



Request for Action

TO: Faribault EDA
FROM: Deanna Kuennen, Director
MEETING DATE: August 16, 2018
SUBJECT: Discussion – Downtown Exterior Rehabilitation & Exterior Improvement Program Administration Expenses

BACKGROUND:

Since the inception of the Downtown Exterior Rehabilitation & Exterior Improvement Program, the EDA has been incurring administrative expenses. Last month the Finance Director flagged the recording fees that are charged for each loan. It was noted that these fees are program expenses and therefore should be charged against the program versus charged to the EDA’s operating fund/budget. This prompted an internal assessment of other program expenses associated with administering the Downtown Exterior Rehabilitation & Exterior Improvement Program.

To date, the EDA has incurred over \$5,000 in legal fees associated with administering the program:

Legal Expenses - Associated with Program Administration	
\$	264.50
\$	869.00
\$	621.00
\$	225.00
\$	157.50
\$	112.50
\$	900.00
\$	202.50
\$	270.00
\$	157.50
\$	1,316.25
\$	5,095.75

The fees have included costs associated with creation of the loan document templates (which are modified for each loan), specific loan request reviews, and assistance with loan recording issues. Staff suggests that these fees, which are currently expensed to the EDA’s Legal Fees, be moved to the program.

Please note – the EDA budgeted \$15,000 for legal expenses. To date, the EDA has incurred \$17,902. Some of these fees were associated with assisting with the closing of the Kalway property, and were repaid to the EDA.

DISCUSSION:

The EDA is asked to discuss how they would like to pay for administrative costs associated with the Downtown Exterior Rehabilitation & Exterior Improvement Program.