Faribault Housing and Redevelopment Authority
Meeting Minutes
April 11, 2022

1. Call to Order / Approval of the Agenda

Chair Speckhals called the meeting to order at 6:01 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 March 14, 2022.

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

Motion carried on a 6/0 vote.

3. Program Reports

A. Mobile Home Buyout Program

No activity to report

B. Mobile Home Heat Tape Program

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 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.

A motion was made by McColley seconded by Wood to receive and file the report as written.

Motion carried on a 6/0 vote.

C. RAD/Repositioning Process

Staff presented that 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. Legal Counsel has prepared the missing Declaration of Trust for Parcel 6 which was signed today. HUD has commented that a separate LLC must be established to acquire the public housing assets from the HRA. Establishing the LLC will be an action items in the near future. Staff will reach out to the consultant and invite them to an upcoming meeting to review and discuss the whole repositioning project and process.

A motion was made by McColley and seconded by Kennedy to receive and file. Motion carried on a 6/0 vote.

D. Sale of 1116 2nd St NW

The sale was finalized on April 8, 2022.The only change in the final purchase agreement was an amendment to the final date in which the new home must be complete, moving that completion date to 2025.

A motion was made by Ahlers and seconded by McColley to receive and file as presented. Motion carried on a 6/0 vote.

E. 230 Central Avenue Apartments

Nelson submitted the required report. The summary of work completed and associated photos were reviewed by John Rued, Building Official, who agreed 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.).

A motion was made by Kennedy, seconded by Ahlers to receive and file as presented. Motion carried on a 6/0 vote.

4. Property Management Reports

A. Robinwood Manor

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

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

B. Public Housing

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

A motion was brought by Wood and seconded by McColley 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 Ahlers to receive and file the operating statements as submitted. Motion carried unanimously.

5. Public Hearing

None.

6. Items for Discussion

A. Approve Loan Agreement - 24 3rd Street NW

Commissioner Wood recused himself from the discussion.

Staff explained that at the September 14, 2020 meeting, the HRA heard a request for funding 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. 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.

A motion was made by Ahlers and seconded by McColley to 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. Motion carried unanimously.

B. Preliminary Development Agreement with the Downtown Investment Group (DIG Holdings, LLC)

At the March 14, 2022 HRA meeting, Nort Johnson, Chris Kennelly, 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.

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 worked 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. Legal counsel recommended that the HRA enter into a Preliminary 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.

A motion was made by McColley, seconded by Wood to approve, and execute the Preliminary 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. Motion passed unanimously.

6. Adjournment

A motion was made by Wood and seconded by Kennedy to adjourn the meeting at 6:24 p.m. Motion carried unanimously.

Respectfully Submitted,

Kari Casper, Recording Secretary