



Faribault Economic Development Authority
MEETING MINUTES

Thursday | June 27, 2019 | Regular Meeting

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

Members Present: Rod Gramse, Dave Albers, Matt Drevlow, Kevin Voracek and Gary Kindseth

Members Absent: Matt Carlander and Janna Viscomi

Staff Present: Community and Economic Development Director Deanna Kuennen, Economic Development Coordinator Samantha Markman and Administrative Assistant I Kari Casper

Others Present: None.

1. Call to Order / Roll Call / Agenda Approval

Action: Chair Gramse called the meeting to order at 7:02 a.m.

2. Approval of Minutes

A. Minutes of May 16, 2019 EDA Meeting

Action: Motion was made by Albers and seconded by Kindseth to approve the minutes of the May 16, 2019 meeting with proposed changes. Motion carried (5/0).

Discussion:

Chair Gramse requested clarification with terminology used in the meeting with respect to the word “alternative” in the meetings pertaining to a vote. After discussion, it was noted that the minutes will be modified to reflect “...a 5/1 vote with Viscomi abstaining and Kindseth voting Nay.”

3. Routine Business

A. Monthly Loan Status Report

Discussion: Director Kuennen presented the reports for review.

B. Permit Activity Update Report

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

C. Monthly Budget 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 Kindseth and seconded by Voracek to approve Routine Business as presented. Motion carried (5/0).

4. Public Hearings

A. None

5. Items for Discussion

A. Downtown Exterior Rehabilitation & Exterior Improvement Program

a. Funding Consideration Request for 24 2nd Street NE

Discussion: Staff received an application from the Kathryn Schwartz Trust to install EFIS to the front façade to replace all chipped brick; this would be beige in color. This finish would cover the entire brick front east to west, top to bottom with new flashing. This building is located outside the Heritage Preservation Commission District. The Low Bid/Proposal: \$15,600.00 and the Requested Loan Amount is: \$7,800.00.

The EDA discussed the choice of materials, directing that Staff speak with the owner to encourage preserving the brick and possibly tuck pointing instead of using EFIS on the whole project.

Action: Motion was made by Drevlow and seconded by Kindseth to approve the application at 24 2nd Street NE and approve Resolution 2019-16 with the condition that Staff speak with the owner to encourage preservation of the existing brick facade. Motion carried (5/0).

b. Funding Request for 24A 2nd Street, NE

Discussion: Staff received an application from Helmut Schwartz Trust to install EFIS to front façade to replace all chipped brick – beige in color. This finish would cover the entire brick front east to west, top to bottom with new roof caps. This building is located outside the Heritage Preservation Commission District. The Low Bid/Proposal came in at \$6,000.00 and; therefore, the requested loan amount would be \$3,000.00.

Action: Motion was made by Drevlow and seconded by Albers to accept the application at 24A 2nd Street NE and approve Resolution 2019-16 as written. Motion carried (5/0).

c. Funding Request for 14 2nd Street, NW

Discussion: An application was received by Kelly Wefel who is in ownership with his wife of DuFours Cleaners located at 14 2nd Street NW like to remove and replace roofing and insulate to code on this property. The Low Bid/Proposal came in at \$11,825.00 and; therefore, the requested loan amount for this project is \$5,912.50.

Action: Motion was made by Albers and seconded by Kindseth to accept the application at 14 2nd Street, NW and approve Resolution 2019-17 as written. Motion carried (5/0).

d. Funding Request for 322 Heritage Place:

Discussion: Staff received an application from Gray Family Investments, LLLC, through Paul Gray, the owners of 322 Heritage Place to remove and replace 3-tab roofing shingles and it attributes with new architectural style to blend with adjacent property. The low bid/proposal came in at \$32,874.71 and, therefore, their requested loan amount: \$15,000.00.

There was much discussion by the EDA regarding the use of the funds and while the project meeting the criteria – it does not meet the intent of the program.

Action: Motion was made by Voracek and seconded by Albers to accept the application at 322 Heritage Place and approve Resolution 2019-18 as written. Motion carried (5/0).

e. Funding Request for 310 Central Avenue:

Discussion: Staff received an application from Ryan Ernster, on behalf of The 310 Event Venue to install a wheelchair lift to ADA compliance to support expansion. The low bid/proposal came in at \$65,530.00 and; therefore, the requested loan amount is \$30,000.00 (this property may be Eligible for up to two awards since there are multiple commercial addresses per PID. Staff noted that based on the program guidelines, they are only eligible for one award for the interior.

Action: Motion was made by Drevlow and seconded by Voracek to accept the application at 310 Central Avenue and approve Resolution 2019-19 with the condition that they applicant only be eligible for the \$15,000 rather than the \$30,000 since it is limited to the interior. Motion carried (5/0).

f. Funding Request for 112 Central Avenue:

Discussion: Staff received an application from T Nelson Properties, owners of 112 Central Avenue to install fire alarm panels, smoke detectors, fire alarm horns and strobes as well as replace exterior siding and fascia at back of building (west side). The low bid/proposal came in at \$30,553.00 and; therefore, the requested loan amount is \$15,000.00.

The EDA questioned why the sprinkler was not included in the previously funded loan request received to install the sprinkler system. After much discussion, the EDA determined that fire alarm panel should have been included in that request, eliminating that portion of the loan application from eligibility.

Action: Motion was made by Voracek and seconded by Albers to accept the application at 112 Central Avenue and approve Resolution 2019-20 amending the resolution to

include only the work involving the fascia for a total loan amount of \$2,376.50. Motion carried (5/0).

Other Discussion: Staff and the EDA discussed some unique requests that have been received for the program – including funding projects outside of the CBD and funding for non-profits. The EDA provided direction on these general requests.

Kuennen also suggested that the EDA has the ability to temporarily put a hold on the program until the guidelines can be modified. At this time, there are no pending applications.

Action: After much discussion, a motion was made by Drevlow and seconded by Voracek to freeze the current program while the EDA updates the program guidelines Gramse brought it to vote and the motion carried (5/0).

B. Revolving Loan Request – Cry Baby Craig’s (313 Central Avenue):

Discussion: Cry Baby Craig’s is looking to relocate to downtown Faribault. The company has been working with a local financial institution, the State Bank of Faribault, whom has provided a letter of commitment to finance \$200,000 contingent on an EDA participating by providing a loan in the amount of \$150,000 for the purchase of machinery and equipment.

Action: No action was request at this time pending a thorough review by the EDA Loan Review Committee. Kuennen stated that this is the first loan the EDA will have made since modifying the program guidelines, and in an effort to ensure proper due diligence – she requested a small subcommittee be formed to assist in the loan review prior to a formal request coming before the EDA for consideration. After much discussion, Kindseth and Albers agreed to serve on the committee and meet with Staff to assist in the loan review process.

C. Approve Contract for Private Development – Hamilton TIF District

Discussion: At the April 2019 EDA meeting, the EDA passed Resolution 2019-05 Recommending the City Council Modify Development District No. 1 Establish Tax Increment Financing District No. 13: Hamilton Therein and Adopt a Modification to the Development Program and Adopt the Tax Increment Financing Plan Therefor. This action was a required step associated with establishing a Redevelopment TIF District to support the construction of a 44-unit market-rate apartment building with tuck-under and surface parking on land across from the City’s Community Center/Buckham Memorial Library/Buckham West. One final action is the review and approval of the Contract for Private Development between the EDA and the developer (the TIF Agreement). This document outlines the statutes that authorize the establishment of the TIF district, legal description of the redevelopment property, preliminary plans, and responsibilities of each party. The agreement also establishes the issuance of the “pay as you go” TIF note – in the principal amount of \$262,000 for qualifying costs. The EDA is asked to review and consider/approve Resolution 2019-21, Approving the Contract for Private Development By and Between the Economic Development Authority of

the City of Faribault and Faribault Division, LLC. Kindseth asked about capturing future increments. Kuennen stated that they do have that ability. Kuennen asking the EDA to approve the contract.

Action: Motion was made by Voracek and seconded by Drevlow for approval of Resolution 2019-21, Approving the Contract for Private Development By and Between the Economic Development Authority of the City of Faribault and Faribault Division, LLC as written. Motion carried (5/0).

6. Updates/Project Reports

- Twin City Business Magazine was handed out, which included the Faribault feature.
- Farmer Seed – Kuennen was able to work with the owner’s agent and the owner has countered the EDA’s cost-share request with an agreement that upon sale of the building, they will pay the EDA 2-percent of the sale price. After much discussion, the EDA directed Staff to draft an agreement and move forward.
- Opportunity Zone – Markman is the department’s contact person regarding Opportunity Zones. To date – the City has worked with two different developers specifically looking for sites within the Opportunity Zone.
- Gramse asked about Living Greens Farm. Staff expressed that they have been in communication with the company regarding their water pressure/water supply issues. Likely, some form of financing request will be brought back to the EDA at their next meeting.

7. Adjourn

Action: Motion was made by Drevlow and seconded by Albers to adjourn the meeting at 8:43 a.m. Motion carried (5/0).

Rod Gramse, President

Dave Albers, Secretary/Treasurer

Respectfully Submitted,

Kari Casper, Administrative Assistant I