



CITY COUNCIL MINUTES

COUNCIL CHAMBERS

TUESDAY, NOVEMBER 18,
2025

6:00 PM

Call to Order/Roll Call/Pledge of Allegiance

Call to Order FARIBAULT CITY COUNCIL / Designation of Presiding Officer (Mayor) / Roll Call

The Special City Council meeting was called to order by Mayor Tom Spooner at 6:00 pm. Councilors in attendance included Mandy Barnes, Adama Doumbouya, Royal Ross, John Rowan, Peter van Sluis and Chuck Thiele. Also in attendance were City Administration Jessica Kinser, City Clerk Heather Slechta, Police Chief John Sherwin, Fire and Code Services Director Dusty Dienst, Public Works Director Travis Block, Communications Manager Brad Phenow, Economic Development Coordinator Jake Wiensch, Housing and Redevelopment Coordinator Tom Furman, Finance Director Kindra Papenfus, Parks and Recreation Director Rochelle Anderholm-Parsch and City Attorney Scott Riggs.

Call to Order RICE COUNTY COMMISSIONERS / Roll Call

The Rice County Commissioners called their meeting to order.

Approve Agenda

Motion by Ross, seconded by Doumbouya to approve the agenda as presented and carried unanimously.

The Rice County Commissioners took action to approve the agenda as presented.

Public Hearings

Proposed Tax Abatement and Business Subsidy for KGP Telecommunications, LLC Project

Community and Economic Development Director David Wanberg explained that Faribault Real Estate, LLC on behalf of KGP Telecommunications, LLC requested approval of a tax abatement package to help relocate KGP's current headquarters at 3305 Highway 60 West to the southeast corner of the intersection of 4th Street NW and 2nd Avenue NW in the downtown area. The Project includes the construction of a new 15,000-square-foot office building, owned by Faribault Real Estate, LLC, for which KGP would commit to a long-term lease with Faribault Real Estate, LLC.

KGP is a global telecommunications company that partners with manufacturers to furnish innovative communications products and value-added distribution services to its customers. Kathleen and Dale Putrah started KGP's parent company in Faribault in 1973. Then, in 1982, Kathleen Putrah created the KGP Telecommunications branch of the

company. Although KGP has had its headquarters in Faribault since its inception, its current location at 3305 Highway 60 West no longer serves its needs. Given KGP's ties to Faribault, the company expressed a strong desire to stay and grow in downtown Faribault, rather than relocate its headquarters to another city or state.

KGP has 65 full-time employees in Faribault. As part of its plans to relocate to the downtown area, KGP committed to adding eight new full-time employees in the coming years, bringing the total number of employees to at least 73, which is a significant number of retained and new jobs in Faribault. However, KGP expects to have at least 86 employees working at the new location in the coming years.

The City's expressed vision for the downtown area is to have a strong anchor business, such as KGP, bring more people to the downtown area, which in turn will help support other downtown businesses. In short, providing the requested tax abatement to help relocate KGP's headquarters to the downtown area will yield significant benefits for the community and the downtown area.

Minnesota law allows cities, counties, towns, and school districts to incentivize economic development through property tax abatement. As an economic development tool, tax abatement must benefit the community by increasing or preserving the tax base, creating jobs, redeveloping blighted areas, or providing residents with facilities and services. The benefits of tax abatement must equal or exceed its costs.

Based on the Project's estimated valuation, the total estimated cumulative tax abatement from February 2028 through August 2037 is \$431,323.00. The City's share of the proposed abatement over the term is estimated at \$262,216.00, not-to-exceed \$400,000, and the County's share of the proposed abatement over the term is estimated at \$169,106.00, not-to-exceed \$180,000.00. The City and County will pay the abatement semi-annually over ten years, with the first payment starting on February 1, 2028.

Consistent with state statutes and the City and County's business subsidy goals and policies, the proposed tax abatement package increases the tax base, creates jobs, and equals or exceeds its costs. It also supports private investment in the downtown area. The City and County acknowledged that the proposed tax abatement is necessary to ensure this project is economically feasible.

Wanberg proceeded to lay out the steps that need to take place in order to approve the tax abatement.

Councilor Barnes stated that this will enhance the downtown and that the struggled with approving this, but with conflict is in favor of this.

Motion by Ross, seconded by van Sluis to open the Tax Abatement and Business Subsidy Public Hearing and carried unanimously.

The public hearing was opened at 6:17 pm.

The Rice County Commissioners took action to open the Tax Abatement and Business Subsidy Public Hearing.

There were no comments received from the public.

The Rice County Commissioners took action to close the Tax Abatement and Business Subsidy Public Hearing and carried unanimously.

Motion by Rowan, seconded by Thiele to close the Tax Abatement and Business Subsidy Public Hearing and carried unanimously.

Motion by Ross, seconded by Doumbouya to approve Resolution 2025-304 Approve Tax Abatement for Certain Property in the City of Faribault and carried unanimously.

Motion by Thiele, seconded by van Sluis to approve Resolution 2025-305 Approve Contract for Private Development with KGP Telecommunications, LLC for Certain Property in the City of Faribault and carried unanimously.

The Rice County Commissioners took action to approve Tax Abatement for Certain Property in the City of Faribault.

Adjournment

Motion by Doumbouya, seconded by Ross to adjourn the Special City Council meeting and carried unanimously.

The meeting was adjourned at 6:21 pm.

The Rice County Commissioners took action to adjourn their meeting.

Respectfully Submitted,

Signed by:



Heather J. Siechta
City Clerk

