,916.67	\$500,000.00
2	2/26/2024	\$500,000.00	\$2,916.67	\$0.00	\$2,916.67	\$500,000.00
3	3/26/2024	\$500,000.00	\$2,916.67	\$0.00	\$2,916.67	\$500,000.00
4	4/26/2024	\$500,000.00	\$2,916.67	\$0.00	\$2,916.67	\$500,000.00
5	5/26/2024	\$500,000.00	\$2,916.67	\$0.00	\$2,916.67	\$500,000.00
6	6/26/2024	\$500,000.00	\$2,916.67	\$0.00	\$2,916.67	\$500,000.00
7	7/26/2024	\$500,000.00	\$2,916.67	\$0.00	\$2,916.67	\$500,000.00
8	8/26/2024	\$500,000.00	\$2,916.67	\$0.00	\$2,916.67	\$500,000.00
9	9/26/2024	\$500,000.00	\$2,916.67	\$0.00	\$2,916.67	\$500,000.00
10	10/26/2024	\$500,000.00	\$2,916.67	\$0.00	\$2,916.67	\$500,000.00
11	11/26/2024	\$500,000.00	\$2,916.67	\$0.00	\$2,916.67	\$500,000.00
12	12/26/2024	\$500,000.00	\$2,916.67	\$0.00	\$2,916.67	\$500,000.00
13	1/26/2025	\$500,000.00	\$11,973.12	\$9,056.45	\$2,916.67	\$490,943.55
14	2/26/2025	\$490,943.55	\$11,973.12	\$9,104.28	\$2,868.84	\$481,834.26
15	3/26/2025	\$481,834.26	\$11,973.12	\$9,162.42	\$2,810.70	\$472,671.84
16	4/26/2025	\$472,671.84	\$11,973.12	\$9,215.07	\$2,757.25	\$463,455.90
17	5/26/2025	\$463,455.90	\$11,973.12	\$9,269.65	\$2,703.49	\$454,186.55
18	6/26/2025	\$454,186.55	\$11,973.12	\$9,323.70	\$2,649.42	\$444,862.65
19	7/26/2025	\$444,862.65	\$11,973.12	\$9,378.00	\$2,595.03	\$435,484.55
20	8/26/2025	\$435,484.55	\$11,973.12	\$9,432.79	\$2,540.33	\$426,051.77
21	9/26/2025	\$426,051.77	\$11,973.12	\$9,487.82	\$2,485.50	\$416,563.95
22	10/26/2025	\$416,563.95	\$11,973.12	\$9,543.16	\$2,429.96	\$407,020.79
23	11/26/2025	\$407,020.79	\$11,973.12	\$9,598.83	\$2,374.29	\$397,421.95
24	12/26/2025	\$397,421.95	\$11,973.12	\$9,654.83	\$2,318.29	\$387,767.13
25	1/26/2026	\$387,767.13	\$11,973.12	\$9,711.15	\$2,261.97	\$378,055.90
26	2/26/2026	\$378,055.90	\$11,973.12	\$9,767.79	\$2,205.33	\$368,288.19
27	3/26/2026	\$368,288.19	\$11,973.12	\$9,824.77	\$2,148.35	\$358,463.42
28	4/26/2026	\$358,463.42	\$11,973.12	\$9,882.00	\$2,091.04	\$348,581.34

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Pmt No.	Payment Date	Beginning Balance	Payment	Principal	Interest	Ending Balance
29	5/26/2026	\$348,581.84	\$11,973.12	\$9,939.73	\$2,033.39	\$338,641.81
30	6/26/2026	\$338,641.81	\$11,973.12	\$9,997.71	\$1,975.41	\$328,643.90
31	7/26/2026	\$328,643.90	\$11,973.12	\$10,056.03	\$1,917.09	\$318,587.87
32	8/26/2026	\$318,587.87	\$11,973.12	\$10,114.69	\$1,858.43	\$308,473.17
33	9/26/2026	\$308,473.17	\$11,973.12	\$10,173.69	\$1,799.43	\$298,299.48
34	10/26/2026	\$298,299.48	\$11,973.12	\$10,233.04	\$1,740.08	\$288,066.44
35	11/26/2026	\$288,066.44	\$11,973.12	\$10,292.73	\$1,680.39	\$277,773.71
36	12/26/2026	\$277,773.71	\$11,973.12	\$10,352.77	\$1,620.35	\$267,420.94
37	1/26/2027	\$267,420.94	\$11,973.12	\$10,413.16	\$1,559.96	\$257,007.77
38	2/26/2027	\$257,007.77	\$11,973.12	\$10,473.91	\$1,499.21	\$246,533.86
39	3/26/2027	\$246,533.86	\$11,973.12	\$10,535.01	\$1,438.11	\$235,998.85
40	4/26/2027	\$235,998.85	\$11,973.12	\$10,596.46	\$1,376.66	\$225,402.40
41	5/26/2027	\$225,402.40	\$11,973.12	\$10,658.27	\$1,314.85	\$214,744.13
42	6/26/2027	\$214,744.13	\$11,973.12	\$10,720.45	\$1,252.67	\$204,023.68
43	7/26/2027	\$204,023.68	\$11,973.12	\$10,782.98	\$1,190.14	\$193,240.70
44	8/26/2027	\$193,240.70	\$11,973.12	\$10,845.88	\$1,127.24	\$182,394.81
45	9/26/2027	\$182,394.81	\$11,973.12	\$10,909.15	\$1,063.97	\$171,485.66
46	10/26/2027	\$171,485.66	\$11,973.12	\$10,972.79	\$1,000.33	\$160,512.86
47	11/26/2027	\$160,512.86	\$11,973.12	\$11,036.79	\$936.33	\$149,476.06
48	12/26/2027	\$149,476.06	\$11,973.12	\$11,101.18	\$871.94	\$138,374.91
49	1/26/2028	\$138,374.91	\$11,973.12	\$11,165.93	\$807.19	\$127,208.97
50	2/26/2028	\$127,208.97	\$11,973.12	\$11,231.07	\$742.05	\$115,977.91
51	3/26/2028	\$115,977.91	\$11,973.12	\$11,296.58	\$676.54	\$104,681.32
52	4/26/2028	\$104,681.32	\$11,973.12	\$11,362.46	\$610.64	\$93,318.84
53	5/26/2028	\$93,318.84	\$11,973.12	\$11,428.76	\$544.36	\$81,890.08
54	6/26/2028	\$81,890.08	\$11,973.12	\$11,495.43	\$477.69	\$70,394.66
55	7/26/2028	\$70,394.66	\$11,973.12	\$11,562.48	\$410.64	\$58,832.17
56	8/26/2028	\$58,832.17	\$11,973.12	\$11,629.93	\$343.19	\$47,202.24
57	9/26/2028	\$47,202.24	\$11,973.12	\$11,697.77	\$275.35	\$35,504.47
58	10/26/2028	\$35,504.47	\$11,973.12	\$11,766.01	\$207.11	\$23,738.46
59	11/26/2028	\$23,738.46	\$11,973.12	\$11,834.65	\$138.47	\$11,903.81
60	12/26/2028	\$11,903.81	\$11,973.12	\$11,903.81	\$69.31	\$0.00
			\$609,709.76	\$500,000.00	\$109,709.76	

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E-4

State of Minnesota
County of Rice

CITY OF FARIBAULT

RESOLUTION #2024-052

APPROVE A SPECIAL COMMERCIAL REHABILITATION LOAN AGREEMENT BETWEEN THE ECONOMIC DEVELOPMENT AUTHORITY OF FARIBAULT, ON BEHALF OF THE CITY OF FARIBAULT, AND FARIBO DOWNTOWN CENTRAL LLC

WHEREAS, on November 28, 2023, the Faribault City Council adopted Resolution #2023-232, which authorized the transfer of \$500,000 from the City's general fund to the Economic Development Authority of Faribault to administer a Special Commercial Rehabilitation Loan for Faribo Downtown Central LLC ("FDC"); and

WHEREAS, the Economic Development Authority of Faribault, on behalf of the City of Faribault, proposes to grant the business assistance in the form of the Special Commercial Rehabilitation Loan Agreement to Faribo Downtown Central LLC under Minnesota Statutes, Section 116J.993 through 116J.995 (the "Business Subsidy Act"), and Minnesota Statutes, Chapter 469, and pursuant to the requirements of the Policy; and

WHEREAS, the City Attorney prepared the Special Commercial Rehabilitation Loan Agreement and all related documents outlined in the Agreement, attached as Exhibit A to this Resolution; and

WHEREAS, the Economic Development Authority of Faribault ("EDA") and the Housing and Redevelopment Authority of Faribault ("HRA") each reviewed and approved additional business assistance in the form of forgivable loan agreements pursuant to the Business Subsidy Act in the amount of \$250,000 (collectively, the "Loan Agreements") to FDC pursuant to EDA Resolution #2024-03 and HRA Resolution #2024-02, respectively, both adopted on February 28, 2024; and

WHEREAS, the City Council, on February 28, 2024, following proper notice, held a public hearing regarding the City Council's consideration of the Special Commercial Rehabilitation Loan Agreement per the Business Subsidy Act.

NOW, THEREFORE BE IT RESOLVED by the City Council of the City of Faribault as follows:

1. The recitals in the preamble of this Resolution and the exhibits attached to this Resolution are incorporated into this Resolution as if fully set forth herein.
2. The form of the Special Commercial Rehabilitation Loan Agreement and all related documents outlined in the Agreement, including the Business Subsidy Agreement, is hereby approved by the City Council, subject to modifications as approved by the mayor, city administrator and city attorney.
3. The Mayor and City Administrator are hereby authorized and directed to execute said Special Commercial Rehabilitation Loan Agreement and all related documents outlined therein.
4. The EDA and HRA Loan Agreements are hereby approved by the City Council.
5. The Mayor, City Administrator, City Staff, and City Consultants, are hereby authorized and directed to take any and all additional steps and actions necessary or convenient to accomplish the intent of this Resolution, including but not limited to, refining the language in the Agreement and all related documents therein.

Date Adopted: February 28, 2024

Faribault City Council

DocuSigned by:

Kevin F. Voracek

AF5440CB040D4E7

Kevin F. Voracek, Mayor

ATTEST:

DocuSigned by:

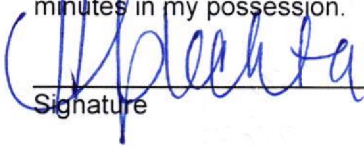
Timothy C. Murray

6DB99B870021410

Timothy C. Murray, City Administrator

CERTIFICATION

I, Heather Slechta, City Clerk, for City of Faribault, do hereby certify that the foregoing Resolution is a true and exact copy of Resolution 2024-052 as adopted by the City Council of Faribault at a duly authorized meeting on February 28, 2024 shown by the minutes in my possession.



Signature

Heather Slechta
City Clerk



Council Work Session Memorandum

TO: Mayor and City Council
THROUGH: Jessica Kinser, City Administrator
FROM:
MEETING DATE: September 2, 2025
SUBJECT: 2026 Preliminary Tax Levy Update

Discussion:

There have continued to be small adjustments to the overall 2026 preliminary tax levy. This includes the insurance renewal averaging 15%, updated valuations from the County, which showed a minor increase, and the changes discussed at the August 19th work session. These changes resulted in the amount of the property tax dollars needed for the 2026 budget coming down to a 9.87% increase. This is reflected in the attached Preliminary Tax Levy breakdown attached with the packet.

There is still discussion that needs to occur around the funding gap for capital equipment purchases. We are still awaiting the audit to confirm where fund balances for an internal loan exist. Rounding up to \$300,000, with a 4-year loan at 4% interest, we have an annual tax levy request of \$81,906. An amortization table is attached for your review. If this amount is added to the total tax levy, the percent increase goes to 10.47%.

No significant changes between now and the next planned work session on September 16th are anticipated. However, this would be an ideal time for the City Council to provide additional direction to staff on any budgetary changes.

Attachments:

1. Presentation Levy 2026 8.28.25
2. Loan amortization schedule1

**CITY OF FARIBAULT
2026 Tax Levy**

MARKET AND TAX CAPACITY VALUES						
Tax Years Payable	2022	2023	2024	2025	2026	Change
Taxable Market Value	\$ 1,661,037,400	1,952,217,600	2,154,605,500	2,235,466,200	2,378,434,700	6.40%
Tax Capacity:						
Gross Tax Capacity	\$ 20,686,820	23,879,474	26,199,879	27,233,164	28,943,839	6.28%
Less: Captured Tax Increment	(254,980)	(305,930)	(448,837)	(570,798)	(728,022)	27.54%
Net Tax Capacity	\$ 20,431,840	23,573,544	25,751,042	26,662,366	28,215,817	3.54%
Operating Tax Levies						
General (101)	\$ 8,675,211	9,255,408	10,220,851	11,423,928	12,653,248	1,229,320 10.76%
Community Development (240) & 2024 Shortfall	198,451	132,300	66,149	396,947	466,227	69,280 17.45%
Tax Abatement Projects (239)	426,275	401,976	409,651	237,133	143,926	(93,207) -39.31%
Property Tax Levy	\$ 9,309,937	9,789,684	10,696,651	12,111,765	13,263,401	1,151,636 9.51%
Bond Principal & Interest (300's)	1,236,597	1,382,104	1,323,410	1,365,405	1,557,342	191,937 14.06%
Net Tax Levy	\$ 10,559,078	11,184,332	12,032,605	13,489,714	14,820,743	1,331,029 9.87%
Special Tax Levies						
HRA (280)	\$ 309,820	328,850	380,253	416,418	439,868	36,165 9.51%
EDA (290)	\$ 303,623	322,273	372,648	408,089	431,071	35,441 9.51%
Total Tax Rate Special Levies	0.0300	0.0276	0.0292	0.0309	0.0309	0.0570
Net Tax Levy - All City Levies	\$ 11,172,521	11,835,455	12,785,506	14,314,221	15,691,682	-
Total Tax Rate City and Special Levies	11,785,964	12,486,578	13,538,407	15,138,728	16,562,621	11.82%
Local Government Aid (LGA)	\$ 6,029,788	6,102,837	6,972,221	6,982,826	6,999,458	0.15%
Local Government Aid Change		73,049	942,433	10,605	16,632	



Loan amortization schedule

Enter values

Loan amount	\$300,000.00
Annual interest rate	4.00%
Loan period in years	4
Number of payments per year	2
Start date of loan	6/1/2026

Optional extra payments \$100.00

Loan summary

Scheduled payment	\$40,952.94
Scheduled number of payments	8
Actual number of payments	8
Total early payments	\$0.00
Total interest	\$27,623.52

Lender name Woodgrove Bank

Payment number	Payment date	Beginning balance	Scheduled payment	Extra payment	Total payment	Principal	Interest	Ending balance	Cumulative interest
1	6/1/2026	\$300,000.00	\$40,952.94	\$0.00	\$40,952.94	\$34,952.94	\$6,000.00	\$265,047.06	\$6,000.00
2	12/1/2026	\$265,047.06	\$40,952.94	\$0.00	\$40,952.94	\$35,652.00	\$5,300.94	\$229,395.06	\$11,300.94
3	6/1/2027	\$229,395.06	\$40,952.94	\$0.00	\$40,952.94	\$36,365.04	\$4,587.90	\$193,030.02	\$15,888.84
4	12/1/2027	\$193,030.02	\$40,952.94	\$0.00	\$40,952.94	\$37,092.34	\$3,860.60	\$155,937.68	\$19,749.44
5	6/1/2028	\$155,937.68	\$40,952.94	\$0.00	\$40,952.94	\$37,834.19	\$3,118.75	\$118,103.50	\$22,868.20
6	12/1/2028	\$118,103.50	\$40,952.94	\$0.00	\$40,952.94	\$38,590.87	\$2,362.07	\$79,512.63	\$25,230.27
7	6/1/2029	\$79,512.63	\$40,952.94	\$0.00	\$40,952.94	\$39,362.69	\$1,590.25	\$40,149.94	\$26,820.52
8	12/1/2029	\$40,149.94	\$40,952.94	\$0.00	\$40,149.94	\$39,346.94	\$803.00	\$0.00	\$27,623.52

Tax Levy Request	
2026	\$81,905.88
2027	\$81,905.88
2028	\$81,905.88
2029	\$81,905.88



Council Work Session Memorandum

TO: Mayor and City Council
THROUGH: Jessica Kinser, City Administrator
FROM:
MEETING DATE: September 2, 2025
SUBJECT: Short-Term Rental Registration and Regulations

Discussion:

In a prior work session, the topic of short-term rentals, which are typically defined as a property rental of less than 30 days, was brought up as something to pursue. It will take some time to research this further, so ensuring this is something the City Council wants to consider is helpful to staff on the front end.

A number of other local governments in Minnesota have had registration processes for a number of years, so this will not be recreating the wheel. Typically, there is an application process that would verify the property is adhering to life safety standards and has the appropriate insurance for operating. A fee would go to the City for the registration. The registration would also result in the collection of lodging tax, which is then remitted to the City and passed on to the Chamber as part of the existing tourism contract. While this will create additional administrative work, a registration program would create information for the Police and Fire Departments about where the short-term rentals are in the community and ensure that life safety measures are in place in those locations.

At this time, staff are looking for directions on how to proceed.

Attachments: