



## HOUSING & REDEVELOPMENT AUTHORITY AGENDA

PUBLIC MEETING ROOM

MONDAY, APRIL 11, 2022

6:00 PM

1. Call to Order
2. Approval of the Minutes
3. Program Reports
  - A. Mobile Home Buy-Out Program
  - B. Mobile Home Heat Tape Program
  - C. RAD/Repositioning Process
  - D. Sale of 1116 2nd Street NW
  - E. 230 Central Avenue Apartments
4. Property Reports
  - A. Robinwood Manor - Monthly Operating and Budget Statement
  - B. Public Housing - Monthly Operating and Budget Statement
  - C. Scattered Sites - Monthly Operating and Budget Statement
5. Public Hearing
6. Items for Discussion
  - A. Approve Loan Agreement - 24 3rd Street NW
  - B. Preliminary Development Agreement with the Downtown Investment Group (DIG Holdings, LLC)
7. Adjournment

**Faribault Housing and Redevelopment Authority**  
**Meeting Minutes**  
March 14, 2022

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Travis McColley was sworn in under Oath.

**1. Call to Order / Approval of the Agenda**

Chair Speckhals called the meeting to order at 6:00 p.m.

**Members Present:** Loni Ahlers, Travis Kath, Brenden Kennedy, Travis McColley, Matt Speckhals, and Jonathan Wood.

**Members Absent:** Narren Brown.

**2. Minutes**

**A. Minutes of February 14, 2022.**

A motion was made by Wood to approve the minutes of February 14, 2022 seconded by Ahlers as presented.

Motion carried on a 5/0 vote.

McColley arrived at 6:04 p.m.

**3. Program Reports**

**A. Mobile Home Buyout Program**

No activity to report

**B. Mobile Home Heat Tape Program**

Staff has identified a qualified contractor willing to perform the Heat Tape program work - Ron Churchill with Ron's Handyman Services. Mr. Churchill is the contractor who has performed the work on behalf of the program in the past.

Prior to initiating the work, Mr. Churchill is requesting a few changes to the previous contract. The changes include:

A \$35 service call fee per unit (new)  
\$16.00 per linear for service (versus \$12.00 per linear foot)

After a short discussion, a motion was made by Kennedy seconded by Wood to approve and execute the 2022 Mobile Home Heat Tape Installation contract as presented.

Motion carried on a 6/0 vote.



### **C. RAD/Repositioning Process**

The RAD/Repositioning process continues to progress. The recent activities include the completion of the Part 58 Environmental Review. The work has been reviewed and comments have been addressed.

Title work continues. HUD requires that the title work include the Declaration of Trust. Through the title work process, it was identified that one property did not have the Declaration of Trust filed for Parcel 6.

An application to remove all PH units from the PIC system has been submitted, with required legal descriptions and Declaration of Trust documents.

A motion was made by Ahlers and seconded by Wood to receive and file the report as presented.

Motion carried on a 6/0 vote.

### **D. Sale of 1116 2<sup>nd</sup> St NW**

The closing has been delayed again. On February 17, 2022, Owen Loan Servicing contacted legal counsel that the Satisfaction of Mortgage was rejected because a power of attorney is required along with the satisfaction. The loan servicing company is working to resolve this issue and will then re-submit the document along with the power of attorney for recording.

No updated closing date has been identified at this time. The date will be set once the loan servicer has contacted our legal counsel with an update on when the satisfaction will be recorded.

A motion was made by Kennedy and seconded by Ahlers to receive and file the report as presented.

Motion carried on a 6/0 vote.

### **E. 230 Central Avenue Apartments**

As required by the HRA, Todd Nelson must submit a monthly construction status report/update for the work at 230 Central Avenue. Staff requested that Mr. Nelson provide an update on the overall schedule per the HRA's request. Mr. Nelson did inform Staff that there have been some delays with the taping contractor - but that has been resolved. The elevator has not been shipped yet, but the contractor has provided a tentative ship date of April 29, 2022.

After some discussion on progress being made and a review of how/why the HRA was monitoring this project so closely, a motion was made by Wood and seconded by McColley to receive and file the program reports as submitted.

Motion carried on a 6/0 vote.

#### **4. Property Management Reports**

##### **A. Robinwood Manor**

The financial report for the month of December was briefly discussed.

A motion was made by Kennedy and seconded by Ahlers to receive and file as presented. Motion carried unanimously.

##### **B. Public Housing**

The financial report for the month of December was briefly discussed.

A motion was brought by Ahlers and seconded by Wood to receive and file as presented. Motion carried unanimously.

##### **C. Scattered Sites Rental Housing**

Nothing new to report.

A motion was made by McColley and seconded by Kennedy to receive and file the operating statements as submitted. Motion carried unanimously.

#### **5. Public Hearing**

None.

#### **6. Items for Discussion**

##### **A. Application for Use of 306 Central**

In 2019, the HRA provided funds for the repair of 306 Central Avenue. As part of the Agreement entered into between the HRA and the property owner, the property owner will allow the HRA, City and/or the Faribault Area Chamber of Commerce, and its associated board, commissions, and committees - use of the facility four (4) times per year free of charge for 10 years.

An application has been received to use the space on April 28, 2022 by the Economic Development Authority of the City of Faribault (EDA). The space is available on this date, and the property owner is willing to allow the use of the space until 4:00 PM. The EDA will be hosting their "Microsummit 2022." This event is a marketing event held in conjunction with the Minnesota Real Estate Journal (MREJ), where MREJ members and brokers from the twin cities will be invited to Faribault to learn about the city's efforts in multi-family housing (market-rate and affordable), retail/restaurant activity, and initiatives to build a pipeline of talent to support business and industry.

A motion to Kennedy seconded by Ahlers approve application for use of 306 Central

Avenue - for use by the Faribault EDA. Motion carried unanimously.

## **B. Downtown Investment Group Project – Presentation**

The Faribault Industrial Corporation and Rebound Partners have created a "Community Investment Fund" focusing on real estate opportunities in Faribault. They have identified their initial project in historic downtown, which involves pursuing the acquisition and redevelopment of 13 buildings.

On behalf of the Investment Group, Matthew Drevlow, Chris Kennelly and Nort Johnson were available for the presentation. Johnson stated the Main Street paired with the Industrial Corp and formed an LLC DIG Holdings (Downtown Investment Group) to purchase the Sheesley/Palisades buildings as well as GW Properties.

They are currently in the "due diligence" period which is 60 days and will end on April 29. These properties (on 10 PIDs) include 29 potential apartments, of which there are about 5 to 7 apartments currently being rented. There is also approximately 60,000 sf of available commercial/retail space associated with the portfolio. As part of the project financing, they will be seeking Historical Tax Credits and have applied for the DEED Main Street Revitalization program. Johnson stated that they are seeking over a million dollar in subsidies to make the project work. They are seeking a commitment of funding from the HRA, as well as tax credits, tax abatements, etc. equating to about one-third of the overall project costs.

Discussion ensued. Kuennen noted that government dollars have requirements associated with them, such as relocation requirements if persons/businesses are displaced. The HRA discussed available funding. The general consensus was to have the HRA assist them in the amount of \$250K per year, for two years, for a total of the \$500k, of which no funding would go towards building with occupied apartments to avoid displacing people.

A motion was made by McColley to direct Staff to work with the city attorney to prepare the appropriate legal documents to provide the \$500,000 funding for DIG Holdings phased over two years with conditions, seconded by Ahlers. Motion passed unanimously.

## **C. Downtown Rehab - Program Discussion**

The HRA included \$100,000 in the 2022 approved budget for a downtown rehabilitation program. During the budget discussions, the HRA identified the intended use of the funds would be to encourage the build-out of second floor apartments. Prior to drafting program guidelines, and in light of the recent Community Investment Fund introduction, Staff requested additional input on potential program parameters.

After some discussion, the board felt that they do want to continue with the program and need new guidelines. They directed Staff to prepare program guidelines that have built-in flexibility, to be reviewed at a future meeting.

No action taken at this time

## **6. Adjournment**

A motion was made by McColley and seconded by Kennedy to adjourn the meeting at 7:45 p.m. Motion carried unanimously.

Respectfully Submitted,

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Kari Casper, Recording Secretary



**Request for Action**

**TO:** Faribault Housing & Redevelopment Authority  
**FROM:** Deanna Kuennen, Community & Economic Development Director  
**MEETING DATE:** April 11, 2022  
**SUBJECT:** Mobile Home Buy-Out Program

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**BACKGROUND:**

No activity to report.

**REQUESTED ACTION:**

No action required. Receive and File.

**ATTACHMENTS:**



**Request for Action**

**TO:** Faribault Housing & Redevelopment Authority  
**FROM:** Deanna Kuennen, Community & Economic Development Director  
**MEETING DATE:** April 11, 2022  
**SUBJECT:** Mobile Home Heat Tape Program

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**BACKGROUND:**

At the March HRA meeting, the HRA approved a contract for service with Ron Churchill to perform the installation of heat tape in the manufactured home parks. The contract has been executed, and Mr. Churchill has been provided with contact information for persons who have contacted our offices interested in the program. The manufactured home park managers have also been notified that the program is available.

**REQUESTED ACTION:**

No action required. Receive and file.

**ATTACHMENTS:**



**Request for Action**

**TO:** Faribault Housing & Redevelopment Authority  
**FROM:** Deanna Kuennen, Community & Economic Development Director  
**MEETING DATE:** April 11, 2022  
**SUBJECT:** RAD/Repositioning Process

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**BACKGROUND:**

The RAD/Repositioning Process continues.

1. The Environmental Part 58 Review has been completed. The information is now being reviewed by the City Planner. The City Planner is required to review and sign the necessary forms for each property.
2. Legal Counsel has prepared the missing Declaration of Trust for Parcel 6.
3. HUD has commented that a separate LLC must be established to acquire the public housing assets from the HRA. Staff and the consultants are seeking clarification on this requirement - specifically whether or not the existing Elderly Housing Corporation could serve in this capacity. More details and information will be forthcoming.
4. The RAD Transition Team meeting is scheduled for Monday, April 11th at 1:00. Outcomes from this meeting will be shared with the HRA.

**REQUESTED ACTION:**

No action required. Receive and file.

**ATTACHMENTS:**



**Request for Action**

**TO:** Faribault Housing & Redevelopment Authority  
**FROM:** Deanna Kuennen, Community & Economic Development Director  
**MEETING DATE:** April 11, 2022  
**SUBJECT:** Sale of 1116 2nd Street NW

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**BACKGROUND:**

After many delays that were outside of the control of the HRA, the sale of 1116 2nd Street NW has been completed. All paperwork, including the repurchase agreement, has been signed and executed. The one change incorporated into the documents involved the completion date. Due to the delay in finalizing the sale - the buyer will not be starting construction this year. However, the repurchase agreement states that the minimum improvements be completed by April 4, 2025.

**REQUESTED ACTION:**

No action required. Receive and file.

**ATTACHMENTS:**





**Request for Action**

**TO:** Faribault Housing & Redevelopment Authority  
**FROM:** Deanna Kuennen, Community & Economic Development Director  
**MEETING DATE:** April 11, 2022  
**SUBJECT:** 230 Central Avenue Apartments

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**BACKGROUND:**

As required by the HRA, Todd Nelson must submit a monthly construction status report/update for the work being performed at 230 Central Avenue. Per emails from Mr. Nelson on 4/1/2022, the following work was completed during the month of March and planned for April and May:

- Gypcrete completed, 3/7/22
- Appliances delivered and are on site, 3/24/22
- Cabinets and vanities arrived, 3/22/22 and installation completed, 3/30/22
- Countertops arrived, 3/28/22
  
- Two units will be completed on 4/1/22
- 2nd Floor - planned completion 4/8/22
- Door installation and trim - planned completion 4/15/22
  
- Plumbing scheduled completion of 5/1/22
- Elevator ship date - 5/16/22
- Elevator arrival - 5/23/22

The summary of work and photos were reviewed by John Rued, Building Official. He agrees with the summary of work completed and expected progress. The project is moving into the finishing stages as noted in the photos (flooring, doors and trim, plumbing and electrical fixtures.)

Please contact Staff if there are any questions regarding the attached photos and building plans.

**REQUESTED ACTION:**

No action required. Receive and file.

**ATTACHMENTS:**

1. 20220330\_134449
2. 20220401\_130646
3. 20220401\_131647
4. 20220401\_133558
5. 20220401\_133624
6. 20220401\_133629
7. 20220401\_133716
8. 20220401\_133841
9. 20220401\_133918
10. 20220401\_134022
11. 20220401\_134026
12. 20220401\_134127
13. 20220401\_134143
14. 20220401\_134525































1320  
Unit 6  
4-Bedroom  
3-Bath

7-11  
7-8





























**Request for Action**

**TO:** Faribault Housing & Redevelopment Authority  
**FROM:** Deanna Kuennen, Community & Economic Development Director  
**MEETING DATE:** April 11, 2022  
**SUBJECT:** Robinwood Manor - Monthly Operating and Budget Statement

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**BACKGROUND:**

The purpose of this memorandum is to provide the HRA with an update on activity at Robinwood Manor. For the month of FEBRUARY 2022:

- Occupancy
  - 100-percent for the 1-Bedroom Subsidised
  - 2-Bedroom Market Rate Unit vacant
  - 98-percent Overall occupancy
  
- Turnovers = 0
  
- Vacancy = 1 (2-bedroom market rate unit) Filled 3/4/2022
  
- Expenses
  - Raw Construction - snow removal/sanding/shoveling
  - Virg's Appliances - range and refrigerator

The financial report/operating statement for the month of February is attached.

**REQUESTED ACTION:**

Review and approve the operating statement/monthly budget as



attached.

**ATTACHMENTS:**

1. 4A - Attachment FEB Robinwood Budget

**ROBINWOOD MANOR  
FOR FEB 22**

|                                        | <u>2022<br/>Budget</u>     | <u>% of<br/>Revenue</u> | <u>FEB<br/>Actual</u>     | <u>Monthly<br/>Budget</u> | <u>Variance of<br/>Monthly Budget</u> | <u>Favorable/<br/>Unfavorable</u> | <u>2022<br/>Year-To-Date</u> | <u>Remaining<br/>Balance</u> |
|----------------------------------------|----------------------------|-------------------------|---------------------------|---------------------------|---------------------------------------|-----------------------------------|------------------------------|------------------------------|
| <b>REVENUES</b>                        |                            |                         |                           |                           |                                       |                                   |                              |                              |
| 33160 FEDERAL GRANTS                   | 239,842.00                 | 48.60%                  | 25,212.00                 | 19,986.83                 | 26.14%                                | F                                 | 50,424.00                    | 189,418.00                   |
| 36200 OTHER MISCELLANEOUS              | 6,000.00                   | 1.22%                   | 566.40                    | 411.00                    | 37.81%                                | F                                 | 1,072.90                     | 4,927.10                     |
| 36210 INTEREST ON INVESTMEI            | 6,800.00                   | 1.38%                   | 969.32                    | 566.67                    | NA                                    | NA                                | 1,275.39                     | 5,524.61                     |
| 36211 INTEREST MARKET VALUE            | 0.00                       | 0.00%                   | -3,090.86                 | 0.00                      | NA                                    | NA                                | (7,906.84)                   | 7,906.84                     |
| 36220 RENTS                            | 239,842.00                 | 48.60%                  | 12,046.00                 | 19,986.83                 | -39.73%                               | U                                 | 28,293.00                    | 211,549.00                   |
| 36221 VACANCIES                        | 0.00                       | 0.00%                   | 0.00                      | 0.00                      | NA                                    | F                                 | 0.00                         | 0.00                         |
| 36227 EXCESS UTILITIES                 | 1,000.00                   | 0.20%                   | 15.00                     | 83.33                     | -82.00%                               | U                                 | 44.00                        | 956.00                       |
| 36280 PROJECT REIMBURSEME              | 0.00                       | 0.00%                   | 0.00                      | 0.00                      | NA                                    | F                                 | 0.00                         | 0.00                         |
| <b>TOTAL REVENUE ACCOUNTS (G</b>       | <b><u>\$493,484.00</u></b> | <b><u>51.40%</u></b>    | <b><u>\$35,717.86</u></b> | <b><u>\$41,034.67</u></b> | <b><u>-12.96%</u></b>                 | <b><u>U</u></b>                   | <b><u>\$73,202.45</u></b>    | <b><u>\$420,281.55</u></b>   |
| <b>EXPENSES</b>                        |                            |                         |                           |                           |                                       |                                   |                              |                              |
| <b>SUPPLIES</b>                        |                            | <b>% of<br/>Expense</b> |                           |                           |                                       |                                   |                              |                              |
| 42110 GENERAL SUPPLIES                 | 23,000.00                  | 5.74%                   | 1,575.51                  | 1,916.67                  | -17.80%                               | F                                 | 1,686.93                     | 21,313.07                    |
| 42410 MINOR EQUIPMENT/TOOL             | 0.00                       | 0.00%                   | 0.00                      | 0.00                      | NA                                    | U                                 | 0.00                         | 0.00                         |
| <b>TOTAL: SUPPLIES</b>                 | <b><u>\$23,000.00</u></b>  | <b><u>5.74%</u></b>     | <b><u>\$1,575.51</u></b>  | <b><u>1,916.67</u></b>    | <b><u>-17.80%</u></b>                 | <b><u>F</u></b>                   | <b><u>1,686.93</u></b>       | <b><u>\$21,313.07</u></b>    |
| <b>OTHER SERVICES &amp; CHARGES</b>    |                            |                         |                           |                           |                                       |                                   |                              |                              |
| 43010 AUDITING & ACCOUNTING            | 10,000.00                  | 2.50%                   | 0.00                      | 833.33                    | -100.00%                              | F                                 | 0.00                         | 10,000.00                    |
| 43040 ATTORNEY FEES-CIVIL P            | 1,000.00                   | 0.25%                   | 0.00                      | 83.33                     | -100.00%                              | F                                 | 0.00                         | 1,000.00                     |
| 43070 MANAGEMENT SERVICE               | 45,250.00                  | 11.30%                  | 3,594.14                  | 3,770.83                  | -4.69%                                | F                                 | 7,563.45                     | 37,686.55                    |
| 43090 EXPERT & PROF SERVICE            | 15,500.00                  | 3.87%                   | 297.60                    | 1,291.67                  | -76.96%                               | F                                 | 297.60                       | 15,202.40                    |
| 43095 SOFTWARE MAINT & SUP             | 3060.00                    | 0.00%                   | 0.00                      | 255.00                    | NA                                    | NA                                | 0.00                         | 3,060.00                     |
| 43130 TENANT SERVICES                  | 3,000.00                   | 0.75%                   | 0.00                      | 250.00                    | -100.00%                              | F                                 | 0.00                         | 3,000.00                     |
| 43210 TELEPHONE & TELEGRA              | -                          | 0.00%                   | 0.00                      | -                         | #DIV/0!                               | #DIV/0!                           | 0.00                         | 0.00                         |
| 43250 OTHER COMMUNICATION              | 900.00                     | 0.22%                   | 224.70                    | 75.00                     | 199.60%                               | U                                 | 449.40                       | 450.60                       |
| 43430 ADVERTISING - OTHER              | 500.00                     | 0.12%                   | 0.00                      | 41.67                     | -100.00%                              | F                                 | 0.00                         | 500.00                       |
| 43610 INSURANCE & BONDS                | 9,902.00                   | 2.47%                   | 0.00                      | 825.17                    | -100.00%                              | F                                 | 0.00                         | 9,902.00                     |
| 43810 ELECTRIC UTILITIES               | 26,000.00                  | 6.49%                   | 2,512.46                  | 2,166.67                  | 15.96%                                | U                                 | 3,066.63                     | 22,933.37                    |
| 43820 WATER UTILITIES                  | 2,200.00                   | 0.55%                   | 199.56                    | 183.33                    | 8.85%                                 | U                                 | 199.56                       | 2,000.44                     |
| 43830 GAS UTILITIES                    | 10,500.00                  | 2.62%                   | 1,799.82                  | 875.00                    | 105.69%                               | U                                 | 3,740.79                     | 6,759.21                     |
| 43840 REFUSE DISPOSAL                  | 3,100.00                   | 0.77%                   | 475.24                    | 184.70                    | 157.30%                               | U                                 | 475.25                       | 2,624.75                     |
| 43850 SEWER UTILITIES                  | 3,100.00                   | 0.77%                   | 315.53                    | 258.33                    | 22.14%                                | U                                 | 315.53                       | 2,784.47                     |
| 43860 STORM WATER UTILITY              | 750.00                     | 0.19%                   | 78.75                     | 62.50                     | 26.00%                                | U                                 | 78.75                        | 671.25                       |
| 44010 BUILDING MAINTENANCE             | 100,000.00                 | 24.98%                  | 7,535.94                  | 8,333.33                  | -9.57%                                | F                                 | 13,500.46                    | 86,499.54                    |
| 44040 VEHICLE/EQUIPMENT RE             | 0.00                       | 0.00%                   | 0.00                      | 0.00                      | NA                                    | NA                                | 0.00                         | 0.00                         |
| 44050 EXTRAORDINARY MAINTI             | 123,000.00                 | 30.72%                  | 0.00                      | 10,250.00                 | -100.00%                              | F                                 | 0.00                         | 123,000.00                   |
| 44060 LAUNDRY SERVICES                 | 900.00                     | 0.22%                   | 60.08                     | 75.00                     | -19.89%                               | F                                 | 71.06                        | 828.94                       |
| 44160 RENTS AND LEASES                 | 0.00                       | 0.00%                   | 0.00                      | 0.00                      | NA                                    | U                                 | 0.00                         | 0.00                         |
| 44200 DEPRECIATION                     | 0.00                       | 0.00%                   | 0.00                      | 0.00                      | NA                                    | NA                                | 0.00                         | 0.00                         |
| 44320 BAD DEBT EXPENSE                 | 0.00                       | 0.00%                   | 0.00                      | 0.00                      | NA                                    | NA                                | 0.00                         | 0.00                         |
| 44325 BANK FEES & CHARGES              | 300.00                     | 0.07%                   | 7.96                      | 25.00                     | -68.16%                               | F                                 | 21.54                        | 278.46                       |
| 44370 MISC CHARGES                     | 0.00                       | 0.00%                   | 0.00                      | 0.00                      | NA                                    | U                                 | 0.00                         | 0.00                         |
| 44390 TAXES & LICENSES                 | 18,200.00                  | 4.55%                   | 1,130.00                  | 1,516.67                  | -25.49%                               | F                                 | 1,130.00                     | 17,070.00                    |
| 44700 INTEREST                         | 200.00                     | 0.05%                   | 52.91                     | 16.67                     | NA                                    | U                                 | 52.91                        | 147.09                       |
| <b>TOTAL: OTHER SERVICES &amp; CH</b>  | <b><u>377,362.00</u></b>   | <b><u>94.26%</u></b>    | <b><u>\$18,284.69</u></b> | <b><u>\$30,539.87</u></b> | <b><u>-40.13%</u></b>                 | <b><u>F</u></b>                   | <b><u>\$30,962.93</u></b>    | <b><u>\$346,399.07</u></b>   |
| <b>45200 BUILDING &amp; IMPROVEMEN</b> | <b><u>\$0.00</u></b>       | <b><u>0.00%</u></b>     | <b><u>\$0.00</u></b>      | <b><u>\$0.00</u></b>      | <b><u>NA</u></b>                      | <b><u>U</u></b>                   | <b><u>\$0.00</u></b>         | <b><u>\$0.00</u></b>         |
| <b>TOTAL EXPENSES</b>                  | <b><u>\$400,362.00</u></b> | <b><u>100.00%</u></b>   | <b><u>\$19,860.20</u></b> | <b><u>32,456.53</u></b>   | <b><u>-38.81%</u></b>                 | <b><u>F</u></b>                   | <b><u>\$32,649.86</u></b>    | <b><u>\$367,712.14</u></b>   |





**Request for Action**

**TO:** Faribault Housing & Redevelopment Authority  
**FROM:** Deanna Kuennen, Community & Economic Development Director  
**MEETING DATE:** April 11, 2022  
**SUBJECT:** Public Housing - Monthly Operating and Budget Statement

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**BACKGROUND:**

The purpose of this memorandum is to provide the HRA with an update on the activity in the Public Housing program. For the month of FEBRUARY, 2022:

- Occupancy
  - 96-percent
  - Two (2) move-ins on 3/1/2022 - achieving 100-percent occupancy
  
- Turnovers = 0
  
- Vacancy = 2 units (filled on 3/1/2022)
  
- Expenses:
  - Consulting services for the RAD Repositioning project - Recap Consulting, Kim Clausen
  - Environmental Assessment/Part 58 - associated with the RAD Repositioning project - Braun Intertec
  - Raw Construction - plowing/sanding/shoveling
  - Faribault Interiors - carpet for 912 SW 1st Street
  - Virg's Appliances - range for 404 NW 13th Street

The financial report/operating statement for the month of February is attached.

**REQUESTED ACTION:**

Review and approve the operating/monthly budget as attached.

**ATTACHMENTS:**

1. 4B. Attachment FEB Public Housing Budget



**PUBLIC HOUSING  
FOR FEB 22**

|                                            | <u>2022<br/>Budget</u>     | <u>% of<br/>Revenue</u> | <u>FEB<br/>Actual</u>     | <u>Monthly<br/>Budget</u> | <u>Variance of<br/>Monthly Budget</u> | <u>Favorable/<br/>Unfavorable</u> | <u>2022<br/>Year-To-Date</u> | <u>Remaining<br/>Balance</u> |
|--------------------------------------------|----------------------------|-------------------------|---------------------------|---------------------------|---------------------------------------|-----------------------------------|------------------------------|------------------------------|
| <b>REVENUES</b>                            |                            |                         |                           |                           |                                       |                                   |                              |                              |
| 33160 FEDERAL GRANTS                       | 250,000.00                 | 48.35%                  | 0.00                      | 20,833.33                 | -100.00%                              | U                                 | 0.00                         | 250,000.00                   |
| 36200 OTHER MISC REVENUE                   | 6,000.00                   | 1.16%                   | 1,897.46                  | 500.00                    | 279.49%                               | F                                 | 2,708.90                     | 3,291.10                     |
| 36210 INTEREST ON INVESTMENTS              | 1,100.00                   | 0.21%                   | 309.99                    | 91.67                     | 238.17%                               | F                                 | 417.84                       | 682.16                       |
| 36211 INTEREST MARKET VALUE                | 0.00                       | 0.00%                   | (979.97)                  | 0.00                      | NA                                    | F                                 | (2,632.32)                   | 2,632.32                     |
| 36220 RENTS                                | 260,000.00                 | 50.28%                  | 19,947.51                 | 21,666.67                 | -7.93%                                | U                                 | 42,115.51                    | 217,884.49                   |
| 36240 REFUNDS & REIMBURSEMENTS             | 0.00                       | NA                      | 0.00                      | 0.00                      | NA                                    | F                                 | 0.00                         | 0.00                         |
| <b>TOTAL REVENUE ACCOUNTS</b>              | <b><u>\$517,100.00</u></b> | <b><u>100.00%</u></b>   | <b><u>\$21,174.99</u></b> | <b><u>\$43,091.67</u></b> | <b><u>-50.86%</u></b>                 | <b><u>U</u></b>                   | <b><u>\$42,609.93</u></b>    | <b><u>\$474,490.07</u></b>   |
| <b>EXPENSES</b>                            |                            |                         |                           |                           |                                       |                                   |                              |                              |
| <b>SUPPLIES</b>                            |                            | <b>% of<br/>Expense</b> |                           |                           |                                       |                                   |                              |                              |
| 42110 GENERAL SUPPLIES                     | 23,000.00                  | 4.16%                   | 3,306.05                  | 1,916.67                  | 72.49%                                | U                                 | 3,977.83                     | 19,022.17                    |
| 42115 TENANT SERVICES                      | 0.00                       | 0.00%                   | 0.00                      | 0.00                      | NA                                    | U                                 | 0.00                         | 0.00                         |
| <b>TOTAL: SUPPLIES</b>                     | <b><u>\$23,000.00</u></b>  | <b><u>4.16%</u></b>     | <b><u>\$3,306.05</u></b>  | <b><u>1,916.67</u></b>    | <b><u>72.49%</u></b>                  | <b><u>U</u></b>                   | <b><u>\$3,977.83</u></b>     | <b><u>\$19,022.17</u></b>    |
| <b>OTHER SERVICES &amp; CHARGES</b>        |                            |                         |                           |                           |                                       |                                   |                              |                              |
| 43010 AUDITING & ACCT SERVICES             | 1,500.00                   | 0.27%                   | 0.00                      | 125.00                    | -100.00%                              | F                                 | 1,475.00                     | 25.00                        |
| 43040 ATTORNEY FEES-CIVIL PROCESS          | 6,500.00                   | 1.18%                   | 0.00                      | 782.40                    | -100.00%                              | F                                 | 782.40                       | 5,717.60                     |
| 43070 MANAGEMENT SERVICES                  | 80,484.00                  | 14.55%                  | 6,707.00                  | 6,707.00                  | 0.00%                                 | F                                 | 13,414.00                    | 67,070.00                    |
| 43090 EXPERT & PROF SERVICES               | 52,500.00                  | 9.49%                   | 2.14                      | 33.75                     | -93.66%                               | F                                 | 2.14                         | 52,497.86                    |
| 43430 ADVERTISING - OTHER                  | 500.00                     | 0.09%                   | 0.00                      | 41.67                     | -100.00%                              | F                                 | 0.00                         | 500.00                       |
| 43610 INSURANCE & BONDS                    | 34,748.00                  | 6.28%                   | 0.00                      | 2,895.67                  | -100.00%                              | F                                 | 0.00                         | 34,748.00                    |
| 43810 ELECTRIC UTILITIES                   | 1,100.00                   | 0.20%                   | 137.19                    | 91.67                     | 49.66%                                | U                                 | 182.56                       | 917.44                       |
| 43820 WATER UTILITIES                      | 800.00                     | 0.14%                   | 112.83                    | 66.67                     | 69.25%                                | U                                 | 112.83                       | 687.17                       |
| 43830 GAS UTILITIES                        | 500.00                     | 0.09%                   | 189.93                    | 41.67                     | 355.83%                               | U                                 | 219.30                       | 280.70                       |
| 43840 REFUSE DISPOSAL                      | 3,000.00                   | 0.54%                   | 511.72                    | 250.00                    | 104.69%                               | U                                 | 511.72                       | 2,488.28                     |
| 43850 SEWER UTILITIES                      | 500.00                     | 0.09%                   | 6.13                      | 41.67                     | -85.29%                               | F                                 | 6.13                         | 493.87                       |
| 43860 STORM WATER UTILITY                  | 700.00                     | 0.13%                   | 93.39                     | 58.33                     | 60.10%                                | U                                 | 93.39                        | 606.61                       |
| 44010 BUILDING MAINTENANCE                 | 89,500.00                  | 16.18%                  | 9,714.25                  | 7,458.33                  | 30.25%                                | U                                 | 12,217.78                    | 77,282.22                    |
| 44050 EXTRAORDINARY MAINTENANCE            | 240,000.00                 | 0.00%                   | 1,437.00                  | 20,000.00                 | NA                                    | U                                 | 1,437.00                     | 238,563.00                   |
| 44325 BANK FEES & CHARGES                  | 0.00                       | 0.00%                   | 52.19                     | 0.00                      | NA                                    | U                                 | 52.19                        | (52.19)                      |
| 44370 MISC CHARGES                         | 0.00                       | 0.00%                   | 0.00                      | 0.00                      | NA                                    | U                                 | 0.00                         | 0.00                         |
| 44375 UTILITY REIMBURSEMENT                | 7,500.00                   | 1.36%                   | 1,069.00                  | 625.00                    | 71.04%                                | U                                 | 2,138.00                     | 5,362.00                     |
| 44390 TAXES & LICENSES                     | 10,000.00                  | 1.81%                   | 3,170.00                  | 833.33                    | 280.40%                               | U                                 | 3,170.00                     | 6,830.00                     |
| 44700 INTEREST                             | 300.00                     | 0.05%                   | 40.30                     | 25.00                     | 61.20%                                | U                                 | 40.30                        | 259.70                       |
| <b>TOTAL: OTHER SERVICES &amp; CHARGES</b> | <b><u>\$530,132.00</u></b> | <b><u>95.84%</u></b>    | <b><u>\$23,243.07</u></b> | <b><u>\$40,077.15</u></b> | <b><u>-42.00%</u></b>                 | <b><u>F</u></b>                   | <b><u>\$35,854.74</u></b>    | <b><u>\$494,277.26</u></b>   |
| <b>TOTAL EXPENSES</b>                      | <b><u>\$553,132.00</u></b> | <b><u>100.00%</u></b>   | <b><u>\$26,549.12</u></b> | <b><u>41,993.82</u></b>   | <b><u>-36.78%</u></b>                 | <b><u>F</u></b>                   | <b><u>\$39,832.57</u></b>    | <b><u>\$513,299.43</u></b>   |



**Request for Action**

**TO:** Faribault Housing & Redevelopment Authority  
**FROM:** Deanna Kuennen, Community & Economic Development Director  
**MEETING DATE:** April 11, 2022  
**SUBJECT:** Scattered Sites - Monthly Operating and Budget Statement

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**BACKGROUND:**

The purpose of this memorandum is to provide the HRA with an update on activity associated with the Scattered Site housing. For the month of FEBRUARY 2022:

- Occupancy: 100-percent
- Turnovers: 0
- Vacant Units: 0
- Expenses - plowing/sanding/shoveling

The financial report/operating statement for the month of February is attached.

**REQUESTED ACTION:**

Review and approve the operating statement/monthly budget as attached.

**ATTACHMENTS:**

1. 4C - Attachment - FEB Scattered Sites Budget



**CITY SCATTERED SITES  
FOR FEB 2022**

|                                              | <u>2022<br/>Budget</u>    | <u>% of<br/>Revenue</u> | <u>FEB<br/>Actual</u>  | <u>Monthly<br/>Budget</u> | <u>Variance of<br/>Monthly Budget</u> | <u>Favorable/<br/>Unfavorable</u> | <u>2022<br/>Year-To-Date</u> | <u>Remaining<br/>Balance</u> |
|----------------------------------------------|---------------------------|-------------------------|------------------------|---------------------------|---------------------------------------|-----------------------------------|------------------------------|------------------------------|
| <b>REVENUES</b>                              |                           |                         |                        |                           |                                       |                                   |                              |                              |
| 36211 MARKET VALUE ADJUSTMENT                | 0.00                      | 0.00%                   | 0.00                   | 0.00                      | NA                                    | F                                 | 0.00                         | 0.00                         |
| 36200 OTHER MISC REVENUE                     | 0.00                      | 0.00%                   | 0.00                   | 0.00                      | NA                                    | F                                 | 0.00                         | 0.00                         |
| 36210 INTEREST ON INVESTMENTS                | 1,200.00                  | 8.51%                   | 156.69                 | 100.00                    | NA                                    | F                                 | 206.10                       | 993.90                       |
| 36211 INTEREST MARKET VALUE                  | 0.00                      | 0.00%                   | (501.54)               | 0.00                      | NA                                    | F                                 | (1,289.61)                   | 1,289.61                     |
| 36220 RENTS                                  | 12,900.00                 | 91.49%                  | 1,075.00               | 1,075.00                  | 0.00%                                 | U                                 | 2,150.00                     | 10,750.00                    |
| 36240 REFUNDS & REIMBURSEMENTS               | 0.00                      | 0.00%                   | 0.00                   | 0.00                      | NA                                    | F                                 | 0.00                         | 0.00                         |
| <b>TOTAL REVENUE ACCOUNTS</b>                | <b><u>\$14,100.00</u></b> | <b><u>91.49%</u></b>    | <b><u>\$730.15</u></b> | <b><u>\$1,075.00</u></b>  | <b><u>-32.08%</u></b>                 | <b><u>U</u></b>                   | <b><u>\$1,066.49</u></b>     | <b><u>\$13,033.51</u></b>    |
| <b>EXPENSES</b>                              |                           |                         |                        |                           |                                       |                                   |                              |                              |
| <b>SUPPLIES</b>                              |                           | <b>% of<br/>Expense</b> |                        |                           |                                       |                                   |                              |                              |
| 42110 GENERAL SUPPLIES                       | 500.00                    | 5.98%                   | 0.00                   | 41.67                     | -100.00%                              | F                                 | 0.00                         | 500.00                       |
| <b>TOTAL: SUPPLIES</b>                       | <b><u>\$500.00</u></b>    | <b><u>5.98%</u></b>     | <b><u>\$0.00</u></b>   | <b><u>41.67</u></b>       | <b><u>-100.00%</u></b>                | <b><u>F</u></b>                   | <b><u>\$0.00</u></b>         | <b><u>\$500.00</u></b>       |
| <b>OTHER SERVICES &amp; CHARGES</b>          |                           |                         |                        |                           |                                       |                                   |                              |                              |
| 43040 LEGAL FEES - CIVIL PROCESS             | 0.00                      | 0.00%                   | 0.00                   | 0.00                      | #DIV/0!                               | #DIV/0!                           | 0.00                         | 750.00                       |
| 43070 MANAGEMENT SERVICES                    | 1,140.00                  | 13.62%                  | 95.00                  | 95.00                     | 0.00%                                 | F                                 | 190.00                       | 950.00                       |
| 43090 EXPERT & PROFESSIONAL SVCS             | 0.00                      | 0.00%                   | 0.00                   | 0.00                      | 0.00%                                 | F                                 | 0.00                         | 0.00                         |
| 43430 ADVERTISING - OTHER                    | 0.00                      | 0.00%                   | 0.00                   | 0.00                      | NA                                    | F                                 | 0.00                         | 0.00                         |
| 43610 INSURANCE & BONDS                      | 527.00                    | 6.30%                   | 0.00                   | 43.92                     | -100.00%                              | F                                 | 0.00                         | 527.00                       |
| 43810 ELECTRIC UTILITIES                     | 200.00                    | 2.39%                   | 0.00                   | 16.67                     | -100.00%                              | F                                 | 0.00                         | 200.00                       |
| 43820 WATER UTILITIES                        | 300.00                    | 3.59%                   | 0.00                   | 25.00                     | -100.00%                              | F                                 | 0.00                         | 300.00                       |
| 43830 GAS UTILITIES                          | 100.00                    | 1.20%                   | 0.00                   | 8.33                      | -100.00%                              | F                                 | 0.00                         | 100.00                       |
| 43840 REFUSE DISPOSAL                        | 200.00                    | 2.39%                   | 0.00                   | 16.67                     | -100.00%                              | F                                 | 0.00                         | 200.00                       |
| 43850 SEWER UTILITIES                        | 450.00                    | 5.38%                   | 0.00                   | 37.50                     | -100.00%                              | F                                 | 0.00                         | 450.00                       |
| 43860 STORM WATER UTILITY                    | 100.00                    | 1.20%                   | 0.00                   | 8.33                      | -100.00%                              | F                                 | 0.00                         | 100.00                       |
| 44010 BUILDING MAINTENANCE                   | 3,000.00                  | 35.86%                  | 60.00                  | 250.00                    | -76.00%                               | F                                 | 90.00                        | 2,910.00                     |
| 44160 RENTS & LEASES                         | 0.00                      | 0.00%                   | 0.00                   | 0.00                      | NA                                    | U                                 | 0.00                         | 0.00                         |
| 44320 BAD DEBT                               | 0.00                      | 0.00%                   | 0.00                   | 0.00                      | NA                                    | U                                 | 0.00                         | 0.00                         |
| 44390 TAXES & LICENSES                       | 1,800.00                  | 21.51%                  | 0.00                   | 0.00                      | NA                                    | U                                 | 110.00                       | 1,690.00                     |
| 44700 INTEREST                               | 50.00                     | 0.60%                   | 0.00                   | 4.17                      | -100.00%                              | F                                 | 5.80                         | 44.20                        |
| <b>TOTAL: OTHER SERVICES &amp; CHARGES</b>   | <b><u>\$7,867.00</u></b>  | <b><u>94.02%</u></b>    | <b><u>\$155.00</u></b> | <b><u>\$505.58</u></b>    | <b><u>-69.34%</u></b>                 | <b><u>F</u></b>                   | <b><u>\$395.80</u></b>       | <b><u>\$7,471.20</u></b>     |
| <br><b>45200 BUILDING &amp; IMPROVEMENTS</b> | <br><b>\$0.00</b>         | <br><b>0.00%</b>        | <br><b>\$0.00</b>      | <br><b>\$0.00</b>         | <br><b>NA</b>                         | <br><b>U</b>                      | <br><b>\$0.00</b>            | <br><b>\$0.00</b>            |
| <b>TOTAL EXPENSES</b>                        | <b><u>\$8,367.00</u></b>  | <b><u>100.00%</u></b>   | <b><u>\$155.00</u></b> | <b><u>547.25</u></b>      | <b><u>-71.68%</u></b>                 | <b><u>F</u></b>                   | <b><u>\$395.80</u></b>       | <b><u>\$7,971.20</u></b>     |



**Request for Action**

**TO:** Faribault Housing & Redevelopment Authority  
**FROM:** Deanna Kuennen, Community & Economic Development Director  
**MEETING DATE:** April 11, 2022  
**SUBJECT:** Approve Loan Agreement - 24 3rd Street NW

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**BACKGROUND:**

At the September 14, 2020 meeting, the HRA heard a request for funding support associated with the building located at 24 3rd Street NW, owned by the Masonic Lodge No. 9 (Owners). The Owners were renovating the lower level of the space into retail/ office and the Masonic Lodge meeting area, and the upper floor into a studio apartment. Unexpected costs for the HVAC equipment caused the project to go over budget. (See attached September 14, 2020 Staff Report for additional background information). After much discussion, the HRA agreed to provide funding in the form of a forgivable loan in the amount of \$2500. The funding would come from the HRA's General Fund, in the form of a forgivable loan, as no established program existed at the time to cover the request and approved funding.

The Owners have submitted receipts and are requesting disbursement of the forgivable loan. Prior to payment, the HRA is asked to review and execute the associated Repayment Agreement and Promissory Note associated with this loan.

**REQUESTED ACTION:**

Approve and execute the Repayment Agreement and Promissory Note associated with a \$2500 forgivable loan for improvements at 24 3rd Street NW, and authorize Staff to take all actions associated with this action.

**ATTACHMENTS:**

1. 24 3rd St NW request for loan disbursement - 2-15-22
2. Masonic - 24 3rd Street NW Loan Agreement (003)
3. Prom Note - Masonic Lodge - 24 3rd Street



4. 5A. Masonic Lodge Funding Request Memo

From: Jonathan Wood <1984jon@gmail.com>  
Sent: Tuesday, February 15, 2022 12:50 PM  
To: Deanna Kuennen  
Subject: 24 3rd St NW Follow - Up  
Attachments: Jonathan Wood 914 HRA Letter.pdf; 24 3rd St NW .pdf

To: Director Kuennen  
From: Jonathan Wood  
Re: 24 3rd  
Date: 2/15/22

Hello Deanna,

I hope you are well. I am writing to you regarding an HRA meeting from 9/14/20 that discussed the 'new' Masonic Lodge. Prior to that meeting I had submitted the attached documents to Kim in hopes of receiving some financial assistance from the HRA. The Lodge Secretary was able to attend that meeting and if memory serves me correctly the HRA generously agreed to contribute \$2,500 to the project. Thankfully we are nearing the end of a long renovation and hope to close out permits and welcome new renters this spring. However, after updating financials with our secretary and treasurer it has become apparent that those HRA funds will be instrumental in closing out this project. What would be the next steps required to receive those funds? As the current Worshipful Master our bylaws require my participation in all monies (accounts receivable/payable) held by the Lodge account and the Masonic Building Hall Association, otherwise I would assign this task to the Lodge Secretary. Please advise and thank you for all your hard work and time regarding this project!

Jonathan Wood  
612-597-9159



**FARIBAULT HOUSING AND REDEVELOPMENT AUTHORITY  
REPAYMENT AGREEMENT**

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**THIS REPAYMENT AGREEMENT** ("Agreement") is made and entered into this \_\_\_\_ day of \_\_\_\_\_, 2022, by and between Faribault Masonic Lodge No. 9, Minnesota non-profit (the "Owners"), and the Housing and Redevelopment Authority of the City of Faribault having its principal office at 208 NW First Avenue, Faribault, Minnesota 55021 (the "HRA").

**WHEREAS**, on or about September 14, 2020, the Owners submitted to the HRA a request for funding for unexpected HVAC improvements;

**WHEREAS**, the HRA discussed the request and voted on September 14, 2020; the HRA agreed to provide the Owners certain funds ("Forgivable Loan") made available through the HRA General fund; and

**WHEREAS**, the Forgivable Loan is for the purpose of updating a failed boiler system, as described in the Request, to the Owners' real estate, legally described below (the "Property"); and

**WHEREAS**, the issuance of the Forgivable Loan, which totals **Two Thousand Five Hundred Dollars and 00/100 (\$2,500.00)** is conditioned on the Owners' execution of this Agreement.

**NOW THEREFORE**, in consideration of said Forgivable Loan, the parties do hereby agree as follows.

1. The Owners covenant and agree with the HRA that if the Property is sold, transferred or otherwise conveyed, voluntarily or involuntarily, either while the Owners are living or by reason of the death of the Owners, within a period of three (3) years after the date of this Agreement, the Owners or their heirs, executors, or representatives, as the case may be, shall repay to the HRA a sum equal to the full amount of the Grant Funds as set forth in the recitals above.

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

2. As security for the Owners' obligation of repayment, and subject to the terms and conditions of this Agreement, the Owners hereby grant and HRA shall and hereby does have, a lien on the Property in the full amount necessary to satisfy said repayment obligation and the cost, including reasonable attorneys' fees, for collecting the same. The Property subject to said lien is situated in Rice County, Minnesota, and is legally described as follows:

*THE EAST 23 FEET OF THE WEST 93 FEET OF LOTS 9 AND 10 IN BLOCK 45 IN THE ORIGINAL TOWN (NOW CITY) OF FARIBAULT, RICE COUNTY, MINNESOTA, SUBJECT TO AND TOGETHER WITH THE CONDITIONS OF A PARTY WALL AGREEMENT AS SET FORTH IN BOOK C OF MISCELLANEOUS RECORDS ON PAGE 630 OF RECORD IN THE OFFICE OF THE REGISTER OF DEEDS OFFICE IN AND FOR RICE COUNTY, MINNESOTA, AND ALSO, SUBJECT TO A PUBLIC ALLEYWAY OVER AND ACROSS THE*

*NORTH 8 FEET THEREOF; AND ALSO reserving unto the Grantor an Easement over the West 2.5 Feet of the North 36 Feet of the Subject Property to allow Grantor, its successor and/or assigns, the use or continued use of the easement area as an outdoor patio; AND ALSO together with and subject to a Restrictive Covenant running in favor of Grantor, its successor, and/or assigns, prohibiting Grantee, its successor and/or assigns, from using or allowing the use of the Grantee's property for the sale or purchase by or to the general public of food or beverages for human consumption, and/or the sale of alcoholic beverages by the general public.*

3. Prior to the date of any sale, transfer or other conveyance of the Property (including in the event of a sale by contract for deed), at least ten (10) days' notice thereof shall be provided by the Owners or their heirs, executors, or representatives, as the case may be, to the HRA.
4. In the event the Owners or their heirs, executors or representatives, as the case may be, shall fail or refuse to make the repayment required by paragraphs 1 or 2 above, the HRA may, with or without notice to the Owners or their heirs, executors or representatives, as the case may be, foreclose said lien in the same manner as an action for the foreclosure of mortgages upon the Property, as by statute provided.
5. Said lien shall terminate and shall be of no further force or effect in the event the HRA has not, on or before April 11, 2025, commenced an action in the aforesaid manner to foreclose the same.
6. This Agreement shall run with the Property and shall inure to the benefit of and be binding upon the parties hereto and their respective heirs, executors, representatives, successors, and assigns.
7. If this Agreement is executed by a contract for deed vendor or a mortgagee of the property, as one of the Owners, such execution shall be deemed for the purpose of establishing and continuing the existence of the indebtedness described herein and the lien granted herein. However, in the event of default of the terms hereof, neither the HRA nor its assigns shall take any action against such contract for deed vendor except as may be necessary to subject to the satisfaction of said indebtedness the Property described herein.



**IN TESTIMONY WHEREOF**, the parties have executed this Agreement as of the day and year first written above.

**OWNERS**

**HRA**

\_\_\_\_\_  
Jonathon Wood, Worshipful Master

\_\_\_\_\_  
Matthew Speckhals, Chair

\_\_\_\_\_  
Brendan Kennedy, Vice Chair/Secretary

STATE OF MINNESOTA)  
                                          )ss  
COUNTY OF RICE         )

On this \_\_\_\_ day of \_\_\_\_\_, 2022, before me, a Notary Public within and for said County, Matt Speckhals and Brendan Kennedy, Chair and Vice Chair/Secretary of the Faribault Housing and Redevelopment Authority, respectively, personally appeared to me known to be the person(s) described herein and who executed the foregoing instrument and acknowledging that they executed the same as their own free act and deed, on behalf of the Economic Development Authority.

\_\_\_\_\_  
Notary Public

STATE OF MINNESOTA)  
                                          )ss  
COUNTY OF RICE         )

On this \_\_\_\_ day of \_\_\_\_\_, 2022, before me, a Notary Public within and for said County, Jonathon Wood, Worshipful Master for Faribault Masonic Lodge No 9, a Minnesota non-profit, personally appeared to me known to be the person(s) described herein and who executed the foregoing instrument and acknowledging that they executed the same as their own free act and deed.

\_\_\_\_\_  
Notary Public

This document was drafted by:  
City of Faribault  
Community & Economic Development  
208 1<sup>st</sup> Avenue NW  
Faribault, MN 55021  
507.334.0100

## PROMISSORY NOTE

\$2,500.00

Date: April 11, 2022

Faribault Masonic Lodge No. 9, a Minnesota non-profit ("Maker"), for value received, hereby promises to pay to the Housing and Redevelopment Authority in and for the City of Faribault, a public body corporate and politic under the laws of Minnesota, or its assigns (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 **Two Thousand Five Hundred and No/100 Dollars (\$2,500.00)** or so much thereof as may be advanced under this Note, subject to the interest rates identified herein, 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 the total or partial sale, transfer or conveyance, whether voluntarily or involuntarily, of the Property (as described in Exhibit A hereto), if such sale, transfer, or conveyance occurs within three (3) years after the effective date of the Repayment Agreement, dated April 11, 2022, between the Makers and the Holder (the "Agreement"). If this event contemplated under this paragraph occur within three (3) years of the date of the Agreement, no payments shall be payable on this Note and the principal balance shall be forgiven.

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 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 and interest accrued thereon, if any, 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 Makers of this Note agree that the Holder of this Note may, without notice to and without affecting the liability of the Makers, 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, Makers 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 Makers 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 Makers, have caused this Note to be duly executed as of the \_\_\_\_\_ day of \_\_\_\_\_, 2022.

## **MAKERS**

---

Jonathon Wood, Worshipful Master

## **EXHIBIT A**

### **LEGAL DESCRIPTION**

THE EAST 23 FEET OF THE WEST 93 FEET OF LOTS 9 AND 10 IN BLOCK 45 IN THE ORIGINAL TOWN (NOW CITY) OF FARIBAULT, RICE COUNTY, MINNESOTA, SUBJECT TO AND TOGETHER WITH THE CONDITIONS OF A PARTY WALL AGREEMENT AS SET FORTH IN BOOK C OF MISCELLANEOUS RECORDS ON PAGE 630 OF RECORD IN THE OFFICE OF THE REGISTER OF DEEDS OFFICE IN AND FOR RICE COUNTY, MINNESOTA, AND ALSO, SUBJECT TO A PUBLIC ALLEYWAY OVER AND ACROSS THE NORTH 8 FEET THEREOF; AND ALSO reserving unto the Grantor an Easement over the West 2.5 Feet of the North 36 Feet of the Subject Property to allow Grantor, its successor and/or assigns, the use or continued use of the easement area as an outdoor patio; AND ALSO together with and subject to a Restrictive Covenant running in favor of Grantor, its successor, and/or assigns, prohibiting Grantee, its successor and/or assigns, from using or allowing the use of the Grantee's property for the sale or purchase by or to the general public of food or beverages for human consumption, and/or the sale of alcoholic beverages by the general public.



## **MEMORANDUM**

**TO:** Faribault Housing and Redevelopment Authority

**FROM:** Kim Clausen, Community Development Coordinator

**MEETING DATE:** September 14, 2020

**SUBJECT:** Masonic Lodge Funding Request

---

### **PURPOSE:**

The purpose of this memorandum is to consider a funding request from the Faribault Masonic Lodge.

### **DISCUSSION:**

After vacating their previous space at 230 Central Avenue, the Faribault Masonic Lodge ("the Lodge"), purchased the building at 24 3<sup>rd</sup> Street NW for use as their new meeting space. Renovations to the building include the creation of a retail/office space on the first floor, in addition to the Lodge meeting area. On the 2<sup>nd</sup> floor they are creating a studio apartment and an office and storage space for the Lodge. Unexpected costs for HVAC equipment have caused the project to go over budget. The Faribault Masonic Lodge has submitted a request for \$14,980 in funding to assist with these costs.

The HRA does not have an established program that would cover this request, so any funds would come from the HRA's General Fund. The Cash Balance is approximately \$761,693. This does not reflect \$105,734 for Todd Nelson's apartments at 230 Central Avenue that will be paid out before the end of the year, in addition to any other costs for routine program management, the indirect cost allocation, etc.

### **REQUESTED ACTION:**

Determine what, if any, funding to provide the Masonic Lodge for repairs to their building at 24 3<sup>rd</sup> Street NW.

**ATTACHMENT:** Funding Request Letter

To: Kim Clausen Faribault HRA  
From: Jon Wood Masonic Building Hall Association Manager  
Re: Special Request For Funding, 24 3rd St NW  
Date: September 2nd, 2020

Dear Mrs. Clausen,

I am writing to you regarding a special funding request on behalf of the Faribault Masonic Lodge.

Faribault has had a Masonic Lodge for over 157 years. At its core the Masonic Lodge is a volunteer organization focused on the betterment of our community. In recent years the Masonic Lodge has sponsored financially disadvantaged youth. Through fundraising campaigns the Masons have paid for after school activities at the Washington Center for these students as well as helped with back to school needs. The Masons also have a long history of assisting the Faribault BMX Track both financially and in a volunteer capacity during special events and times of need. In 2011 the Masons adopted a section of highway by the Airport that gets cleaned by its members twice a year.

The Faribault Masonic Lodge recently downsized buildings. Having sold 230 Central Ave, the Masons were able to find a new home at 24 3rd St NW. This new location was previously used as an overflow storage area for Grandpa Al's and was in need of much repair. After meeting with an architect the Masons were able to come up with a hugely beneficial design for this building. This new design not only saves a unique building in our downtown but it also addresses some of the needs our community is currently facing. The main floor shall be divided in half. The South half will be a commercial rental, equipped with new walls, ceilings and a restroom. This space could be rented out to a variety of different businesses. The North half will be the Masonic gathering hall. This space will also have new walls, ceilings, flooring, restroom and utilize an existing ramp on the NE corner. The ramp will allow many of the older members to easily attend meetings again.

The second floor will also be divided in half. The South half will be the Masons office and a small storage area. The North half will be a large studio apartment, about 1,000 sq ft. This apartment will have all new flooring, walls, ceilings, kitchen, and bathroom. As an improvement to the layout, the plan is to add a laundry room as well as more storage.

During the Masons time at 230 Central Ave, keeping rent low and affordable was always the standard. Maintaining a good relationship with renters is a reflection of our values and another opportunity to better our community. In keeping with tradition, the Masons will pay all utilities for both the residential and commercial rentals and charge an affordable rent.

The purchase agreement for 24 3rd was contingent on inspection. During the inspection period bids were solicited from mechanical contractors, carpenters, drywall contractors, flooring contractors as well as many material vendors. The previous ownership had elected to turn off the building's water and power prior to the downtown fire code inspection for fears of violations and fines. Therefore, the inspections were done to the best of sub contractors abilities relying on flashlights and expertise in evaluating the building. Of the (3) HVAC contractors to evaluate the steam boiler and radiators, all (3) believed the system was salvageable. The original budget and current budget does not have funds to support upgrading the HVAC. Most of the demo was done for free by the members, all of the framing has been done for free by the members and all the painting will be done for free by the members. In order to save the building and not



go insolvent the members knew there would be many hours of volunteer work to be done. Once the Masons closed on the building and were able to get power and water turned back on, the steam boiler became an issue. After reviewing bids and various alternatives, (ie switching to a forced air system) the only reasonably prudent option was to convert the steam boiler to a much more efficient hot water system and remove all the old radiators and install new efficient radiators. In the original estimate the Masons had allocated a line item in the dollar amount of \$500 for misc. radiator repair. The most qualified and lowest bidder came back at \$14,980.00

In order to save the building and be able to complete the project with the limited funds at hand, the Masons are humbly asking for \$14,480 from the HRA.

Attached you will find a copy of the bid for the HVAC repair as well as the architectural blueprints. Thank you very much for all you time and consideration.

Sincerely,

A handwritten signature in black ink, appearing to be 'Jonathan Wood', written over a horizontal line.

Jonathan Wood  
Masonic Building Hall Association Manager

FARIBO PLUMBING & HEATING, INC.  
2345 NW 8<sup>th</sup> Avenue  
Faribault, MN 55021  
Phone: 507-334-6409 Fax: 507-209-1971

Masonic Lodge  
24 NW 3rd Street  
P. O. Box 701  
Faribault, MN 55021

P R O P O S A L

Page: 1

|                                         |            |
|-----------------------------------------|------------|
| JOB NUMBER                              | JOB DATE   |
| 64136901                                | 08/21/2020 |
| JOB DESCRIPTION                         |            |
| Hot Water Heating                       |            |
| JOB LOCATION                            |            |
| 24 3rd Street NW<br>Faribault, MN 55021 |            |
| CONTACT                                 | JOB PHONE  |
|                                         |            |

This Bid is for Hot Water Heating.

We plan on revising existing Boiler, switching from Steam to Hot Water.

This Bid includes new Baseboard, New Zone V alves (4 Zones Total), T-Stats, Relay, Pump, Expansion Tank, Spiro Vent, All Piping to new Baseboard.

Removal of old Piping and Radiators on Main Floor and 2nd Floor and Boiler Piping as needed.

Basement Piping to remain as is.

Complete for the sum of:

14980.00

Note: No wiring in this Bid.  
(We have Compone Nets - Stats, Relay, Etc.)

~~We Propose hereby to furnish material and labor - complete in accordance with these specifications for the sum of~~

\$ 14980.00

Fourteen Thousand Nine Hundred Eighty Dollars And 00 Cents  
Payable as follows:

Monthly draws with payment due upon  
completion of work.

All material is guaranteed to be as specified. All work to be completed in a workmanlike manner according to standard practices. Any alteration or deviation from above specifications involving extra costs will be executed only upon written orders, and will become an extra charge over and above the estimate. All agreements contingent upon strikes, accidents or delays beyond our control. Owner to carry fire, tornado, and other necessary insurance. Our workers are fully covered by Workman's Compensation Insurance.

Authorized  
Signature: 

Note: This Proposal may be withdrawn  
by us if not accepted within ( 30 ) Days

Any person or company supplying labor or materials for this improvement to your property may file a lien against your property if that person or company is not paid for the contributions.

ACCEPTANCE OF PROPOSAL - The prices, specifications and conditions are satisfactory and are hereby accepted. You are authorized to do the work as specified. Payment will be made as outlined above.

Signature \_\_\_\_\_ Date \_\_\_\_\_ Signature \_\_\_\_\_ Date \_\_\_\_\_



Architectural floor plan of the 2nd floor. The plan shows a central corridor (1) with a staircase (2) and a rest room (3). To the left is a large meeting room (4) with a rest room (5) and a lobby (6). To the right is a large room (7) with a rest room (8) and a landing (9). The plan includes dimensions for various rooms and corridors, and a north arrow pointing towards the top right.

1 CORRIDOR  
2 STAIRS  
3 REST ROOM  
4 MEETING ROOM  
5 REST ROOM  
6 LOBBY  
7 ROOM  
8 REST ROOM  
9 LANDING

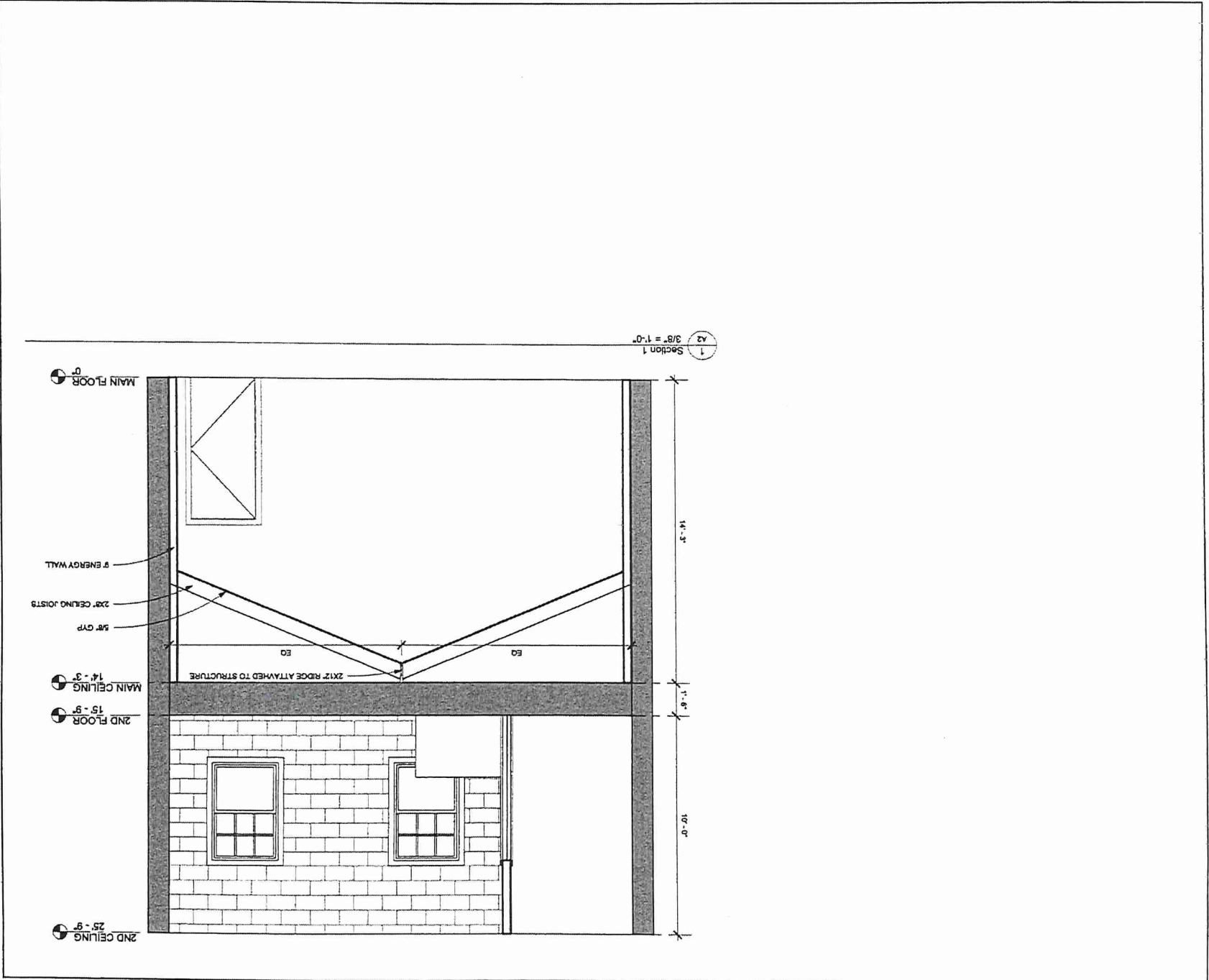
Dimensions: 40'-0" (total width), 34'-0" (corridor width), 34'-0" (meeting room width), 34'-0" (rest room width), 34'-0" (room width), 34'-0" (rest room width), 34'-0" (landing width).

1/8" = 1'-0"

DATE: 2020-02-12

REVISIONS:

|                    |
|--------------------|
| ISSUED 2020-03-04  |
| REVISED 2020-03-19 |
| REVISED 2020-08-13 |



SECTIONS

A2

SHEET NO:

JOB NO: 24

24 3rd St. NW

DATE: I HEREBY CERTIFY THAT THIS PLAN SPECIFICATION OR REVISIONS PREPARED BY ME OR UNDER MY DIRECT SUPERVISION AND THAT I AM A LICENSED ARCHITECT UNDER THE LAWS OF THE STATE OF MINNESOTA.

REGISTRATION NO. 11789

**BRUCE**  
**KNUTSON**

8101 14TH AVE, SUITE 100  
BLOOMINGTON, MINNESOTA 55412  
PHONE 612-335-8801 FAX 612-332-7204  
WWW.BRUCEKNUTSON.COM

REVISIONS:  
DATE: 2020-02-12  
ISSUED 2020-03-04  
REVISED 2020-03-19  
REVISED 2020-06-13



**Request for Action**

**TO:** Faribault Housing & Redevelopment Authority  
**FROM:** Deanna Kuennen, Community & Economic Development Director  
**MEETING DATE:** April 11, 2022  
**SUBJECT:** Preliminary Development Agreement with the Downtown Investment Group (DIG Holdings, LLC)

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**BACKGROUND:**

At the March 14, 2022 HRA meeting, Nort Johnson, Chris Kennelley, and Matt Drevlow representing the Downtown Investment Group (DIG Holdings, LLC.) presented their plans for the purchase and redevelopment of 13 properties in downtown. The properties represent 60,000 square feet of commercial/retail space, and 29 apartments (of which only 5 are occupied). The total project cost to acquire and complete the renovations is estimated at \$10.5 million. While DIG Holdings, LLC has a binding Purchase Agreement with the sellers, they are still seeking financing to complete the project - specifically \$1 million of grant funds from the HRA and EDA. DIG Holdings, LLC has applied for grant funds through the DEED Main Street Revitalization program (award yet to be determined), and they will be seeking Historic Tax Credits as part of the project proforma.

The HRA discussed the positive impacts that this proposed project can have in terms of preserving and redeveloping the downtown. They then reviewed available funds in the HRA General Fund. Ultimately, the HRA determined that they were willing to commit to providing a total \$500,000 from the General Fund, over two (2) years, and directed Staff to work with legal counsel to determine how best this action can be completed under the statutes regulating the HRA. The other conditions that the HRA requested was that HRA funding not be used for properties that have occupied apartments.

Staff has been working with legal counsel to evaluate the appropriate legal mechanism to accomplish the HRA's desired action. The HRA must adhere to a prescribed procedural process when providing public funding to ensure that evaluation of requests is universally fair and unbiased.



Furthermore, actions of the HRA are subject to scrutiny of the auditor. At this juncture, legal counsel felt it was premature to enter into a Memorandum of Understanding regarding the forgivable loan. Instead, it is recommended that the HRA enter into a Preliminary Development Agreement with DIG Holdings, LLC, which basically outlines that the HRA will endeavor to provide funding in the amount of \$500,000, and will work in good faith to review a specific funding request associated with a specific proposal at the appropriate time. In order for the HRA to actually provide the funding, there will need to be a specific project (for example: specific work identified on specific properties), the HRA will need to develop a specific program/ program guidelines and transfer HRA general fund dollars into the program, and execute necessary loan documents.

**REQUESTED ACTION:**

Review, approve, and execute the Preliminary Development Agreement between the HRA and DIG Holdings, LLC identifying the desire of the HRA to support the DIG Holdings, LLC project of acquiring and rehabilitating 13 properties in the downtown by providing up to \$500,000 in the form of a forgivable loan.

**ATTACHMENTS:**

1. HRA\_DIG\_Preliminary\_Development\_Agreement

## PRELIMINARY AGREEMENT

THIS AGREEMENT (the “Agreement”), made and entered into as of this \_\_\_\_ day of April, 2022, (the “Effective Date”) by and between the Housing and Redevelopment Authority of Faribault, a Minnesota public body corporate and politic under the laws of Minnesota (the “City”) and DIG Holdings LLC, a Minnesota limited liability company (the “Developer”) or its assigns:

WITNESSETH:

WHEREAS, Developer has entered into a purchase agreement for the acquisition of certain real property, which is located in Rice County, Minnesota, legally described on Exhibit A attached hereto and hereby made a part hereof (the “Development Property”); and

WHEREAS, the City desires to promote development of property, businesses and housing in the City of Faribault; and

WHEREAS, Developer, or a special purpose entity to be formed by the Developer for the purpose of completing this project, has submitted or is in the process of submitting an updated proposal for development of the 13 parcels in the Development Property (the “Development”); and

WHEREAS, the Developer has indicated that it will seek business subsidy assistance or financial incentives from the City to make the Development feasible; and

WHEREAS, the City and Developer are interested in discussing and further planning, as well as potential financial assistance, for the Developer’s proposal for the Development; and

WHEREAS, the City will need to determine if various studies, as may be determined to be reasonably necessary, should be conducted, including without limitation an environmental impact or related study, an infrastructure feasibility study, an economic impact study, and any other studies which are either required by law or deemed appropriate by the City; and

WHEREAS, the City will continue to discuss and negotiate with the Developer regarding the overall development of the Development Property; and

WHEREAS, the City is willing to discuss with the Developer public subsidies which may be available for the Development in an amount up to \$500,000.00, likely in the form of a forgivable loan, however, nothing herein shall be interpreted as an approval or guarantee of any future public financial assistance; and

WHEREAS, various ordinance, land use, zoning, and subdivision issues and actions related to the Development and the Development Property are required to be approved by the City in order to facilitate the Development by the Developer; and

WHEREAS, the City agrees to cooperate with the Developer to review and to assist the Developer, where deemed appropriate by the City, with obtaining various ordinance, land use, zoning, and subdivision approvals and actions related to the Development and the Development Property in order to facilitate the

Development by the Developer, provided that nothing herein shall be interpreted as an approval or guarantee of any future land use, zoning, or other required City approvals; and

WHEREAS, the City is willing to consider and the Developer is desirous to undertake the Development if (i) a satisfactory agreement can be reached regarding the City's commitment for public costs, if any, necessary for the Development; (ii) satisfactory mortgage and equity financing, or adequate cash resources for the Development can be secured by Developer; and (iii) the feasibility and soundness of the Development and other necessary preconditions have been determined to the satisfaction of the parties.

NOW, THEREFORE, in consideration of the foregoing and of the mutual covenants and obligations set forth herein, the parties agree as follows:

1. Future Negotiations.

The parties agree to continue negotiations pursuant to the terms of this Agreement in an attempt to formulate a definitive plan for the Development based on the following:

- (a) Developer's proposal, which shows the scope of the proposed Development in its latest form as of the date of this Agreement, together with any changes or modifications required by the City;
- (b) Mutually-satisfactory agreements or contracts to be negotiated and agreed upon in accordance with negotiations contemplated by this Agreement;
- (c) Mutually satisfactory terms for the Development that may be required for the Development (e.g. access and utility easements, allocation of infrastructure costs, etc.); and
- (d) Other terms and conditions of this Agreement.

2. Statement of Intent.

Although not conclusive or binding on either party, it is the intention of the parties that this Agreement: (a) documents the present understanding and commitments of the parties; and (b) will lead to the negotiation and execution of mutually-satisfactory agreements prior to the termination date of this Agreement.

3. Term; Duties.

- (a) During the term of this Agreement, the City agrees to:
  - (i) Proceed to seek all necessary information with regard to the anticipated public costs, if any, associated with the Development; and
  - (ii) Should negotiations be successful, enter into an agreement or agreements satisfactory to the City in its sole discretion, with the Developer for the Development.
- (b) During the term of this Agreement, the Developer agrees to:



- (i) Develop and submit its detailed proposal, including the plans and specifications, for purchase and development of the Development Property;
- (ii) Conduct a due diligence review of the Development Property, including without limitation, which must be acceptable to the Developer in its sole discretion: title, survey, environmental (Phase I & Phase II reports), soils, and market studies;
- (iii) Acquire the Development Property;
- (iv) Obtain approval by the City (including its Engineer, Planning and Inspection Department, and any other governing authority) of the site plan, exterior elevations and finishes, and zoning and subdivision approvals;
- (v) Obtain any other necessary governmental approval from any governing authority;
- (vi) Obtain financing on terms acceptable to Developer, including but not limited to public subsidies, private loans, tax credits, or equity investment(s); and
- (vii) Should negotiations be successful, enter into an agreement or agreements with the City for the Development.

4. Business Subsidies.

(a) The City understands that the Developer is seeking business subsidy assistance from the City in an amount up to \$500,000.00, likely in the form of a forgivable loan. During the term of this Agreement, Developer 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 Developer may desire to further confirm the economic feasibility and soundness of the Development;
- (v) Submit to the City the Developer's financing plan showing that the proposed Development is financially feasible;
- (vi) Furnish satisfactory financial data to the City evidencing Developer's ability to undertake the Development; and

(vii) Furnish information in its possession and assist the City with obtaining all available business subsidy assistance which the City may deem appropriate.

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

5. Feasibility.

It is expressly understood that execution and implementation of any agreements entered into between the parties hereto shall be subject to:

(a) A determination by the City in its sole discretion that its undertakings are feasible based on (i) satisfaction of City Code requirements; (ii) the purposes and objectives of any development plan created or proposed for the Development; (iii) the Studies, if any; and (iv) the best interests of the City.

(b) A determination by Developer that the Development is feasible and in the best interests of Developer.

6. Effective Date; Expiration.

This Agreement is effective from the Effective Date until six (6) months after the Effective Date. After such date, neither party shall have any obligation hereunder except as expressly set forth to the contrary herein.

7. Termination.

This Agreement may be terminated if Developer abandons the acquisition of the Development Property, or ceases to negotiate in good faith with the City, and such failure to negotiate in good faith is not cured after 30 days written notice of such failure by City to Developer.

8. Severability.

If any portion of this Agreement is held invalid by a court of competent jurisdiction, such decision shall not affect the validity of any remaining portion of the Agreement.

9. Breach; Waiver.

In the event any covenant contained in this Agreement should be breached by one party and subsequently waived by another party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other concurrent, previous, or subsequent breach.

10. Notice.

Notice or demand or other communication between or among the parties shall be sufficiently given if sent by mail, postage prepaid, return receipt requested or delivered personally:

(a) As to City: City of Faribault  
208 1<sup>st</sup> Avenue NW  
Faribault, MN 55021  
ATTN: Deanna Kuennen

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

(b) As to Developer: DIG Holdings LLC  
3305 Highway 60 West  
Faribault, MN 55021  
ATTN: \_\_\_\_\_

11. Counterparts.

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

12. Governing Law.

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.

13. Additional Actions.

The parties hereto understand that additional and separate actions, for which no obligation is created hereunder, will be required before either the City or Developer is obligated to take various actions with respect to the Development. Those actions potentially include, but are not limited to:

(a) Zoning, comprehensive plan, and subdivision approvals for any land use or development proposed by Developer; and

(b) Review of any business subsidy, as required by law.

14. Incorporation.

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.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]



IN WITNESS WHEREOF, the Developer has caused this Agreement to be duly executed in its name and behalf and the City has caused this Agreement to be duly executed in its name and behalf as of the day and year first above written.

DEVELOPER:

DIG HOLDINGS LLC

By: \_\_\_\_\_

Its: Chief Manager

CITY:

HOUSING AND REDEVELOPMENT AUTHORITY OF  
FARIBAULT

By: \_\_\_\_\_

Matthew Speckhals  
Its: President

By: \_\_\_\_\_

Deanna Kuennen  
Its: Executive Director

**EXHIBIT A**  
**DESCRIPTION OF DEVELOPMENT REAL PROPERTY**