

**Faribault Economic Development Authority
Meeting Minutes
Thursday, August 16, 2018**

The Faribault Economic Development Authority met in the 1st Floor Public Meeting Room at City Hall, 208 1st Ave NW, Faribault, MN.

Members Present: Matt Carlander Kay Duchene, Matt Drevlow, Gary Kindseth, Rodney Gramse, and Steve Underdahl

Members Absent: Dave Albers

Staff Present: Community and Economic Development Director Deanna Kuennen, City Administrator Tim Murray, Economic Development Coordinator Samantha Markman, and Administrative Assistant II Sandi Tidemann

Others Present:

1. Call to Order

Chair Underdahl called the meeting to order at 7:00 a.m. in the 1st Floor Public Meeting Room at City Hall.

2. Approval of Minutes

A. Minutes of June 12, 2018, Joint EDA, Faribault City Council, and Rice County Commissioners Joint meeting

Action: Motion was made by Kindseth and seconded by Gramse to approve the minutes of the June 12, 2018, Joint Commissions meeting as presented.
Motion carried (5/0).

B. Minutes of July 19, 2018, Economic Development Authority meeting.

Action: Motion was made by Kindseth and seconded by Gramse to approve the minutes of July 19, 2018 meeting as presented. Motion carried (5/0).

3. Routine Business

A. Monthly Loan Status Report

Discussion: The reports were presented for review. Lockerby is delinquent on their loan. This is a MIF "Flood Recovery" loan and delinquency will need to be included in annual reporting to DEED. Staff made contact with Lockerby and is working with them. Jeff Johnson made payment making his loans current.

Fund 245 MIF -City Council took action on a one-time exception offered by the State allowing the City to give back 20-percent of the fund balance to the State, retaining the 80-percent to be used for any city purpose. The Council also took action to transfer the remaining dollars into the Community Development Fund to be programmed for economic development purposes.

Permit Activity Update Report

Discussion: The current monthly permit activity was attached for review.

C. Monthly Budget Status Report

Discussion: This report provides the EDA with "Year-to-Date" expenditures by line item and the budgeted amounts for each. No unusual expenses to report.

Action: Motion was made by Duchene and seconded by Gramse to approve Routine Business as presented. Motion carried (5/0).

4. Public Hearings

A. None

5. Items for Discussion

A(a). Downtown Commercial Rehabilitation & Exterior Building Improvement Request

Discussion: 10, 12, 14, 16 3rd Street NE– John Sheesley-Exterior Tuckpointing

Applicant submitted all required forms, has met all eligibility requirements, paid all fees/taxes, and has been determined by Staff to be eligible for the assistance. The Commissioners were reminded Mr. Sheesley has an abatement agreement on the property with a deadline of October 21, 2018. Work proposed as part of the application, is included in the abatement agreement as part of the owner's obligations.

Kindseth expressed that the EDA could use this loan request as leverage to ensure that the work identified in the abatement agreement between the City and Mr. Sheesley is completed in a timely manner. After much discussion, it was determined that Staff should request a schedule from Mr. Sheesley for completion of all repairs, including removal of the plywood in the front windows. The schedule will then be incorporated into the approval resolution

Drevlow arrived prior to the vote of item 5A.

During the conversation, it was also noted, in the past if issues had not been resolved, the EDA did not move forward with providing loan awards. Underdahl suggested the Building Code Division enforce the replacement of the window.

Action: Motion was made by Gramse and seconded by Kindseth approving Res. 2018-14 with added language to include enforcement of the abatement agreement, a timetable for completion of work, and tax credit application clarification. Motion carried (6/0).

A(b). Downtown Commercial Rehabilitation & Exterior Building Improvement Request

Discussion: 127 Central Avenue – VGV Properties –HVAC 1st Floor/Basement

Applicant submitted all required forms, has met all eligibility requirements, paid all fees/taxes, and has been determined by Staff to be eligible for the assistance. Gramse thought the initial intent of the program was to remove the air conditioners in the upstairs apartment windows and asked the EDA to re-look at the policy. Staff will bring the policy and program guidelines back to the EDA for review and discussion, if the EDA chooses to fund Round 3 of the program.

Action: Motion was made by Gramse and seconded by Kindseth to approve Res. 2018-14 as written. Motion carried (6/0).

A(c). Program Administration Expenses-Downtown Commercial Rehabilitation & Exterior Building Improvement Program

Discussion: The EDA's yearly budget for legal expenses is \$15,000. During 2017-2018, the EDA has paid over \$5,000 towards legal fees for the Downtown Commercial Rehab Program. In a discussion with the Finance Director, it was concluded fees associated with program administration, such as recording and legal fees, should be charged to Fund 245 and not Fund 290. Staff asked the EDA to consider transferring those expenses to the appropriate fund.

Action; Motion was made by Gramse and seconded by Duchene to request Finance transfer the funds to Fund 245. Motion carried (6/0).

Drevlow rescued himself from the discussion and vote for item B.

B. Downtown Commercial Rehabilitation & Exterior Building Improvement Request

Discussion: DIC Holdings Loan Refinance Request for 316,318, 320 Central Avenue
Matt Drevlow, owner, is requesting to refinance his low interest loans. The original loans were granted in 2006, and then consolidated into one loan in 2013 with a five-year balloon payment due July 2018. Drevlow's request is to refinance his current balance with the same loan terms and a five-year balloon payment due August 2023. The applicant is current on this loan payments and the request is consistent with the program. Staff recommended approval.

Action: Motion was made by Duchene and seconded by Gramse to approve Res. 2018-16 for Loan Refinance as presented. Motion carried (5/0).

C. Res. 2018-17 Approving the Preliminary EDA Levy for FY 2019

Discussion: Yearly, the City must certify their proposed property tax levy by September 15. This includes both the EDA and HRA proposed tax levy request. In the past, the EDA has requested the maximum levy allowed, or 0.01812 percent. Staff attached the preliminary levy calculations and the EDA's past levy history.

Action: Motion was made Kindseth and seconded by Duchene to approve Res. 2018-17 FY2019 Levy request as presented – requesting the maximum levy in 2019. Motion carried (6/0).

The EDA was asked to move items 5E and 5F ahead of 5D Budget discussion. The EDA agreed.

E. Resolution 2018-18 Transfer of Land from the EDA to the City Council

Discussion: The EDA owns Outlot B & D of River Ridge Addition and was approached earlier in the year by Wanda Holmgren, asking for permission to install an art project on the EDA property. The EDA agreed, but at that time also directed Staff to proceed with preparing the necessary documentation to transfer the ownership of the land to the City of Faribault. The land serves as a linear city park, and transferring both parcels to the City is appropriate. Staff worked with Legal Counsel, and recommends transfer of Outlot B & D of River Ridge Addition to the City of Faribault through the Quit Claim Deed process.

Action: Motion was made by Duchene and seconded by Kindseth approving Res. 2018-18 transferring Outlot B & D of River Ridge Addition to the City of Faribault. Motion carried (6.0).

F. Resolution 2018-19 Authorizing Consent to Assignment of TIF Note and Contract for Private Development

Discussion: In 2006, Cave Creek (Developer John Cameron) entered into a Contract for Private Development Agreement for a Senior Housing facility near the old K-Mart site. Financing for the project hinged on their ability to secure Tax Increment Financing (TIF) for the project. The facility is fully occupied. Conversations between Staff and Cameron started in 2016 on his plans for additional phases. Cameron is working with Fannie Mae to refinance the current building to facilitate additional construction, but needs EDA approval on the assignment of the TIF revenue note and Contract for Private Development to move forward. Legal

counsel reviewed both documents. Staff has attached the Resolution for review and/or approval.

Action: Motion was made by Gramse and seconded by Carlander to approve Res. 2018-19 as presented. Motion carried (6/0).

Returning to 5D.

D. 2019 EDA Budget Discussion

Discussion: Kuennen discussed the 2019 budget process, and explained that for 2019 – there are two components to the EDA's budget – the EDA levy and the Franchise fees/one-time MIF exception. Kuennen requested that the EDA discuss 2019 priorities, proposed initiatives, and program ideas, which will be used to propose a 2019 budget. Kuennen reiterated that ongoing EDA expenses include the indirect cost allocation.

Suggested ideas: help the airport become more shovel ready such through such things as: installation of a fiber network, installation of 3 Phase, gas/electric extended. Gateways should be a focus, including: Hwy 60 through town (including the Farmer Seed building), Hwy 60 West, and Lyndale. It was also noted the Downtown Rehab program was well received and could continue if the EDA wanted to use some of their dollars for it. Markman is currently working on updating current loan program terms and proposed modifications. The Budget subcommittee can discuss what funds could be used if there is an interest.

Kuennen and the subcommittee will meet again to go through the ideas and bring it back to the EDA for review.

Action: A motion was made by Gramse and seconded by Duchene to approve Res. 2018-009 as presented – establishing the preliminary levy. Motion carried (6/0).

6. Updates/Project Reports

Discussion: SteinAir received their JCF award from the State of MN and City Council approved their land lease. Demolition of the current building is scheduled for August. 20th, but the amount for site preparation is not known at this time. The EDA showed interest in helping bring 3-Phase electrical services (\$19,200) to the airport to help with the airport expansion, not only serving SteinAir but additional industrial and business projects.

Cross Country Soaring - after several meetings, Mr. Ingraham has decided he will not go forward with his plans for new construction. Staff will meet with him in regards to his request for consideration of a discount lease or using the dollars he would have gotten for the building to use towards a classroom/office. Kindseth asked for Mr. Ingraham's business plan before any consideration. The EDA discussed using some dollars to construct a building, but decided it is not their role to build and lease buildings at this time.

Daikin – Approved for their JCF award from the State of MN (mega award), awarded a forgivable MIF Loan, and the City applied was awarded a Business Development Public Infrastructure grant to help offset water and sewer costs to the project site. The City Engineer provided a construction timeline schedule for work to be done. The Administrative Law Judge approved the annexation and City Council approved an annexation agreement with Met-Con.

Other projects include: Project Pepper, Met-Con Business Park, Wolf Creek Motorsports, SAGE JOBZ amendment and MIF/Tax Abatement extension, BRE

Program, Community Profile, outreach to Rice County/Regionalism, I-35 Corridor, Available land inventory, and Downtown issues.

Upcoming events are:

-Faribault Micro-Summit, September 21, 2018

-International Engagement Ready Communities Initiative (Kuennen was asked to review and comment on the new tool kit that CREC and the US Department of Commerce's Economic Development Administration will be releasing across the nation).

Action: None

Adjourn

Motion was made by Drevlow and seconded by Duchene to adjourn the meeting at 8:56 a.m. Motion carried (6/0).

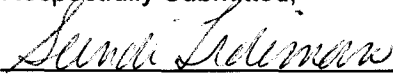


Steve Underdahl, President



Dave Albers, Secretary/Treasurer

Respectfully Submitted,



Sandi Tidemann, Administrative Assistant II