

**Faribault Economic Development Authority
Meeting Minutes**
Thursday, December 20, 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 Drevlow, Matt Carlander, Kay Duchene, Gary Kindseth, Rodney Gramse, and Steve Underdahl

Members Absent: Dave Albers

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

Others Present: None

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 November 15, 2018 Regular Meeting

Action: Motion was made by Duchene and seconded by Gramse to approve the minutes of the November 15, 2018, meeting as presented. Motion carried (6/0).

B. Minutes of November 29, 2018 Special Meeting

Action: Motion was made by Duchene and seconded by Drevlow to approve the minutes of the November 29, 2018, Special meeting as presented. Motion carried (6/0).

3. Routine Business

A. Monthly Loan Status Report

Discussion: The reports were presented for review. Lockerby's loan is delinquent and Staff is working with legal counsel on executing security instruments. *The loan is between the City and the applicant.*

B. 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, but Staff highlighted the dollars the EDA agreed for the site prep at the airport will be close to \$100,000. This included demolition of the building, site prep, soil testing, and installation of 3-Phase electric.

Action: Motion was made by Kindseth and seconded by Duchene to approve Routine Business as presented. Motion carried (6/0).

4. Public Hearings

A. None

5. Items for Discussion

A. Statutory Tort Limits

Discussion: Annually, the EDA is asked to review the options for statutory tort limits on municipal tort liability insurance established by Minnesota Statutes 466.04. In the past, the EDA has elected to not waive the statutory tort limits. This is consistent with the City Council and the Faribault HRA.

Action: Motion was made by Gramse and seconded by Carlander to NOT waive the monetary limits. Motion carried (6/0).

B. 2019 EDA Meeting Schedule

Discussion: The EDA was given the yearly meeting schedule to review. Meetings are held the third Thursday of each month at 7:00 AM in the Public meeting room at City Hall.

Action: Motion was made by Duchene and seconded by Drevlow to approve the 2019 meeting schedule as presented. Motion carried (6/0).

(Carlander asked if needed to recuse himself from the discussion and vote; the EDA decided since the request is for the forgivable loan it was not necessary.)

120 Central Avenue-Dwyer Subordination

Discussion: Ron Dwyer, owner of 120 Central Avenue, has applied for a second mortgage at the State Bank of Faribault (\$50,000). The new mortgage would subordinate the EDA into third lien position. The EDA loan is a forgivable loan through the Downtown Commercial Rehab and Exterior Improvement Program. The EDA's current subordination guidelines do not allow for subordination of its lien position unless the request is for the first mortgage or for additional equipment or expansion of current facility.

The EDA discussed the request: the loan is payable in full if building is sold within five years, it is a forgivable loan, and it impacts the owner more than the EDA. It was noted an appraisal was done in 2017 at valuation of \$227,000.

Action: Motion was made by Gramse and seconded by Kindseth to approve the subordination request. Motion carried (6/0).

Staff asked the EDA if they were open to discussing the current subordination guidelines to see if changes/updates should be made to address new requests. The EDA is in favor of a policy review and directed Staff to draft new guidelines to present at a future meeting.

D. 2019 Budget Amendment-AUAR *Financial Contribution*

Discussion: During City Council's budget discussion, it was decided they would earmark \$50,000 into the EDA's 2019 budget from franchise fees. This was not anticipated as part of the EDA's budget and represents "new" money. During previous EDA discussions about the northern Industrial Park, Staff presented the AUAR (Alternative Urban Areawide Review) concept and how it could help them understand how development could environmentally impact the area, and help in the long run knowing what will be needed in that area to be ready for future development. This is a large area including the west and east sides of I35 and northerly to co Rd 9, so Kuennen approached Rice County and MDC to participate and share some cost of the AUAR.

The EDA directed Staff to amend the 2019 budget to include the unexpected \$50,000, and identified the *Financial Participation in an AUAR* as a 2019 Expense in the Program Budget. Staff presented the amended budget for approval via

Resolution 2018-022 (line item only for AUAR).

Motion: A motion was made by Duchene and seconded by Kindseth to approve Res. 2018-022 approving the amendment to the 2019 Budget to include the \$50,000 for the AUAR... Motion carried (6/0).

E. Downtown commercial Rehab & Exterior Improvement Program-PHB Properties LLC

Discussion: The applicant received a forgivable loan in 2018 (\$13,875) with a one-year completion date per guidelines. Due to unforeseen obstacles, they have not met the deadline and are asking for a six month extension (April 2019). They would also like to change the scope of work changing the materials for the south second story wall to metal. If the request is for changes to the scope of work, the applicant must submit a new application request. If they choose not to submit a new application, the dollars would come back to the EDA and other applicants could apply for them.

It was noted the building is not in the Heritage Preservation District but it has been under review to expand into that area.

Motion: A motion was made by Duchene and seconded by Drevlow to approve the request for a six month extension with no changes to the previously approved materials. Motion carried (6/0).

F. Updates/Project Reports - Verbal

Discussion: Kuennen gave an oral update report.

- Staff co-authored a media release on the foreign direct investment happening in Faribault.
- Faribault will be hosting a visit for Council General from Japan at the end of February.
- A multi-family housing developer is considering a project in the downtown (40 Units)
- Sage is looking at expansion
- Met-Con is looking at requesting annexation for additional area
- Staff is continuing to work on the topic of Regionalism

Action: None

Underdahl told the EDA this would be his last meeting. This is also Duchene's last EDA meeting. The EDA thanked both Commissioners for their service and wish them success in future endeavors.

6. Adjourn Motion was made by Kindseth and seconded by Gramse to adjourn the meeting at 8:00 a.m. Motion carried (6-0).

Steve Underdahl, President

Dave Albers, Secretary/Treasurer

Respectfully Submitted,

Sandi Tidemann, Administrative Assistant II