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

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 2nd 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 was made by 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,

Kari Casper, Recording Secretary