City Council Work Session
Tuesday, March 3, 2026 at 6:00 PM
Public Meeting Room

AGENDA

1. **Call to Order**
2. **Items for Discussion**
   A. Proposed Sale and Rehabilitation of 217, 219, and 223 Central Avenue - The Hill Block Project
   B. Fee for Short-Term Rental License
   C. Cash Handling Policy
3. **Future Discussion**
4. **Adjournment**

(The Council may meet as a group for dinner)

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

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

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

HONESTY ▪ RESPECT ▪ DEDICATED ▪ VISIONARY ▪ ACCOUNTABILITY

Council Work Session Memorandum

TO: Mayor and City Council
THROUGH: Jessica Kinser, City Administrator
FROM: David Wanberg, CED Director
MEETING DATE: March 3, 2026
SUBJECT: Proposed Sale and Rehabilitation of 217, 219, and 223 Central Avenue - The Hill Block Project

---

Discussion:

2/27/26 UPDATE:
The EDA and HRA have both met and will be taking action in the future on each board doing a low-interest loan of $300,000 for 10 years. These will be payable loans. Given this, we believe that TIF or tax abatement would be seeking to fill an additional $300,000. Ehlers has not done official runs on the proforma yet.

Over the past year, Rebound Partners (Rebound) has been working with City Staff, the HRA, and the EDA on its plans to rehabilitate and revitalize three significant buildings in Faribault's historic downtown: 217, 219, and 223 Central, also known as the Hill Block project.

The 219 and 223 buildings are in the Faribo Downtown Central (FDC) portfolio, which received public funding to restore them to a "clean and dry" condition. They are subject to the terms of Faribault's business subsidy policy. While FDC owns the 217 building, it is not part of the original FDC portfolio and is not subject to the business subsidy policy.

Although FDC repaid the City's loan, no additional public funding is available to rehabilitate the 219 and 223 buildings within the specified five-year period, unless the City Council (and the EDA and HRA) consent to allow additional funding. Public funding to date has helped FDC bring its buildings to a "clean and dry" condition, enabling it to sell them to others (such as Rebound) for further rehabilitation and revitalization.

Rebound's proposed Hill Block project is consistent with the City's vision for downtown revitalization (see the attached narrative and plans). The project includes installing an elevator to serve the three buildings via a common hallway. It also includes the development of 19 residential units, none of which exist today. Six of the 19 residential units would be short-term rentals, and the project would develop 15 commercial spaces on the first floor.

Rebound has prepared a detailed pro forma, which Ehlers, our financial consultant, has reviewed. Without additional financial incentives, the proposed project would not be feasible. Rebound has met several times with the EDA and HRA to discuss the project, and it intends to address the need for low-interest loans, which both entities will consider. Rebound is also working through the state historic tax credit process and exploring other incentives, including energy-efficiency rebates. Nevertheless, a financial gap still exists. Consequently, Rebound intends to submit an application for either tax abatement or tax increment financing (TIF).

City Staff and Rebound are requesting Council direction on whether it would consider a request from Rebound for tax abatement (likely based on the increment over 10 years) or a Redevelopment TIF (based on the increment over 26 years). Approval of a Redevelopment TIF would reduce requests for low-interest loans from the EDA and HRA.

City Staff is prepared to discuss this project and Rebound's tax abatement or Redevelopment TIF request in more detail. Alex Baraniak with Rebound will also be available to respond to the Council's questions or comments.

Attachments:
1. Developer's Overview of the Project
2. Developer's PowerPoint Presentation

MEMORANDUM

To: David Wanberg, Community & Economic Development Director

Cc: Mayor Spooner and Members of the Faribault City Council

From: Alex T. Baraniak, Rebound Partners

February 12, 2026

Re: The Hill Block Portfolio Redevelopment

The Hill Block Portfolio Redevelopment aims to rehabilitate three downtown buildings in the historic 200 Block in downtown Faribault into their highest and best use, utilizing historic tax credits. The addresses are 217 Central (Hill Block), 219 Central (Post Block) and 223 Central (Kinsey Building). The buildings combined total over 37,800 square feet, intending to add 19 new apartment units and 15 commercial spaces. An elevator and stair addition will be constructed in the back of the Hill Block, which will service all three buildings' floors, including the basements. On the first floor of the Hill Block, the project aims to create a public walkway from east and west (front and back), allowing the public to access the alley side parking lot from Central Ave, and vice versa. This component is unique, and will boost commerce to downtown businesses, strengthening local economic development. Nine private parking stalls for residents are offered at the back of the buildings, which takes less parking from existing parking resources.

The Portfolio is severely underutilized. For more than three decades, the upper floors of the buildings have not been renovated and have been empty. The Hill Block in particular suffers from major structural issues, including a significant bulge on the second-floor exterior wall in the back of the building, showing obvious signs of failure. The south-west corner of the building is also separating from itself, which is currently being held together with metal brackets, which was a temporary fix by previous owners. The cost to correct these issues, in addition to making the building into a useable condition for another use (windows, masonry, flooring, etc.) is well over one million dollars.

There are many unfavorable outcomes and costs that will occur if the redevelopment does not move forward. One major consequence is the building being demolished. Before demolition, however, failed structural components could cause injury liability and blight downtown for years. Hazardous materials, including existing asbestos, would need to be remediated from the buildings. Surrounding buildings (219 and 215 Central) adjoining walls would have to be reinforced and tuck-pointed, and future uses of the site, including parking or public space, would be additional costs to develop. If structural "band aids" temporary corrected these issues, a permanent solution would eventually have to be done regardless, with costs further increasing in the future. Furthermore, a new owner would have to pursue historic tax credits again, or forego them entirely, which creates a further financial gap. New taxes after any tax abatement or TIF would not be generated, and 19 families and residents and 15 businesses would not add to the tax base or support local commerce, tourism, and economic development. The 200 Block would be forever changed, with a large "tooth" missing from its historic downtown, and one of the most contributing historic buildings (per the National Register of Historic Places) in Faribault would be removed.

Downtown Faribault needs help. There are a handful of remaining buildings that need significant investment for the historic district to be improved. The Hill Block Portfolio aims to be an anchor in the 200 Block, which will contribute to the existing redevelopment efforts of the downtown. Such efforts have already been set in motion with the attraction and retention of strong businesses and the right building owners, including but not limited to the Paradice Theater, 310 Event Center, Janna's Market Grill, 10,000 Drops Distillery, Redemption Restaurant, The Depot, Cry Baby Craigs, Crack of Dawn Bakery, and many more. The project will only enhance those businesses while simultaneously adding more business opportunities.

The Hill Block Portfolio will be the largest historic redevelopment in Faribault history and the surrounding area. A project of this size and magnitude will add numerous local jobs and employment opportunities, boost tourism and local commerce, provide many new housing opportunities and increase residential density, increase the tax base, enhance downtown vibrancy, improve life-safety and ADA accessibility, leverage private capital to multiply public investment, and preserve the historic district. 3.9+ million dollars will be added to the local economy every year, more than 50 individuals will directly be impacted, and residents and businesses alike will have a brand-new opportunity to live, work, and play together. It's now or never to make this tremendous impact in downtown Faribault; history is in the making for decades into the future.

Rebound Partners
INVESTMENTS • MANAGEMENT

REVOCITY

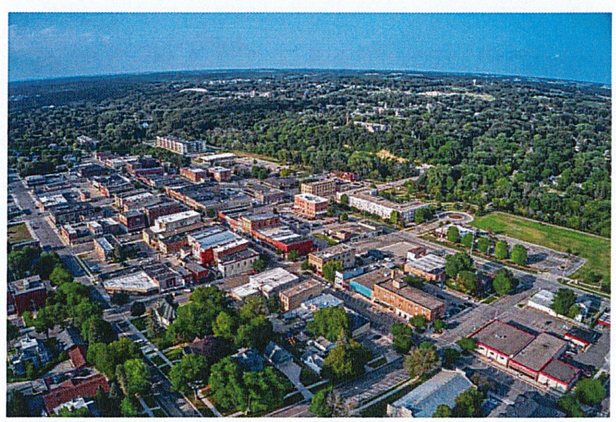
Rebound Real Estate
DEVELOPMENT • ACQUISITIONS

HILL BLOCK REDEVELOPMENT

FARIBAULT, MN

TODAY'S CONVERSATION

- Opening Comments & Remarks
- Social Impact Investing
- REVocity Community Map
- Rebound Partners Projects
- The Hill Block Portfolio
- Historic Images & Concept Plans
- Intended Residential Unit Mix
- Intended Commercial Unit Mix
- Community Impact
- Development Timeline
- Our Partners
- Thank You



IMPACT INVESTING

Impact Investing

Community Return

- Stimulate economic activity, synergistic development and job creation
- Retain & attract businesses to community
- Vitalize community development
- Support community needs

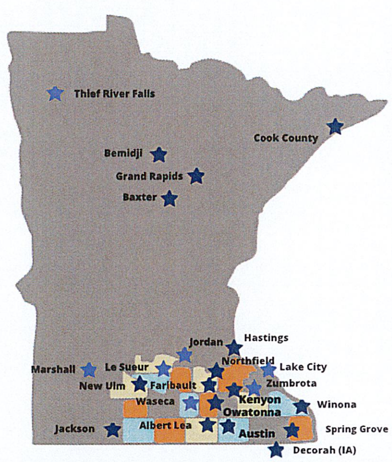
Investor Return

- Attractive and stable income return
- Build equity
- Inflation hedge
- Diversify investment portfolio
- Tax benefits (depreciation deduction)

COMMUNITY MAP & STATUS

16+ ACTIVE FUNDS & PROJECTS

- Northfield Fund II & III
- Winona
- Owatonna
- Spring Grove
- Faribault
- Albert Lea
- Austin
- Kenyon
- New Ulm
- Grand Rapids
- Decorah
- Cook County
- Hastings
- Jackson
- Baxter
- Bemidji



7+ PIPELINE PROJECTS & COMMUNITY FUNDS

- Le Sueur
- Waseca
- Thief River Falls
- Marshall
- Zumbrota
- Jordan
- Lake City

20+ COMMUNITIES ENGAGED

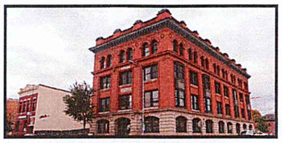
$32M+ EQUITY RAISED

30+ PROPERTIES OWNED

50+ LOCAL GENERAL PARTNERS

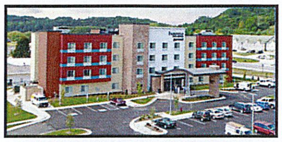
400+ LIMITED PARTNER INVESTORS

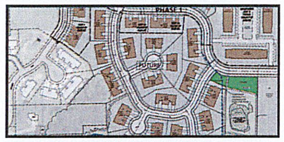
REBOUND PARTNERS EXPERIENCE


Historic Renovations


Downtown Apartments

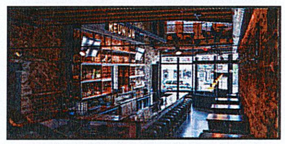

Retail Development


Branded Hotels


Residential & Commercial Development


Boutique Hotels


Downtown Renovations


Food & Beverage


Commercial & Industrial

HILL BLOCK PORTFOLIO - HTC REDEVELOPMENT

The project aims to redevelop three historic, mixed-use buildings in downtown Faribault, MN. Currently, no existing apartments, with minimal commercial use. Project aims to construct 19 new apartment units and 15 commercial spaces, utilizing historic tax credits (HTCs) to finance the project.

City: Faribault, MN

General Contractor: NCC Builders

Developer: Rebound Real Estate

Address: 217, 219 & 223 Central Ave N

Gross Sq. Ft.: 31,000 (above ground). 37,800+ total

Number of Commercial Spaces: 15

Number of Apartments: 19

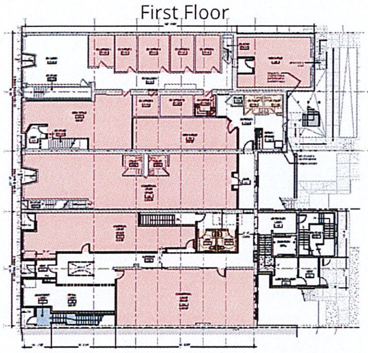
Total Project Cost: $10M+

Projected Traditional Equity: $1.7M+

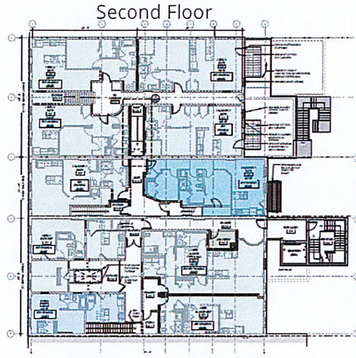
Investor Returns: 8-10%+ annualized return (net IRR)

Est. Construction Start: April 2026

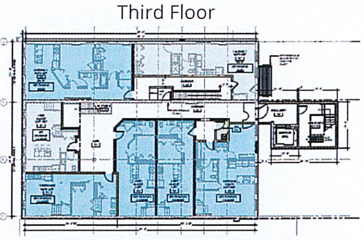
First Floor



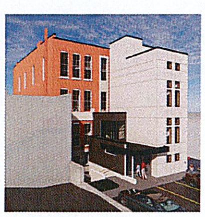
Second Floor



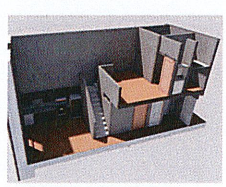
Third Floor



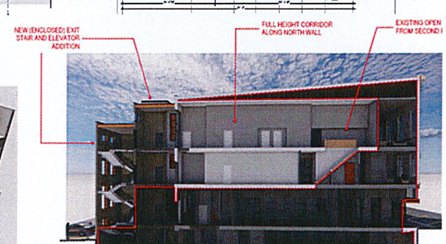
PROPOSED VIEW FROM CENTRAL AVENUE



PROPOSED VIEW FROM ALLEY



TION PERSPECTIVE THRU LOFTED UNIT

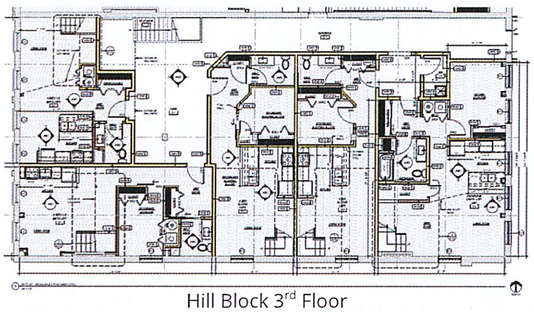


SECTION THRU BLDG LOOKING NORTH

INTENDED RESIDENTIAL UNIT MIX

Apartments (long-term, unfurnished):	11
Furnished Apartments (long-term):	2
Airbnb/Short Term, Furnished Rentals:	6
Total:	**19**

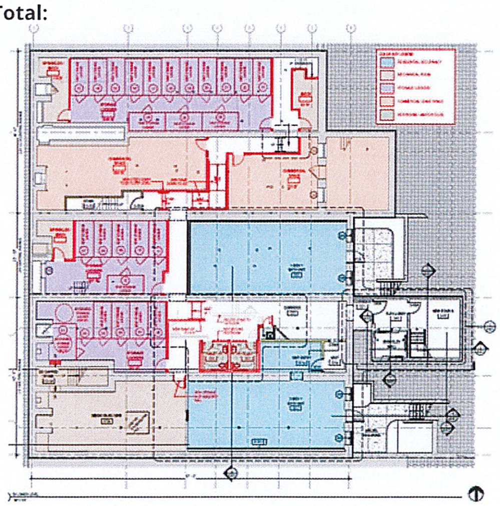
Concept: Janna's Market Grill: Vintage Suite

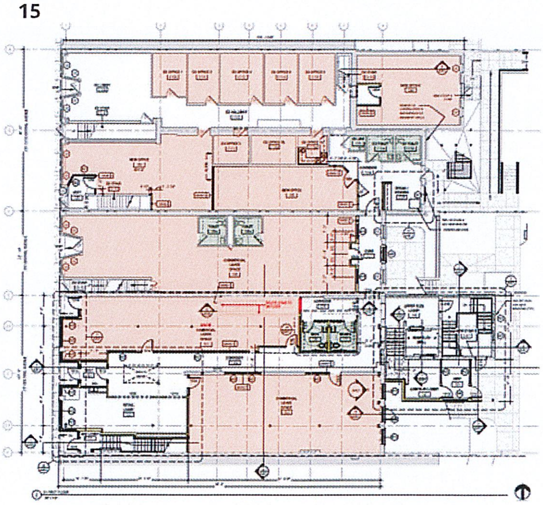


Hill Block 3rd Floor

INTENDED COMMERCIAL UNIT MIX

217 Central (medium sized retail):	2
219 Central (largest size):	1
223 Central: (small to medium sized office/makerspace:	12
Total:	**15**





COMMUNITY IMPACT

Downtown Faribault needs help! A handful of remaining buildings are in poor condition and need to be uplifted through strategic investment.

The Hill Block Portfolio has significant structural issues, namely present in 217 Central, which would force demolition to the building if left uncorrected. The redevelopment will add notable vibrancy to the downtown and different business, including the 310 Event Center, Paradice Theater, 10,000 Drops, Janna's Market Grill, Redemption Restaurant, The Depot Bar & Grill, and many more.

The Portfolio will add 15 businesses and 19 new apartments, providing necessary housing and lodging for the community.

The redevelopment will provide places for people to live, work, play. Property tax will eventually increase, yielding additional economic development. There are currently few people occupying buildings.

- Economic Development at its best:
  - After rehabilitation, there will be over **50+ individuals impacted.**
  - Estimated new annual local economic activity: **$3.9M+**

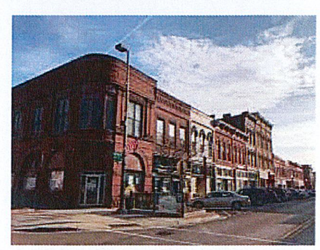
DEVELOPMENT TIMELINE

December 2025 to Early March 2026

- Finalize Financing for Fed + State HTC investors, senior loan & sub-debt
- Public Assistance (EDA, HRA, Council)
- Complete necessary P&Z process (PUD and CIC Plat) & building permit information
- Capital Raise

Late March/April 2026

- Approval of Part 2 & A Applications from SHPO & NPS
- Blessing from Heritage Preservation Commission
- Begin Construction Rehabilitation (end of April)



December 2026 / January 2027

- Construction completed. Portfolio is Placed in Service via Certificate of Occupancy

PROJECT PARTNERS

Rebound Real Estate
DEVELOPMENT • ACQUISITIONS

REVOCITY

Hess Roise
Historical Consultants

MINNWEST BANK

City of Faribault

MASLON LLP

NCC BUILDERS

SIEGEL BRILL PA
ATTORNEYS AT LAW

Mahoney
CPAS AND ADVISORS

BSA
Bohlen Surveying & Associates, LLC

NILE

LEGACY HOUSE
OWN YOUR LIFE. BUILD YOUR LEGACY.
eXp REALTY

Local Faribault Investors

TEKTON ENGINEERS

Faribo Downtown Central LLC

ASBESTROL, INC.

Faribault Area CHAMBER OF COMMERCE and Tourism
Serving Faribault Area Businesses Since 1913

THANK YOU!

Questions, Comments & Next Steps

Rebound Real Estate
DEVELOPMENT • ACQUISITIONS

REVOCITY

City Of Faribault

Council Work Session Memorandum

TO: Mayor and City Council
THROUGH: Jessica Kinser, City Administrator
FROM:
MEETING DATE: March 3, 2026
SUBJECT: Fee for Short-Term Rental License

Discussion:
The City Council has approved the first reading of the ordinance to license short-term rentals, with the second reading to come forward to the March 10th City Council meeting. One outstanding item that will be set by resolution on the 2026 Fee Schedule would be the license fee for short-term rentals. The chart below was previously provided to help provide an idea of what other cities regulating short-term rentals are doing.

City	Amount	Duration
Chanhassen	$200	Annual
Chisago	$400	Annual
Excelsior	$200 plus $50 per unit	Annual
Hopkins	$175	Annual
Maple Grove	$600 first year; $200 renewal	Annual
Mendota Heights	$200	Annual
Northfield	$110 plus $25/unit	Annual
Plymouth	$150 single-family; $225 duplex	Annual
Red Wing	$125(owner-occupied); $550 (non-homestead)	5-year
Roseville	$600 per unit	Annual
Stillwater	$600	Annual

HONESTY ▪ RESPECT ▪ DEDICATED ▪ VISIONARY ▪ ACCOUNTABILITY

A rental could include a room in a property, a unit in a building or a standalone dwelling. If you apply the same rationale to how the City's rental property license fees are set, there would be a flat rate charged, which would be designed to cover the City's costs. In the rental property licensing, each unit beyond one is charged an additional $20 licensing fee. For example, a single family home being used as a short-term rental would be charged a flat fee, but a multifamily property with multiple apartments used as short-term rentals would be charged the flat fee, plus an additional fee per unit.

I previously shared that our costs for inspections are going to be $110. There will also be the City Attorney's time to review insurance coverage, which should be minimal if an online platform is providing the coverage. An hour of City Attorney time in 2026 is $205 per hour.

In addition to the licensing fee, I would also recommend adopting a re-inspection fee to ensure we are covering costs when a property might not be ready to be licensed. The current fees for rental license re-inspection are $100 for buildings with 1–3 units and $50 per unit needing re-inspection in a building of 4 or more units. I recommend adopting this same schedule for short-term rentals.

Finally, the philosophy behind this fee should be considered. Is this about cost recovery of City costs only? Should it be a higher amount to penalize a property owner who is not allowing a unit to be available housing when housing is not easily available in Faribault? Should it be reduced to help provide spaces that act as available hotel spaces when Faribault has a limited number of hotels?

Attachments:

Council Work Session Memorandum

TO:	Mayor and City Council
THROUGH:	Jessica Kinser, City Administrator
FROM:	Kindra Papenfus, Finance Director
MEETING DATE:	March 3, 2026
SUBJECT:	Cash Handling Policy

Discussion:

Over the next year, Finance will be replacing the financial section of the 2014 Community Management Plan with individual, standalone policies covering specific topics. This will allow us to respond to future changes in regulations in a targeted way and quickly pivot financial operations in specific areas when a need is identified. We are beginning with the proposed Cash Handling Policy.

The Draft Cash Handling Policy brings our day-to-day operations in line with standard internal controls and best practices. Cash has a specific vulnerability to fraud, and the policy aims to both limit the opportunities for misappropriation of cash and to create an environment where employees and the public believe that theft will be detected and is therefore not appealing. Robust cash handling policies also ensure staff are protected from suspicion of wrongdoing when policies are followed. While most of the policy formalizes things the City is already doing, three changes will affect how departments currently operate:

First, any time programs or departments accept cash outside a POS system, staff will need to either create a duplicate receipt or update a receipt log. This closes a gap in our paper trail for cash that doesn't run through a register. It also ensures there is a visual cue that can be identified by a supervisor from a distance, simply.

Second, cash will generally need to be transported to City Hall Finance daily for a second count and deposit. Department heads can negotiate exceptions for locations where weekly transport makes more sense — the Police Department and Library are good examples of where that flexibility may be used. We also formalize the requirement that cash that is transported is documented before transportation happens, and any change in the amounts present will be detected.

Third, checks need to be endorsed immediately upon receipt. This is a simple but important change from our current practice, and it protects the city if a check is ever lost or misplaced after it comes in the door by putting the responsibility for a fraudulent transaction onto the bank that accepts a deposit counter to the endorsement.

Council is asked to review the policy and provide any feedback before formal adoption.

Attachments:

1. Cash Handling Policy DRAFT

Cash Handling Policy

Date Adopted: TBD **Date Effective:** TBD

1. **PURPOSE AND SCOPE**
   The purpose of this policy is to establish formal procedures for handling City of Faribault receipts. The establishment of such procedures is necessary to prevent the mishandling of funds and to safeguard the City against loss. Formal procedures are also designed to protect employees from mishandling funds by defining employees' responsibilities in the cash handling process. This policy pertains to all revenues received on behalf of the City and any official or department head with responsibilities for managing the City's cash receipts and those employees who are entrusted with receipts for City-related activities.

2. **POLICY**
   A. No department, employee, or organized activity of the City may open a bank account in the name of the City without prior approval from the City Council.
   B. All departments and activities receiving currency, coin, or checks from any source are required to remit the funds to the Finance Department daily. At the Finance Director's discretion, low-volume receipt departments may remit funds weekly.
   C. No currency, coins, checks, or other forms of payment are to be transmitted through mail or interoffice mail.
   D. The full amount of cash received must be stored in a secure, locked location when not in use. Access to the secure area must be restricted to authorized employees only.
   E. Employees who have been convicted of a theft-related misdemeanor, including shoplifting, in the previous 5 years, or have ever been convicted of Theft, Larceny, or Embezzlement, will not be permitted to transport cash between locations or to access the secure, locked locations where cash is stored.
   F. Cash received may not be used for making change for unrelated purposes, petty cash, check cashing, or similar activities.
   G. Cash for the purpose of making change for customers is provided at a level determined to be appropriate for the size and volume of transactions each department or program makes regularly.
   H. For departments making few and/or low-dollar transactions, bills larger than $20 will not be accepted. For departments that routinely collect individual fees of $50 or more, $50 and $100 tender may be accepted.
   I. Departments and Programs needing to exchange larger denominations for smaller denominations or coins will use a duplicate change slip and require a 2-party verification system.
   J. Departments will reconcile cash drawers daily. Discrepancies will be immediately investigated

by the appropriate official or department head and documented. Discrepancies of $5 or more, suspected theft or misuse of funds, or patterns of recurring discrepancies of $1 or more shall be reported to the Finance Director immediately.

3. PROCEDURE

A. All departments and activities of the City must account for all cash (i.e., currency, coin, and checks) transactions. This must be done immediately by recording in Tyler cashiering, recording on a numbered receipt or receipt log, or recording in another city-authorized point of sale system.

B. All checks received on behalf of the City must be stamped immediately on the back with the City's endorsement and banking information. Endorsement stamps will be provided upon request and approved by the Finance Director. Endorsement stamps must be stored in a secure, locked location when not in use.

C. Each cash batch shall include any pertinent back-up correspondence or information. Batch documentation accompanying the day's cash receipts shall be signed and dated by the individual preparing them. The settlement report must include a total cash amount and a total check amount.

D. The Finance Department shall recount the receipt package and verify that the amounts agree with the settlement report. The Finance Director will be immediately notified of any discrepancies.

E. All departments and programs must hand-deliver receipts to the Finance Department daily or utilize the after-hours drop box, unless otherwise authorized by the Finance Director.

THIS POLICY SPECIFICALLY REPEALS AND REPLACES PRIOR CITY POLICIES AND ADMINISTRATIVE MEMORANDA RELATED TO CASH HANDLING.

Approved:

____
Thomas J. Spooner, Mayor

____
Jessica L. Kinser, City Administrator