

Faribault Economic Development Authority
Meeting Minutes
Thursday, January 17, 2019 Special Meeting

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

Members Present: Rod Gramse, Gary Kindseth, Matt Carlander, Matt Drevlow, Kevin Voracek and Janna Viscomi

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 I, Kari Casper

Others Present: John Sheesley and Karl Vohs

1. Call to Order

Vice Chair, Rod Gramse, called the meeting to order at 7:03 a.m. in the 1st Floor Public Meeting Room at City Hall.

2. Approval of Minutes

A. Minutes of December 20, 2018 Meeting

Action: Motion was made by Matt Carlander and seconded by Gary Kindseth to approve the minutes of the December 20, 2018, meeting as presented. Motion carried (5/0 (Commissioner Drevlow had not arrived yet).

3. Routine Business

Commissioner Drevlow Arrived

A. Monthly Loan Status Report

Discussion: The reports were presented for review by Director Kuennen.

- Commissioner Gramse requested an update on the Lockerby Loan Status. Director Kuennen provided information regarding the loan origination date (6/14/2011), total loan amount (\$190,000 – of which \$95,000 was forgivable based on certain criteria), outstanding balance on non-forgivable portion (\$41,166), security instruments, and status of collection actions.

- F-Town has until the end of the month to repay the EDA loan per the buyout/negotiated agreement with the EDA. Director Kuennen has a call in to them for an update.

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. The EDA's approved 2019 work plan and budget were included in the status report for reference.

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

4. Public Hearings

A. None

5. Items for Discussion

A. Approve Updated Subordination Policy

Discussion: Samantha Markman presented an updated subordination policy and guidelines for approval to the EDA. All subordination criteria will remain the same but the revised guidelines allow more flexibility in approving the subordination requests if the EDA lien is structured as forgivable versus payable. Each request is determined on a case-by-case basis but approval of a subordination request for a forgivable lien structure will allow staff to approve the request without all guidelines being met, but still in the best interest of the financial partners and applicant. Subordination requests for payable liens will remain the same, requiring all guidelines to be met for staff approval or consideration from the EDA. Staff also redacted the personal information from the application.

Action: Motion was made by Kevin Voracek and seconded by Matt Drevlow to adopt the new policy changes in the subordination policy. Motion carried (6/0).

B. Review Proposed Guidelines – Downtown Commercial Rehabilitation & Exterior Building Improvement Program

Discussion: Director Kuennen began the conversation with the program's success and discussion regarding why the proposed changes to the guidelines are being brought forward. Samantha Markman presented the EDA with proposed policy changes that place an emphasis on the back sides of the buildings but still include funding for the façade; electrical and plumbing, but remove HVAC as eligible. Director Kuennen stated that the City may do another downtown sweep in the Central Business District in order to address property maintenance enforcement, similar to the sweep done in 2014 – and this program could be a resource for building owners to help offset the cost of building repairs. Staff indicated that the current program has been quite successful and they do have a number of applicants looking forward to the 2019 program. After a lengthy discussion, the EDA determined that the eligible uses of the funds will not change, the maximum award will remain \$15,000 but only fund up to 50% of the total eligible project cost, and applicants can apply for 2 commercial addresses per PID versus 4 commercial address as in previous rounds. The EDA will continue to approve the applicants based on the guidelines set forth in program. Staff will bring the updated guidelines, incorporating these changes back for EDA approval at the February 2019 meeting.

6. Project Updates/Reports:

- Director Kuennen discussed the proposed Downtown Micro Grant Program, The idea is that this program would be a joint effort between the EDA and Main Street, and would provide small amounts of funding for existing and new businesses in the downtown. The proposal included up to a \$5,000 grant per businesses, with funding allocated from the EDA on a funding cycle or calendar year. Research and past experience has shown that this type of program has been beneficial in other surrounding communities. Director Kuennen proposed earmarking \$25,000 out of the EDA revolving loan for this program. If successful, EDA can allocate additional funding or re-evaluate the program at a later date. This would be applicable for both new and current businesses. Staff is currently working with Faribault Main Street on this item. It is likely the Faribault Main Street will administer the program and recommend approval, however, final approval will be required from the EDA. The EDA expressed support for the program and directed Staff to continue to develop the program details – emphasizing that existing and new businesses should be eligible, and that the funding would be one-time funding.

- Director Kuennen brought up the AUAR. Staff's internal discussions will continue to determine the best course of action to proceed with the AUAR.

- Applied Air is working with ISG regarding site prep work in the Northern Industrial Park. This project will be a \$32 million investment.

- Counsel General Naoki is confirmed for February 28th and coordinating with MN Trade Office and Daikin for a successful visit.

- The City has an identified Opportunity Zone and will continue to market ways to leverage this asset. Staff has invited James Duffy, Shareholder at Briggs & Morgan to Faribault to present an Opportunity

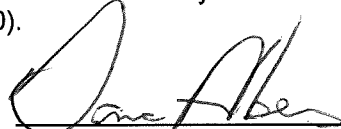
Zone workshop for interested lenders, investors, and community members. Once a date has been confirmed, Staff will work to market this opportunity to the community.

D. Wolf Creek Autobahn was briefly discussed – this project includes a 475 acre development near I-35 and County Road 1 in Rice County. They are in current conversations with the City of Faribault regarding sanitary sewer infrastructure.

6. **Adjourn** Motion was made by Matt Carlander and seconded by Matt Drevlow to adjourn the meeting at 8:30 a.m. Motion carried (6/0).



Rod Gramse, Vice Chairman



Dave Albers, Secretary/Treasurer

Respectfully Submitted,



Kari Casper, Administrative Assistant I