HIBBING

HIBBING ECONOMIC DEVELOPMENT AUTHORITY
Special Meeting
Wednesday, June 25, 2025
5:00 PM

President Shari Majkich Brock
Vice President Steve Jurenes
Councilor John Schweiberger
Councilor Jennifer Hoffman Saccoman
Mayor Pete Hyduke
Member Celia Cameron
Member Mike Egan

City Administrator Greg Pruszinske
Finance Dir - Treasurer Sheena Mulner
City Attorney Andy Borland
Community Dev. Director Betsy Olivanti

I. CALL TO ORDER:

II. APPROVAL OF THE AGENDA:

III. PRESENTATIONS:

IV. PUBLIC HEARING:

1. Convene the public hearing scheduled for this time to consider the application of John Carpenter Properties LLC for a business subsidy from the HEDA.

V. DEPARTMENT AND COMMITTEE REPORTS:

1. City Attorney Andy Borland

a. Advise HEDA Board on next steps for J. Carpenter loan application and business subsidy

2. Community Development Director Betsy Olivanti

a. Hibbing Parents Nursery School Request: Extend the ending of the current lease agreement from July 15th to August 29th of 2025

b. Consider the drafted developer selection criteria for the 400 Block Redevelopment Project.

3. Finance Director-Treasurer Sheena Mulner

VI. ADJOURNMENT:

BUSINESS SUBSIDY AGREEMENT

This Business Subsidy Agreement (the “**Agreement**”) is made effective as of **______________________** (“**Effective Date**”), by and between **John Carpenter Properties LLC, a Minnesota limited liability company (hereinafter Carpenter)**, having a principal place of business at 2425 Highway 37, Hibbing, Minnesota 55746-3654, United States, and the **Hibbing Economic Development Authority**, an economic development authority existing under the laws of the State of Minnesota, having its principal address at 401 East 21st Street, Hibbing Minnesota 55746, United States (**hereinafter** “**HEDA**”).

WHEREAS, Carpenter is seeking to build an 80’ x 24’ building for Carpenter Brothers Tree and Stump Removal in Hibbing, Minnesota; and,

WHEREAS, It is the hope that Carpenter may have the building completed in the fall of 2025; and,

WHEREAS, Carpenter received previous support from HEDA; and,

WHEREAS, Carpenter has committed itself to this expansion but to construct the building Carpenter needs substantial capital investment over and above what it currently has available; and,

WHEREAS, Carpenter has represented that its completion of the new facility will substantially increase the tax base for the City of Hibbing; and,

WHEREAS, Carpenter seeks financial assistance from HEDA and the Park State Bank for an amount in excess of $972,000; and,

WHEREAS, Carpenter is seeking financial assistance (the business subsidy) through Grantor (HEDA) from various sources through HEDA as follows:

- HEDA Loan for $250,000.

The funds as set forth above are all for the cost of the building which Carpenter will be able to occupy and lease to tenants; and,

WHEREAS, HEDA has reviewed its criteria for granting a business subsidy as set forth in Resolution 04-04-01 of April 7, 2004, and believes the business conducted by Carpenter meets the criteria established by HEDA it its Business Subsidy Criteria in that:

1) The project will not proceed in its present design and timetable without the business incentive.
2) The project increases the tax base within the City of Hibbing.
3) That Carpenter has shown to the satisfaction of HEDA that it has adequate financing to complete the project and that the project will be completed in a timely fashion.
4) That Carpenter's application meets the criteria under HEDA's/City of Hibbing's Business Subsidy Criteria as well as that set forth in Minnesota Statutes Section 116J.993.

WHEREAS, Carpenter acknowledges that the Business Subsidy Agreement he is executing is subject to the loan guidelines of the Hibbing Economic Development Authority.

NOW, THEREFORE, IT IS HEREBY AGREED AS FOLLOWS:

1) That Carpenter and HEDA will enter into this Business Subsidy Agreement in the amount of $250,000.00.

2) That this loan meets the criteria of a public purpose in that it will provide for the increase in the tax base to the City of Hibbing.

3) That Carpenter shall be obligated to repay all of the business loans it is receiving that are a part of this Business Subsidy per the terms as set forth by the HEDA Board. Said business loan will include at minimum a note and mortgage.

4) That the parties agree that said subsidy is needed to help Carpenter complete the building of the premises at 1000 Greyhound Boulevard, Hibbing, Minnesota 55746.

5) The parties agree that all wages paid by Carpenter will be a livable wage (110% of the poverty rate for St. Louis County, Minnesota for a family of four) and further that Carpenter will comply with all provisions in the Loan Agreement documents, a copy of which are attached hereto and made a part hereof.

6) That job creation for this particular project will be set at zero (0), however Carpenter agrees that the employee level of Carpenter Bros Tree Service and Portable John shall not drop below their current levels which presently have a cumulative total of 7.

7) That Carpenter, in consideration for said subsidy, agrees to maintain its operations within the City of Hibbing for at least five (5) years from the time said subsidy is provided.

8) That Carpenter acknowledges that he has been advised that as a part of this Business Subsidy Agreement he has an obligation to provide reports to HEDA for a Business Subsidy and said forms are prepared by the Department of Employment and Economic Development.

9) That Carpenter further agrees that if it fails to meet any of the criteria set forth above, HEDA has the right to call the whole amount due on his note immediately.

10) **<u>MISCELLANEOUS:</u>**

a) All notices from one party to the other required or permitted under this Agreement will be in writing, will refer specifically to this Agreement, and will be delivered in person, or sent by electronic or facsimile transmission for which a confirmation of delivery is obtained, or sent by registered mail or express courier services providing evidence of delivery, in each case to the recipient party's respective address set forth on the signature page hereof (or to such updated address as may be specified in writing to the other party from time to time). Such notices will be deemed effective as of the date so delivered or on the third business day following mailing.

b) Other than as expressly set forth in this agreement, Carpenter makes no representation or warranty and hereby expressly disclaims any representation or warranty of any kind, express or implied.

c) HEDA makes no representation or warranty and hereby expressly disclaims any representation or warranty of any kind, express or implied.

d) This Agreement is binding on HEDA, on Carpenter, and both parties' successors and assigns. It constitutes the entire agreement between the parties relating to the subject matter hereof and supersedes all other Agreements between the parties prior to the Effective Date, in connection with the subject matter hereof. The headings or titles in this Agreement are for purposes of reference only and will not in any way affect the interpretation or construction of this Agreement.

e) No waiver of any of the provisions of this Agreement will be valid unless in a written document, signed by the party against whom such a waiver is sought to be enforced, nor will failure to enforce any right hereunder constitute a continuing waiver of the same or a waiver of any other right hereunder. All amendments of this Agreement will be made in writing and signed by both parties, and no oral amendment will be binding on the parties.

f) This Agreement will be governed by and construed in accordance with the laws of the State of Minnesota without giving effect to any conflict of law principles to the contrary. If any provision of this Agreement is held to be invalid or unenforceable to any extent in any context, it will nevertheless be enforced to the fullest extent allowed by law in that and other contexts, and the validity and force of the remainder of this Agreement will not be affected thereby.

IN WITNESS WHEREOF, the parties have executed this Business Subsidy Agreement as of the Effective Date shown above. Each of the persons signing this Agreement affirms that he or she is duly authorized to do so and thereby to bind the indicated entity. This Agreement may be executed simultaneously in two or more counterparts, each of which will be deemed an original but all of which together will constitute one and the same instrument.

JOHN CARPENTER PROPERTIES LLC
2425 Highway 37
Hibbing, Minnesota

By: ____________________________

Name: ____________________________

Title: ____________________________

Date: ____________________________

HIBBING ECONOMIC DEVELOPMENT AUTHORITY:
401 East 21st Street
Hibbing Minnesota 55746

By: ____________________________

Name: ____________________________

Title: ____________________________

Date: ____________________________

Hibbing Economic Development Authority
J. Carpenter Loan Write Up

Eligibility within the framework of the revolving loan fund plan:

Priority #2 - Provide financial support to business expansions. Financing will be provided to support the purchase or improvement of commercial/industrial real estate, equipment purchases and working capital. This financing would typically be provided in conjunction with and would be subordinate to the traditional lenders.

Overall economic benefits of the proposed project:

Mr. Carpenter is making good on the deed requirement for this property in the North Hibbing Industrial Park to build an industrial building on the lot. This is a property improvement that HEDA requested.

Balance sheet and ratio analysis and determination of adequate capital and equity:

Financial statement of the borrower shows adequate wherewithal to take on and complete this project.

Analysis of repayment ability:

The borrower's global income show ability to make the payments. Additionally, if the anticipated rents are realized, from the real estate improvements, the property income will allow for continued investment.

Management skill of the applicant:

Borrower has the necessary skills to manage the renovation project and continue to make gains in the business financial performance.

Collateral offered and lien position:

Secured on the property in 2nd position behind Park State Bank.

Staff Recommended Loan Terms:

- $250,000 at 3% for 10 years, interest only for six months or full disbursement of loan proceeds, whichever is sooner
- Disbursement of loan proceeds with appropriate invoices for construction on subject property.
- Listed as an additional insured on the business insurance policy
- ACH payment required
- Life insurance required

Sworn Construction Statement

OWNERS NAME: John Carpenter

PROPERTY ADDRESS: 1000 Greyhound Blvd
Hibbing

STATE OF: MN

COUNTY OF: Hibbing

1. All Subcontractors and suppliers are to be listed with the type of work an
2. Lien waivers from subcontractors and suppliers will be required
3. This statement and waivers are to be submitted prior to closing

			TOTAL COST ($)
Building		Bison Buildings	$ 225,155.00
Engineering		Grundwaldt & Halverson LLC	$ 7,000.00
Survey		Bogart, Pederson & Assoc	$ 6,000.00
Testing		Braun Inter-Tec	$ 6,203.00
Excavating		Bougalis, Inc	$ 80,000.00
Excavating Utilities		Bougalis, Inc	$ 14,800.00
Erecting		Northern Building Erectors	$ 268,000.00
Concrete Work/Pad		Bougalis, Inc	$ 240,000.00
Electrical		Northland Electrical Services	$ 138,000.00
Plumbing		Bougalis, Inc	$ 26,900.00
HVAC		Bougalis, Inc	$ 38,200.00
Materials		Yoder Building Supplies	$ 15,000.00
Framing		Quinton Johnson Construction	
Drywall		Quinton Johnson Construction	
Door/Frames		Metal Building Insulation Plus	$ 4,200.00
OH Doors		Dynamic Doors	$ 31,000.00
Advising Fee		A One Concrete	$ 15,000.00
Contingency		TBD	$ 100,000.00
TOTAL			$ 1,215,458.00

Bison Steel Buildings

A TRADITION OF AMERICAN QUALITY & STRENGTH

2619 COON RAPIDS BLVD NW, MINNEAPOLIS, MN 55433 . (800)206-6085 . (763)862-9242 . INFO@BISONSTEEL.COM . WWW.BISONSTEEL.COM

CUSTOMER INFORMATION

COMPANY:					
CONTACT:	John Carpenter				
ADDRESS:					
CITY:	Hibbing	STATE:	MN	ZIP:	55746
PHONE:	218-966-4576	EXT:		FAX:	
CELL PHONE:		E-MAIL:	portjohn56@icloud.com		

STEEL BUILDING SPECIFICATIONS

SHIP TO ADDRESS:	Hibbing, MN 55746				
BUILDING COUNTY:	St. Louis				
PERMIT PLANS:	YES	WIND LOAD:	115	ROOF SNOW LOAD:	42
BLDG CODE:	MNBC20	SEISMIC LOAD:	.0669 A	GROUND SNOW LOAD:	60
BLDG WIDTH:	80'	BLDG LENGTH	124.5'	EAVE HEIGHT:	18'
BAY SPACING:	25'/25'/25'/25'/24.5'			ROOF PITCH / TYPE:	2:12
BLDG COLORS: ROOF:	Color	WALLS:	Color	TRIM:	Color

ACCESSORIES / OPTIONS (INCLUDED):		
(4) 14x14 Galvanized steel framed overhead door openings with trim	BUILDING COST:	$238,183.00
(3) 3x7 Galvanied steel framed service door openings with trim	TAX:	$16,387.00
(8) 3x6 Galvanized steel framed window openings with trim	TOTAL PRICE:	$254,570.00
Wainscot for all walls with premium trim		
2ft overhang for all walls with facia and soffit	DEPOSIT RECEIVED:	$95,243.00
10'x24.5' Canopy		
Commercial High R Value Insulation System, R-41 Roof and R-30 Walls	BAL. DUE ON DELIVERY. CASHIERS OR CERTIFIED CHECK ONLY	$159,327.00
26 Gauge Colored Standing Seam Roof		
Full Wall Interior Steel Liner Panel		

BALANCE DUE PRIOR TO UNLOADING BY CERTIFIED CHECK ONLY. CHECKS MADE PAYABLE TO BISON STEEL BUILDINGS, INC. The buyer agrees to pay the total balance of the purchase price by certified check upon delivery of the merchandise and acknowledges receipt of a complete copy of the purchase order. Under no circumstance is cash to be paid to the driver for balances owed on the building. The seller assumes no responsibility if cash is paid to the driver for balances on building. This purchase order by the buyer above name to the seller shall constitute an agreement binding upon seller only when accepted in writing by Seller's authorized officer. The representative of the seller preparing this purchase order is not an officer of the seller and not authorized to accept this order of the buyer. Upon receipt of this order at the home office of the seller, if the order is accepted, the "acceptance" copy hereto will be returned to the buyer, duly signed by an officer of the Seller, or if not accepted by the seller, the deposit above shall be returned to the buyer. Upon acceptance the buyer shall not be entitled to a refund of the whole or any part of the deposit tendered to the representative of the seller. No verbal conditions, agreements, representations or warranties shall be enforceable against the seller. It is the customers responsibility to unload the building and pay the driver the balance due by cashiers check before unloading. This contract may be executed in multiple counterparts, each of which shall be deemed an original, but all shall constitute the same document and the signature pages from the counterpart may be appended to any other counterpart to assemble fully-executed counterparts. Counterparts of this contract may also be exchanged via electronic facsimile machines and any electronic facsimile party's signature shall be deemed to be an original signature for all purposes.
THIS ORDER IS SUBJECT TO THE TERMS AND CONDITIONS OF THE FACE
Buyer hereby acknowledges receipt of a completed copy of this agreement and agrees to all of the terms herein contained.

Dated: ____________ Buyer: ____________

Accepted by Seller, dated: 4/18/2025 Representative: John Swanson

Bison Steel Buildings, Inc. Authorized Officer: John Swanson

BUSINESS NAME	John R. Carpenter Properties LLC

SOURCES		USES			
CASH OR EQUITY		ASSETS		STARTUP COSTS	
Owners Equity (Cash)	243,092.00	**Inventory**		Rent/Lease Deposit	
Park State Bank	722,366.00	**Land**		Insurance 1st payment	
HEDA	250,000.00	**Building**	1,115,458.00	Utility Deposits	
Loan 3		**Building Renovations**		Research & Development	
Other				Logo Design	
Other				Website Design	
Other				Business Name/SOS Registration	
Other				Licenses/Permits	
Other				Cash for Register	
Other				Consulting	
		Equipment		Initial Ads/Promotions	
				Cleaning Services	
				Professional Fees	
				Office Supplies	
				Patents and Trademarks	
				Other	
				Other	
				Other	
		Total Assets	$ 1,115,458	**Total Startup**	0
				Total of Assets & Startup	$ 1,115,458
				Working Capital (starting cash)*	$100,000
TOTAL SOURCES	$1,215,458	=		**TOTAL USES**	$1,215,458

*Cash available to start the business after Asset and Startup costs

LOAN PAYMENTS					
Park State Bank Lender		HEDA Lender		Loan 3 Lender	
Interest %	7.50%	Interest %	3.00%	Interest %	
Loan Amount	$722,366	Loan Amount	$250,000	Loan Amount	$0
Years	20	Years	10	Years	
Payment	$5,819	Payment	$2,414	Payment	$0
TOTAL MONTHLY P&I	**$8,233**				
TOTAL ANNUAL P&I	**$98,800**				
YEAR 1 DSCR	**2.26**				

PRODUCTS AND SERVICES WORKSHEET

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YEAR	NOTES
							YEAR 1							
Loan payment for land and building														
Sales	$10,124.51	$10,124.51	$10,124.51	$10,124.51	$10,124.51	$10,124.51	$10,124.51	$10,124.51	$10,124.51	$10,124.51	$10,124.51	$10,124.51	$121,494.12	From son
Supply/Inventory Costs													$0.00	
Gross Profit	$10,124.51	$10,124.51	$10,124.51	$10,124.51	$10,124.51	$10,124.51	$10,124.51	$10,124.51	$10,124.51	$10,124.51	$10,124.51	$10,124.51	$121,494.12	
Loan payment for business and equipment														
Sales	$10,125.51	$10,125.51	$10,125.51	$10,125.51	$10,125.51	$10,125.51	$10,125.51	$10,125.51	$10,125.51	$10,125.51	$10,125.51	$10,125.51	$121,506.12	From son
Supply/Inventory Costs													$0.00	
Gross Profit	$10,125.51	$10,125.51	$10,125.51	$10,125.51	$10,125.51	$10,125.51	$10,125.51	$10,125.51	$10,125.51	$10,125.51	$10,125.51	$10,125.51	$121,506.12	
Product 3														
Sales													$0.00	
Supply/Inventory Costs													$0.00	
Gross Profit	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	
Product 4														
Sales													$0.00	
Supply/Inventory Costs													$0.00	
Gross Profit	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	
TOTAL SALES	**$20,250.02**	**$20,250.02**	**$20,250.02**	**$20,250.02**	**$20,250.02**	**$20,250.02**	**$20,250.02**	**$20,250.02**	**$20,250.02**	**$20,250.02**	**$20,250.02**	**$20,250.02**	**$243,000.24**	
TOTAL SUPPLY/INVENTORY COSTS	**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$0.00**	
TOTAL GROSS PROFIT	**$20,250.02**	**$20,250.02**	**$20,250.02**	**$20,250.02**	**$20,250.02**	**$20,250.02**	**$20,250.02**	**$20,250.02**	**$20,250.02**	**$20,250.02**	**$20,250.02**	**$20,250.02**	**$243,000.24**	
							YEAR 2							
Loan payment for land and building														
Sales	$10,124.51	$10,124.51	$10,124.51	$10,124.51	$10,124.51	$10,124.51	$10,124.51	$10,124.51	$10,124.51	$10,124.51	$10,124.51	$10,124.51	$121,494.12	From son
Supply/Inventory Costs													$0.00	
Gross Profit	$10,124.51	$10,124.51	$10,124.51	$10,124.51	$10,124.51	$10,124.51	$10,124.51	$10,124.51	$10,124.51	$10,124.51	$10,124.51	$10,124.51	$121,494.12	
Loan payment for business and equipment														
Sales	$10,124.51	$10,124.51	$10,124.51	$10,124.51	$10,124.51	$10,124.51	$10,124.51	$10,124.51	$10,124.51	$10,124.51	$10,124.51	$10,124.51	$121,494.12	From son
Supply/Inventory Costs													$0.00	
Gross Profit	$10,124.51	$10,124.51	$10,124.51	$10,124.51	$10,124.51	$10,124.51	$10,124.51	$10,124.51	$10,124.51	$10,124.51	$10,124.51	$10,124.51	$121,494.12	
Product 3														
Sales													$0.00	
Supply/Inventory Costs													$0.00	
Gross Profit	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	
Product 4														
Sales													$0.00	
Supply/Inventory Costs													$0.00	
Gross Profit	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	
TOTAL SALES	**$20,249.02**	**$20,249.02**	**$20,249.02**	**$20,249.02**	**$20,249.02**	**$20,249.02**	**$20,249.02**	**$20,249.02**	**$20,249.02**	**$20,249.02**	**$20,249.02**	**$20,249.02**	**$242,988.24**	
TOTAL SUPPLY/INVENTORY COSTS	**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$0.00**	
TOTAL GROSS PROFIT	**$20,249.02**	**$20,249.02**	**$20,249.02**	**$20,249.02**	**$20,249.02**	**$20,249.02**	**$20,249.02**	**$20,249.02**	**$20,249.02**	**$20,249.02**	**$20,249.02**	**$20,249.02**	**$242,988.24**	
							YEAR 3							
Loan payment for land and building														
Sales	$10,124.51	$10,124.51	$10,124.51	$10,124.51	$10,124.51	$10,124.51	$10,124.51	$10,124.51	$10,124.51	$10,124.51	$10,124.51	$10,124.51	$121,494.12	From son
Supply/Inventory Costs													$0.00	
Gross Profit	$10,124.51	$10,124.51	$10,124.51	$10,124.51	$10,124.51	$10,124.51	$10,124.51	$10,124.51	$10,124.51	$10,124.51	$10,124.51	$10,124.51	$121,494.12	
Loan payment for business and equipment														
Sales	$10,124.51	$10,124.51	$10,124.51	$10,124.51	$10,124.51	$10,124.51	$10,124.51	$10,124.51	$10,124.51	$10,124.51	$10,124.51	$10,124.51	$121,494.12	From son
Supply/Inventory Costs													$0.00	
Gross Profit	$10,124.51	$10,124.51	$10,124.51	$10,124.51	$10,124.51	$10,124.51	$10,124.51	$10,124.51	$10,124.51	$10,124.51	$10,124.51	$10,124.51	$121,494.12	
Product 3														
Sales													$0.00	
Supply/Inventory Costs													$0.00	
Gross Profit	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	
Product 4														
Sales													$0.00	
Supply/Inventory Costs													$0.00	
Gross Profit	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	
TOTAL SALES	**$20,249.02**	**$20,249.02**	**$20,249.02**	**$20,249.02**	**$20,249.02**	**$20,249.02**	**$20,249.02**	**$20,249.02**	**$20,249.02**	**$20,249.02**	**$20,249.02**	**$20,249.02**	**$242,988.24**	
TOTAL SUPPLY/INVENTORY COSTS	**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$0.00**	
TOTAL GROSS PROFIT	**$20,249.02**	**$20,249.02**	**$20,249.02**	**$20,249.02**	**$20,249.02**	**$20,249.02**	**$20,249.02**	**$20,249.02**	**$20,249.02**	**$20,249.02**	**$20,249.02**	**$20,249.02**	**$242,988.24**	

PRODUCTS AND SERVICES SUMMARY				
	Loan payment for land an	t for business ar	Product 3	Product 4
Year 1 Sales	$121,494	$121,506	$0	$0
Year 1 Supply/Inventory Costs %	0%	0%	0.00%	0.00%
Year 2 Sales	$121,494	$121,494	$0	$0
Year 2 Supply/Inventory Costs %	0%	0%	0.00%	0.00%
Year 3 Sales	$121,494	$121,494	$0	$0
Year 3 Supply/Inventory Costs %	0%	0%	0.00%	0.00%

CASH FLOW YEAR 1

CASH (beginning of month)	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YEAR TOTAL	NOTES
$100,000	$100,000	$111,317	$122,633	$133,950	$142,302	$149,618	$160,935	$172,252	$183,568	$194,885	$202,202	$213,518		
CASH INCOME														
Sales	20,250	20,250	20,250	20,250	20,250	20,250	20,250	20,250	20,250	20,250	20,250	20,250	$243,000	
Supply/Inventory Costs	0	0	0	0	0	0	0	0	0	0	0	0	$0	
Gross Profit	20,250	20,250	20,250	20,250	20,250	20,250	20,250	20,250	20,250	20,250	20,250	20,250	$243,000	
TOTAL CASH AVAILABLE	$120,250	$131,567	$142,883	$154,200	$162,552	$169,868	$181,185	$192,502	$203,818	$215,135	$222,452	$233,768		
CASH EXPENSES														
Payroll Hourly	0	0	0	0	0	0	0	0	0	0	0	0	$0	
Payroll Salary	0	0	0	0	0	0	0	0	0	0	0	0	$0	
Payroll Taxes (12%)	0	0	0	0	0	0	0	0	0	0	0	0	$0	
Employee Benefits	0	0	0	0	0	0	0	0	0	0	0	0	$0	
Commissions	0	0	0	0	0	0	0	0	0	0	0	0	$0	
Contract Labor	0	0	0	0	0	0	0	0	0	0	0	0	$0	
Real Estate Taxes	0	0	0	0	4,000	0	0	0	0	4,000	0	0	$8,000	
Rent/Lease	0	0	0	0	0	0	0	0	0	0	0	0	$0	
Utilities	700	700	700	700	700	700	700	700	700	700	700	700	$8,400	
Cell Phone/Land Line	0	0	0	0	0	0	0	0	0	0	0	0	$0	
Internet	0	0	0	0	0	0	0	0	0	0	0	0	$0	
Repairs/Maintenance	0	0	0	0	0	0	0	0	0	0	0	0	$0	
Snow/Lawn Maintenance	0	0	0	0	0	0	0	0	0	0	0	0	$0	
Cleaning	0	0	0	0	0	0	0	0	0	0	0	0	$0	
Security System	0	0	0	0	0	0	0	0	0	0	0	0	$0	
Insurance	0	0	0	2,565	0	0	0	0	0	0	0	0	$2,565	
Vehicle	0	0	0	0	0	0	0	0	0	0	0	0	$0	
Car Rental	0	0	0	0	0	0	0	0	0	0	0	0	$0	
Gas	0	0	0	0	0	0	0	0	0	0	0	0	$0	
Parking	0	0	0	0	0	0	0	0	0	0	0	0	$0	
Travel	0	0	0	0	0	0	0	0	0	0	0	0	$0	
Advertising	0	0	0	0	0	0	0	0	0	0	0	0	$0	
Professional Services	0	0	0	0	0	0	0	0	0	0	0	0	$0	
Accounting/Bookkeeping	0	0	0	400	0	0	0	0	0	0	0	0	$400	
Bank Charges	0	0	0	0	0	0	0	0	0	0	0	0	$0	
Credit Card Fees	0	0	0	0	0	0	0	0	0	0	0	0	$0	
Donations	0	0	0	0	0	0	0	0	0	0	0	0	$0	
Dues & Subscriptions	0	0	0	0	0	0	0	0	0	0	0	0	$0	
Education	0	0	0	0	0	0	0	0	0	0	0	0	$0	
Freight & Postage	0	0	0	0	0	0	0	0	0	0	0	0	$0	
Licenses	0	0	0	0	0	0	0	0	0	0	0	0	$0	
Printing	0	0	0	0	0	0	0	0	0	0	0	0	$0	
Refunds	0	0	0	0	0	0	0	0	0	0	0	0	$0	
Research & Development	0	0	0	0	0	0	0	0	0	0	0	0	$0	
General Supplies	0	0	0	0	0	0	0	0	0	0	0	0	$0	
Software	0	0	0	0	0	0	0	0	0	0	0	0	$0	
Other	0	0	0	0	0	0	0	0	0	0	0	0	$0	
Other	0	0	0	0	0	0	0	0	0	0	0	0	$0	
Other	0	0	0	0	0	0	0	0	0	0	0	0	$0	
Other	0	0	0	0	0	0	0	0	0	0	0	0	$0	
Other	0	0	0	0	0	0	0	0	0	0	0	0	$0	
SUBTOTAL EXPENSES	**$700**	**$700**	**$700**	**$3,665**	**$4,700**	**$700**	**$700**	**$700**	**$700**	**$4,700**	**$700**	**$700**	$19,365	
Loan Payments (P&I)	8,233	8,233	8,233	8,233	8,233	8,233	8,233	8,233	8,233	8,233	8,233	8,233	$98,800	
Owner Pay	0	0	0	0	0	0	0	0	0	0	0	0	$0	
TOTAL CASH PAID OUT	**$8,933**	**$8,933**	**$8,933**	**$11,898**	**$12,933**	**$8,933**	**$8,933**	**$8,933**	**$8,933**	**$12,933**	**$8,933**	**$8,933**	$118,165	
CASH (END OF MONTH)	**$111,317**	**$122,633**	**$133,950**	**$142,302**	**$149,618**	**$160,935**	**$172,252**	**$183,568**	**$194,885**	**$202,202**	**$213,518**	**$224,835**		

CASH FLOW YEAR 2														
CASH (beginning of month)	**JAN**	**FEB**	**MAR**	**APR**	**MAY**	**JUN**	**JUL**	**AUG**	**SEP**	**OCT**	**NOV**	**DEC**	**YEAR TOTAL**	**NOTES**
$224,835	$224,835	$236,151	$247,466	$258,782	$267,133	$274,448	$285,764	$297,080	$308,395	$319,711	$327,027	$338,342		
CASH INCOME														
Sales	20,249	20,249	20,249	20,249	20,249	20,249	20,249	20,249	20,249	20,249	20,249	20,249	$242,988	
Supply/Inventory Costs	0	0	0	0	0	0	0	0	0	0	0	0	$0	
Gross Profit	20,249	20,249	20,249	20,249	20,249	20,249	20,249	20,249	20,249	20,249	20,249	20,249	$242,988	
TOTAL CASH AVAILABLE	245,084	256,400	267,715	279,031	287,382	294,697	306,013	317,329	328,644	339,960	347,276	358,591		
CASH EXPENSES														
Payroll Hourly	0	0	0	0	0	0	0	0	0	0	0	0	$0	
Payroll Salary	0	0	0	0	0	0	0	0	0	0	0	0	$0	
Payroll Taxes (12%)	0	0	0	0	0	0	0	0	0	0	0	0	$0	
Employee Benefits	0	0	0	0	0	0	0	0	0	0	0	0	$0	
Commissions	0	0	0	0	0	0	0	0	0	0	0	0	$0	
Contract Labor	0	0	0	0	0	0	0	0	0	0	0	0	$0	
Real Estate Taxes	0	0	0	0	4,000	0	0	0	0	4,000	0	0	$8,000	
Rent/Lease	0	0	0	0	0	0	0	0	0	0	0	0	$0	
Utilities	700	700	700	700	700	700	700	700	700	700	700	700	$8,400	
Cell Phone/Land Line	0	0	0	0	0	0	0	0	0	0	0	0	$0	
Internet	0	0	0	0	0	0	0	0	0	0	0	0	$0	
Repairs/Maintenance	0	0	0	0	0	0	0	0	0	0	0	0	$0	
Snow/Lawn Maintenance	0	0	0	0	0	0	0	0	0	0	0	0	$0	
Cleaning	0	0	0	0	0	0	0	0	0	0	0	0	$0	
Security System	0	0	0	0	0	0	0	0	0	0	0	0	$0	
Insurance	0	0	0	2,565	0	0	0	0	0	0	0	0	$2,565	
Vehicle	0	0	0	0	0	0	0	0	0	0	0	0	$0	
Car Rental	0	0	0	0	0	0	0	0	0	0	0	0	$0	
Gas	0	0	0	0	0	0	0	0	0	0	0	0	$0	
Parking	0	0	0	0	0	0	0	0	0	0	0	0	$0	
Travel	0	0	0	0	0	0	0	0	0	0	0	0	$0	
Advertising	0	0	0	0	0	0	0	0	0	0	0	0	$0	
Professional Services	0	0	0	0	0	0	0	0	0	0	0	0	$0	
Accounting/Bookkeeping	0	0	0	400	0	0	0	0	0	0	0	0	$400	
Bank Charges	0	0	0	0	0	0	0	0	0	0	0	0	$0	
Credit Card Fees	0	0	0	0	0	0	0	0	0	0	0	0	$0	
Donations	0	0	0	0	0	0	0	0	0	0	0	0	$0	
Dues & Subscriptions	0	0	0	0	0	0	0	0	0	0	0	0	$0	
Education	0	0	0	0	0	0	0	0	0	0	0	0	$0	
Freight & Postage	0	0	0	0	0	0	0	0	0	0	0	0	$0	
Licenses	0	0	0	0	0	0	0	0	0	0	0	0	$0	
Printing	0	0	0	0	0	0	0	0	0	0	0	0	$0	
Refunds	0	0	0	0	0	0	0	0	0	0	0	0	$0	
Research & Development	0	0	0	0	0	0	0	0	0	0	0	0	$0	
General Supplies	0	0	0	0	0	0	0	0	0	0	0	0	$0	
Software	0	0	0	0	0	0	0	0	0	0	0	0	$0	
Other	0	0	0	0	0	0	0	0	0	0	0	0	$0	
Other	0	0	0	0	0	0	0	0	0	0	0	0	$0	
Other	0	0	0	0	0	0	0	0	0	0	0	0	$0	
Other	0	0	0	0	0	0	0	0	0	0	0	0	$0	
Other	0	0	0	0	0	0	0	0	0	0	0	0	$0	
SUBTOTAL EXPENSES	**$700**	**$700**	**$700**	**$3,665**	**$4,700**	**$700**	**$700**	**$700**	**$700**	**$4,700**	**$700**	**$700**	$19,365	
Loan Payments (P&I)	8,233	8,233	8,233	8,233	8,233	8,233	8,233	8,233	8,233	8,233	8,233	8,233	$98,800	
Owner Pay	0	0	0	0	0	0	0	0	0	0	0	0	$0	
TOTAL CASH PAID OUT	**$8,933**	**$8,933**	**$8,933**	**$11,898**	**$12,933**	**$8,933**	**$8,933**	**$8,933**	**$8,933**	**$12,933**	**$8,933**	**$8,933**	$118,165	
CASH (END OF MONTH)	**$236,151**	**$247,466**	**$258,782**	**$267,133**	**$274,448**	**$285,764**	**$297,080**	**$308,395**	**$319,711**	**$327,027**	**$338,342**	**$349,658**		

CASH FLOW YEAR 3														
CASH (beginning of month)	**JAN**	**FEB**	**MAR**	**APR**	**MAY**	**JUN**	**JUL**	**AUG**	**SEP**	**OCT**	**NOV**	**DEC**	**YEAR TOTAL**	**NOTES**
$349,658	$349,658	$360,974	$372,289	$383,605	$391,956	$399,271	$410,587	$421,903	$433,218	$444,534	$451,850	$463,165		
CASH INCOME														
Sales	20,249	20,249	20,249	20,249	20,249	20,249	20,249	20,249	20,249	20,249	20,249	20,249	$242,988	
Supply/Inventory Costs	0	0	0	0	0	0	0	0	0	0	0	0	$0	
Gross Profit	20,249	20,249	20,249	20,249	20,249	20,249	20,249	20,249	20,249	20,249	20,249	20,249	$242,988	
TOTAL CASH AVAILABLE	369,907	381,223	392,538	403,854	412,205	419,520	430,836	442,152	453,467	464,783	472,099	483,414		
CASH EXPENSES														
Payroll Hourly	0	0	0	0	0	0	0	0	0	0	0	0	$0	
Payroll Salary	0	0	0	0	0	0	0	0	0	0	0	0	$0	
Payroll Taxes (12%)	0	0	0	0	0	0	0	0	0	0	0	0	$0	
Employee Benefits	0	0	0	0	0	0	0	0	0	0	0	0	$0	
Commissions	0	0	0	0	0	0	0	0	0	0	0	0	$0	
Contract Labor	0	0	0	0	0	0	0	0	0	0	0	0	$0	
Real Estate Taxes	0	0	0	0	4,000	0	0	0	0	4,000	0	0	$8,000	
Rent/Lease	0	0	0	0	0	0	0	0	0	0	0	0	$0	
Utilities	700	700	700	700	700	700	700	700	700	700	700	700	$8,400	
Cell Phone/Land Line	0	0	0	0	0	0	0	0	0	0	0	0	$0	
Internet	0	0	0	0	0	0	0	0	0	0	0	0	$0	
Repairs/Maintenance	0	0	0	0	0	0	0	0	0	0	0	0	$0	
Snow/Lawn Maintenance	0	0	0	0	0	0	0	0	0	0	0	0	$0	
Cleaning	0	0	0	0	0	0	0	0	0	0	0	0	$0	
Security System	0	0	0	0	0	0	0	0	0	0	0	0	$0	
Insurance	0	0	0	2,565	0	0	0	0	0	0	0	0	$2,565	
Vehicle	0	0	0	0	0	0	0	0	0	0	0	0	$0	
Car Rental	0	0	0	0	0	0	0	0	0	0	0	0	$0	
Gas	0	0	0	0	0	0	0	0	0	0	0	0	$0	
Parking	0	0	0	0	0	0	0	0	0	0	0	0	$0	
Travel	0	0	0	0	0	0	0	0	0	0	0	0	$0	
Advertising	0	0	0	0	0	0	0	0	0	0	0	0	$0	
Professional Services	0	0	0	0	0	0	0	0	0	0	0	0	$0	
Accounting/Bookkeeping	0	0	0	400	0	0	0	0	0	0	0	0	$400	
Bank Charges	0	0	0	0	0	0	0	0	0	0	0	0	$0	
Credit Card Fees	0	0	0	0	0	0	0	0	0	0	0	0	$0	
Donations	0	0	0	0	0	0	0	0	0	0	0	0	$0	
Dues & Subscriptions	0	0	0	0	0	0	0	0	0	0	0	0	$0	
Education	0	0	0	0	0	0	0	0	0	0	0	0	$0	
Freight & Postage	0	0	0	0	0	0	0	0	0	0	0	0	$0	
Licenses	0	0	0	0	0	0	0	0	0	0	0	0	$0	
Printing	0	0	0	0	0	0	0	0	0	0	0	0	$0	
Refunds	0	0	0	0	0	0	0	0	0	0	0	0	$0	
Research & Development	0	0	0	0	0	0	0	0	0	0	0	0	$0	
General Supplies	0	0	0	0	0	0	0	0	0	0	0	0	$0	
Software	0	0	0	0	0	0	0	0	0	0	0	0	$0	
Other	0	0	0	0	0	0	0	0	0	0	0	0	$0	
Other	0	0	0	0	0	0	0	0	0	0	0	0	$0	
Other	0	0	0	0	0	0	0	0	0	0	0	0	$0	
Other	0	0	0	0	0	0	0	0	0	0	0	0	$0	
Other	0	0	0	0	0	0	0	0	0	0	0	0	$0	
SUBTOTAL EXPENSES	**$700**	**$700**	**$700**	**$3,665**	**$4,700**	**$700**	**$700**	**$700**	**$700**	**$4,700**	**$700**	**$700**	$19,365	
Loan Payments (P&I)	8,233	8,233	8,233	8,233	8,233	8,233	8,233	8,233	8,233	8,233	8,233	8,233	$98,800	
Owner Pay	0	0	0	0	0	0	0	0	0	0	0	0	$0	
TOTAL CASH PAID OUT	**$8,933**	**$8,933**	**$8,933**	**$11,898**	**$12,933**	**$8,933**	**$8,933**	**$8,933**	**$8,933**	**$12,933**	**$8,933**	**$8,933**	$118,165	
CASH (END OF MONTH)	**$360,974**	**$372,289**	**$383,605**	**$391,956**	**$399,271**	**$410,587**	**$421,903**	**$433,218**	**$444,534**	**$451,850**	**$463,165**	**$474,481**		

SUMMARY							
	YEAR 1		YEAR 2		YEAR 3		INDUSTRY AVG
Sales	$243,000	% OF SALES	$242,988	% OF SALES	$242,988	% OF SALES	
Supply/Inventory Costs	$0	0.00%	$0	0.00%	$0	0.00%	
Gross Profit	$243,000	100.00%	$242,988	100.00%	$242,988	100.00%	
Total Expenses	$19,365	7.97%	$19,365	7.97%	$19,365	7.97%	
Payroll/Labor Related Expenses	$0	0.00%	$0	0.00%	$0	0.00%	
Building/Space Related Expenses	$18,965	7.80%	$18,965	7.80%	$18,965	7.80%	
Other Operational Expenses	$400	0.16%	$400	0.16%	$400	0.16%	
Owner Pay	$0	0.00%	$0	0.00%	$0	0.00%	
Cash Available for Debt Service	$223,635	92.03%	$223,623	92.03%	$223,623	92.03%	
Principal & Interest	$98,800	40.66%	$98,800	40.66%	$98,800	40.66%	
DSCR	2.26		2.26		2.26		
Cash Available After Debt Service	$124,835	51.37%	$124,823	51.37%	$124,823	51.37%	

BALANCE SHEET DATE			
ASSETS		**LIABILITIES AND EQUITY**	
CURRENT ASSETS		CURRENT LIABILITIES	
Cash	0	Current Portion of Long-Term Debt	0
Accounts Receivable	0	Note Payable - Bank (LOC)	0
Notes Receivable	0	Note Payable - Other	0
Inventory	0	Accrued Payroll Liabilities	0
Other Current Assets	0	Accrued Sales Tax Liabilities	0
TOTAL CURRENT ASSETS	**0**	Income Taxes Payable	0
		Other Current Liabilities	0
		Accounts Payable	0
		TOTAL CURRENT LIABILITIES	**0**
FIXED ASSETS			
Land	0		
Land Improvements	0	LONG TERM LIABILITIES	
Buildings	0	Bank Loan 1	0
Equipment	0	Bank Loan 2	0
Less: Accumulated Depreciation	0	Bank Loan 3	0
TOTAL FIXED ASSETS	**0**	Existing Loans	0
		Subordinated Officer Debt	0
		TOTAL LONG TERM LIABILITIES	**0**
OTHER ASSETS		**TOTAL LIABILITIES**	**0**
Marketable Securities (Long-Term)	0		
Goodwill	0		
Other Intangible Assets	0	OWNER'S EQUITY	
Less: Accumulated Amortization	0	Capital Stock/Owner's Equity	0
TOTAL OTHER ASSETS	**0**	Paid-In Capital	0
		Owner Distributions	0
		Retained Earnings	0
		TOTAL OWNER'S EQUITY	**0**
TOTAL ASSETS	**0**	**TOTAL LIABILITIES AND EQUITY**	**0**

John Carpenter Properties LLC

Business Plan

May 2025

John R. Carpenter
PO Box 858
Hibbing, MN 55746
Telephone: 218-966-4576
Email: portjohn56@icloud.com

TABLE OF CONTENTS

EXECUTIVE SUMMARY

Brief Description of Business

John Carpenter Properties LLC plans to build an 80x124 building to house Carpenter Brothers Tree and Stump Removal. The building will be located at 1000 Greyhound Blvd. in Hibbing. This business is an extension of our family's existing business, Portable John Services, Inc. I am seeking $722,366 in funding from Park State Bank and $250,000 from HEDA to support this project. Total project costs are $1,215, 458. We hope to start construction in spring 2025, with occupancy targeted for fall 2025.

Legal Organization

John Carpenter Properties LLC

Ownership

Name	% of Ownership
John Carpenter	100

Funding Request

Owners Equity	$243,092
Park State Bank	$722,366
HEDA	$250,000

BUSINESS DESCRIPTION

Description

I founded Portable John Services, Inc. DBA Portable John in 1993. In 2015, I sold the business and equipment to my son, Travis Carpenter. I sold the land and building to him in early 2025. I plan to build an 80x124 building at 1000 Greyhound Blvd., which will be owned by John Carpenter Properties LLC. The payments received from my son will support the payments for this building. I also currently own and operate Carpenter Brothers Tree and Stump Removal, which will lease space in the new building. There is also potential to lease a portion of the building to a local mechanic who has expressed interest.

Background

I have been a successful local small business owner since 1993, growing the company from the ground up. I was sole operator of the business at start-up, completing all duties. When I sold the company, I had it to 7 employees with $1.2M in annual sales.

Location

1000 Greyhound Blvd.

Responsibilities

I will provide all management and operational responsibilities.

GOALS

Start-up Goals (prior to start-up)

- Secure financing for the building as soon as possible in order to commence construction in spring 2025
- Construction to be completed within 6-8 months of commencing
- Occupancy targeted for late-fall 2025

SUPPORT PROFESSIONALS

Certified Public Accountant

Jeff Sterle, Sterle & Co Ltd

Attorney

Andy Borland, Sellman Borland & Simon PLLC

Bank

Jenn Wainionpaa, Park State Bank

Insurance

US Assure

Small Business Development Center Consultant

Katherine Lahti, Northland SBDC

FINANCIAL PROJECTIONS SUMMARY AND ASSUMPTIONS

See accompanying spreadsheets.

Loan Application for Hibbing Economic Development Authority

Business Name: John Carpenter Properties LLC

Business Address: 1,000 Grayhound Blvd Hibbing MN 55746
Street City State Zip Code

Business Phone: 218-966-4576

Name of Principal No. 1:	Name of Principal No. 2:
John Carpenter	
Home Address: 2425 Hwy 37 (Street)	Home Address:
Hibbing MN 55746 (City State Zip Code)	City State Zip Code
Home Phone: 218-966-4576	Home Phone:

Type of Business (LLC, Corp, Sole Prop): LLC

Date Established: 1-24-25

Amount of financing request from Hibbing Economic Development Authority: ______

Total Project Costs: ______

Signatures: (Must be signed by all parties having 20% or more ownership in the business)

I declare that any statement in this application, or information provided herein, is true and complete to the best of my knowledge and hereby acknowledge that I have read and understand the following statement:

"The State of Minnesota and its agents have the right to verify information provided in this application. False information, in addition to disqualifying the applicant from any further consideration for financial assistance, may also subject the applicant to the penalty provision of Minnesota Statute §609.645."

Name: John Carpenter Title: OWNER Date: 5-16-25

Name: ______ Title: ______ Date: ______

PLEASE INCLUDE WITH YOUR APPLICATION (Further Documentation will be Required Upon Approval of Loan – See Loan Guidelines for Details)

- Business/Project Plan and financials for the project, see next page for requirements
- Any and All Estimates for Material/Labor that Applicant has received at time of application
- Job creation, sources/uses, collateral, see page 3 for sample requirements
- Verification that Property Taxes and Utilities are current and paid. Please note: Applicant will not be eligible for loan if past due taxes or utilities exist on subject property.

Please return to: Hibbing Economic Development Authority
401 East 21st Street
Hibbing, Minnesota 55746
Or
bolivanti@ci.hibbing.mn.us

For more information or help please call:
1-218-312-1579

Job Creation

	Full Time	Part Time	Total Full Time Equivalent*
Number of Existing Employees	8	0	
Number of New Jobs Created	1	1	

**Full time equivalent (FTE) is defined as the number of hours worked by all full-and part-time employees divided by 2,080 (the number of hours in a typical work year: 52 weeks X 40 hours).*

Project Cost and Request Summary

Sources		**Uses**	
Owners Equity	243,092	Land	
Loan 1 – PSB	722,366	Building	1,215,458
Loan 2 – HEDA	250,000	Equipment	
Loan 3		Inventory	
Line of Credit		Start-Up Costs	
		Goodwill	
		Refinance	
TOTAL	1,215,458	Working Capital	
		TOTAL	1,215,458

Loan Description: Include lending institution, interest rate, and loan term from list above

	Lending Institution	Interest Rate	Loan Term	Secured? (Y/N)
Loan 1	Park State Bank	7.50%	5 yrs/20 yr am.	Yes
Loan 2				
Loan 3				

List of collateral and estimated values:

	Description	Value in $
Item 1	Mortgage on new building	TBD
Item 2		
Item 3		
Item 4		
Item 5		

06/20/2025

Dear HEDA Board,

This is an update on our current relocation process. After investigating and consulting with the City's building inspector as well as an architect, we were informed that due to the new location not being on ground level, a sprinkler system would need to be installed throughout the building. This is not currently feasible. We have now worked with the Pastor of Abundant Life Church and agreed to occupy a different building on their property. This comes with renewed negotiations, inspections, licensing code configurations as well as some construction needs.

We're currently going through the process of:

- Getting two estimates from contractors to install an exit from a classroom per licensing requirements
- Negotiating a new lease agreement
- Again initiating licensing, fire and health inspections to determine additional changes needed to occupy the building to provide daycare services
- Finish the renovations
- Purchase new shelving to make the shared space work
- Move into new location
- Move completely out of the Jefferson School
- Schedule licensor visit to sign off at the new location when everything is ready and set up to open

Although this is a bump on our road to relocate our business, we are just grateful that things are still moving forward and we don't have to start at square one. At this time, unfortunately, July 15th looks almost impossible for us to finish the necessary renovations, move and have everything ready in order to open our doors at the new location. We are working diligently, but we are hereby asking you to extend our current lease agreement of July 15th to end on August 29th of 2025.

Every year Hibbing Parents Nursery School closes the last week of August to clean and do needed maintenance to start out the new school year. Our families are already anticipating the closure at this time and it would give us ample time to finish all needed renovations, have some leeway for our licensor to make the trip up here and sign off on opening at the new location, move in and move everything out at the Jefferson School and leave the premises cleaned. We likely would not need to close any additional days, making it most convenient for our enrolled families. We would be able to smoothly start the new school year at our new location after Labor Day weekend.

Request: Extend the ending of the current lease agreement from July 15th to August 29th of 2025

We sincerely appreciate your time and consideration on this matter.

With best regards,
Pia Groszbach and the staff at Hibbing Parents Nursery School

LEASE AGREEMENT

THIS LEASE AGREEMENT, made this 22nd day of May, 2025, between the HIBBING ECONOMIC DEVELOPMENT AUTHORITY("Landlord") and the HIBBING PARENTS' NURSERY SCHOOL AND DAYCARE, INC. ("Tenant").

RECITALS

1. Landlord has the unqualified right to grant a leasehold interest in the premises described in this Lease.

2. Tenant desires to lease from Landlord and Landlord is willing to lease to Tenant the premises described in this Lease, in accordance with and subject to the conditions of this Lease.

FOR AND IN CONSIDERATION of the mutual covenants contained in this Lease, Landlord and Tenant (the "parties") agree as follows:

Section 1. **Lease of Premises.** Landlord leases to Tenant and Tenant hires from Landlord the premises legally described as follows for the term described in Section 2:

> The North 1/2 of the SW 1/4 of the SE 1/4, Section 18, Township 57 North, Range 20 West, that lies Easterly of the Easterly of REGISTERED LAND SURVEY NO. 79, a duly recorded survey, LESS AND EXCEPT the West 75.00 feet as measured at a right angle to the Easterly line of said REGISTERED LAND SURVEY NO. 79.
> (Torrens)
> Parcel Code: 140-0270-00855

Section 2. **Initial Term**. The Initial Term of this Lease shall commence on or about May 22, 2025, (the "Commencement Date") and end on July 31, 2025, (the "Expiration Date"), unless earlier terminated pursuant to the terms of this Lease.

Section 3. **Base Rent**.

(a) It is agreed that the rent for the parcel as described in Section 1 (defined as base rent) shall be as follows:

$0.00 per month commencing May 22, 2025, through August 29, 2025

(b) As a separate rent, Tenant shall be responsible for all utilities to the premises.

(c) If this Lease is terminated prior to the expiration date for reasons other than Tenants default and if the effective date of the termination is other than the last day of the month, base rent shall be pro-rated to the date of termination based on a thirty day month, and Landlord shall refund to the Tenant any base rent paid, but unearned as of the termination date.

(d) Rent shall be paid to Landlord at the Clerk's Office of the City of Hibbing at such other address as Landlord may from time to time designate.

Section 4. **Extension of Initial Term**. Landlord and Tenant agree to negotiate in good faith the extension of this Lease Agreement prior to the expiration of the Initial Term.

Section 5. **Use**. Tenant's use of said premises shall be for a daycare.

Any other use of the property without the prior written consent of the Landlord shall be a violation of the terms of the contract. Tenant shall be responsible for obtaining all permits, certificates, licenses, easements, waivers, variances, approvals and applications necessary for Tenant's intended use of the premises.

Section 6. **Alterations**. During the initial term and any renewal term, Tenant shall not make structural alterations to the premises without Landlord's prior written consent. In making any approved alterations, Tenant shall do the following:

(1) Notify Landlord at least thirty (30) days prior to commencement of the alterations;

(2) Comply with all applicable local, state or federal laws, regulations, codes or ordinances affecting such alterations and the premises.

Any construction or alterations shall become part of the property of the Landlord. Tenant shall have the option of removing said constructed facilities so long as upon the removal of said improvements, they shall not damage the real property.

Section 7. Maintenance of Premises.

(a) At its expense, tenant shall maintain in good condition the structure of the building, including the roof, drains, gutters, down spouts, foundation, load-bearing and exterior walls and shall also maintain the existing electrical systems serving the premises, up to the building and Landlord shall have no responsibility for same.

(b) Tenant shall accomplish all maintenance for which it is responsible as soon as practicable.

(c) Tenant shall be solely responsible for maintaining in good condition at its expense the interior of the premises, including but not limited to all equipment necessary for the operation of the facility, including the heating, ventilation and air conditioning systems, and shall perform any and all necessary and ordinary repairs and maintenance required for the normal operation of said equipment.
If following notice from Landlord, Tenant fails to make any necessary repairs or perform any necessary maintenance for which Tenant is responsible, Landlord may have such repairs or maintenance performed and Landlord's costs of doing so shall be payable as additional rent with the next due installment of base rent.

(d) Tenant shall put and keep said premises continually in a neat, clean and respectable condition, including keeping the sidewalks in front and along said premises cleared of ice or snow or other obstructions or objectionable things, all ashes, garbage, and refuse of any kind to be removed at said Tenant's expense. Tenant agrees to pay for all water, sewer, janitorial disposal charge or rental or any other services used thereon during the period of this Lease.

(e) Tenant agrees to shovel and keep free of snow and ice the area immediately surrounding the building.

(f) Tenant is responsible for maintenance of the driveway and parking lot and for all lawn maintenance.

(g) Tenant shall not have any obligation to proactively address issues which require maintenance at the time of executing this lease.

Section 8. Utilities. Tenant shall pay for all utilities and other services furnished to the premises.

Section 9. Signs. Tenant shall have the right to place exterior signs on the property subject to any applicable laws, codes or ordinances and subject to any reasonable rules and regulations adopted for the property or the building by Landlord. Tenant shall be solely responsible for maintaining its signs in good condition and shall remove them and repair any damage caused by such removal on or before the Expiration Date (or the expiration date of the last renewal terms, as applicable).

Section 10. **Landlord's Right of Access.** Landlord and its authorized representatives shall have the right to enter the premises following at least 48 hours prior notice to Tenant during Tenant's regular business hours for the purpose of determining whether the premises are in good condition and whether Tenant is complying with its obligations under this Lease. Landlord retains the right to access adjacent property which may require easement through Tenant's leased area.

Section 11. **Tenant's Indemnity**. Tenant shall indemnify and hold Landlord harmless from and against all claims, actions, demands, judgments, damages, liabilities and expenses, including reasonable attorneys' fees, for death or bodily injury to any person or for loss of, damage to or destruction of any property arising from Tenant's occupancy, maintenance and use of the premises.

Section 12. **Insurance**. Tenant will be responsible for insuring its betterments, improvements, and business or personal property; and Tenant shall at its expense maintain in force during the initial term and any renewal term a policy of comprehensive public liability insurance insuring Tenant against liability arising from the Tenant's use, occupancy and maintenance of the premises and appurtenant areas. As soon as practicable Tenant shall file with Landlord a Certificate of Insurance providing that said policy cannot be canceled without at least thirty days notice to said Landlord, and shall provide certificates evidencing all renewals of said policies, Tenant shall be responsible for insuring the building and shall maintain in force during the initial term and any renewals a policy of comprehensive public liability insurance in an amount at least equal to its statutory limit of liability.

Section 13. **Casualty**. If the premises are partially damaged or rendered partially untenantable by fire or other casualty, this Lease shall nonetheless continue in effect. Landlord shall not be liable to Tenant for any loss of use, loss of business, lost profits, expenses or other consequential damages.

Section 14. **Default**. The occurrence of any one or more of the following events (the "Events of Default") shall constitute a default and breach of this Lease by Tenant:

(1) The permanent vacating or abandonment of the premises by Tenant for a period of 30 or more consecutive days;

(2) In any calendar year the occurrence of more than two late payments of base rent or any other payment required to be made by Tenant under this Lease when due where such failure continues for a period of 30 days after receipt of written notice by Landlord to Tenant;

(3) The failure by Tenant to observe or perform any of the covenants, conditions or provisions of this Lease to be observed or performed by Tenant, other than the late payment of base rent, where such failure continues for a period of 30 days after receipt of written notice by Landlord to Tenant; provided, however, that if the nature of Tenant's obligation which it has failed to perform is such that more than 30 days are reasonably required for its cure, then it shall not be deemed an Event of Default if Tenant commences such cure within the 30 days period and diligently prosecutes the cure to completion. More than two of any such events within one calendar year shall be considered an event of default.

(4) The making by Tenant of any general assignment or general arrangement for the benefit of its creditors, or the filing by or against Tenant of a petition to have Tenant adjudged a bankrupt, or a petition or reorganization or arrangement under any law relating to bankruptcy (unless, in the case of a petition filed against Tenant, the same is dismissed within 60 days), or the appointment of a trustee or a receiver to take possession of substantially all of Tenant's assets located in the premises or of Tenant's interest in this Lease, where possession is not restored to Tenant within 60 days, or the attachment, execution or other judicial seizure of substantially all of Tenant's assets located in the premises or of Tenant's interest in this Lease, if such seizure is not discharged within the 60 days.

Section 15. **Landlord's Remedies.** If an Event of Default occurs, at any time after the occurrence, with or without additional notice or demand and without limiting Landlord's rights or remedies as a result of the Event of Default, Landlord may do the following:

(1) Terminate Tenant's right to possession of the premises by any lawful means, in which case this Lease shall terminate, and Tenant shall immediately surrender possession of the premises to Landlord. In such event, Landlord shall be entitled to recover from Tenant all damages incurred by Landlord by reason of the Event of Default by Tenant including but not limited to the cost of recovering possession of the premises, expenses of reletting, including necessary renovation and alteration of the premises, reasonable attorneys' fees, real estate commissions actually paid, the worth at the time of award by a court having jurisdiction of the amount

by which the unpaid rent for the balance of the initial term (or the renewal term during which the Lease is so terminated) exceeds the amount of base rent for the same period which Tenant proves could be reasonable avoided by reletting of the premises or otherwise;

(2) Maintain Tenant's right to possession, in which case this Lease shall continue in effect whether or not Tenant shall have abandoned the premises. In such event, Landlord shall be entitled to enforce all of its rights and remedies under this Lease, including the right to recover base rent as it becomes due; and

(3) Pursue any other remedy available to Landlord under the laws of the jurisdiction in which the premises are located.

Section 16. **Interest on Late Payments.** In the event of the occurrence of late payments of base rent or other sums due to Landlord in any calendar year, such payment shall bear interest from the date due at the rate of ten percent (10%) per annum.

Section 17. **Quiet Enjoyment.** Provided it has paid all base rent due and is not otherwise in default, Tenant shall at all times during the initial term and any renewal term peaceably and quietly enjoy the premises without disturbance by Landlord or any person claiming under or through Landlord.

Section 18. **Rules and Regulations.** Upon written notice from Landlord, Tenant shall observe all reasonable rules and regulations which Landlord may from time to time promulgate with respect to the premises, provided that such rules and regulations do not negatively impact or unreasonably restrict Tenant's use of the premises.

Section 19. **Assignment and Subletting.** Tenant shall not transfer, assign, sublet or otherwise alienate its interest in and to the premises without first obtaining the written consent of Landlord except that Tenant may sublet to the City of Hibbing.

Section 20. **Miscellaneous.**

(a) The parties agree that Landlord will pay any real estate taxes levied upon said property during the initial term of the Lease and that Tenant shall be responsible for all real estate taxes, assessments, other charges and impositions thereafter during any extended lease terms. Tenant further agrees to pay any and all assessments, other charges, and impositions of every kind in nature which may be hereafter levied, assessed or imposed upon said demised premises or upon any improvements thereof, and which may become due and payable during the term of this Lease, all of which taxes or other charges or impositions shall be paid before penalty shall attach thereto.

(b) Tenant also agrees at Tenant's own expense and cost to put and keep said premises in such condition that they will comply with all federal, state and municipal laws, charters, ordinances and regulations. Tenant shall not make any changes or improvements to the property without first obtaining the written consent of Landlord.

(c) Tenant agrees that said Landlord shall not be liable for any loss or damage which may be sustained by said Tenant or others by the reason of freezing, bursting, overflowing or defect of any water, sewer, gas or steam pipes, heating systems, closets or sinks, in, on or about said premises or from premises overhead, nor for any loss or damage which directly or indirectly may be sustained by water, sewer or gas, nor for the loss or damage caused by water, ice, or snow from the roof, skylights, trap doors, or otherwise nor for the loss or damage by the reason of the present or future condition of the repair of said premises.

(d) No assent, express or implied, by Landlord to any breach of any of Tenant's covenants, agreements, conditions or terms hereof shall be deemed or taken to be a waiver of any succeeding breach of any covenant, agreement, condition or term hereof.

(e) This Lease shall inure to the benefit of and be binding upon each of the parties and their respective successors and assigns, but neither the rights nor the duties of either party under this Lease may be voluntarily assigned or delegated without the prior written consent of the other party, except that Tenant may assign all or any part of its right and delegate its duties under this Lease to a wholly-owned subsidiary.

(f) All section headings and captions used in this Lease are purely for convenience and shall not affect the interpretation of this Lease.

(g) All Exhibits described in this Lease shall be deemed to be incorporated in and made a part of this Lease, except that if there is any inconsistency between this Lease and the provisions of any Exhibit the provisions of this Lease shall control.

(h) This Lease shall be deemed entered into within and shall be governed by and interpreted in accordance with the laws of the State of Minnesota and the parties submit to the jurisdiction of the St.

Louis County District Court located in Hibbing, Minnesota for adjudication of disputes arising from this Lease.

(i) Except as otherwise provided, this Lease shall not be modified except by written agreement signed on behalf of Tenant and the Landlord by their respective authorized officers.

(j) This Lease supersedes all prior understanding, representations, negotiations and correspondence between the parties, constitutes the entire agreement between them with respect to the matters described, and shall not be modified or affected by any course of dealing, course of performance or usage of trade.

(k) If any provision of this Lease is held to be invalid, illegal or unenforceable, the validity, legality and enforce ability of the remaining provisions shall in no way be affected or impaired.

(l) This Lease may be executed in any number of counterparts and each fully executed counterpart shall be deemed an original.

(m) All notices, approvals, requests, consents and other communications given pursuant to this Lease shall be in writing and shall be deemed to have been duly given when received if hand-delivered, sent by telex, sent by Federal Express service or sent by United States certified or registered mail, addressed as follows:

If to Tenant:	Hibbing Parents Nursery School 2810 Diane Lane Hibbing, MN 55746
If to Landlord:	City of Hibbing Attn: Community Development Director 401 East 21st Street Hibbing, MN 55746

(n) Should Landlord's authorization be required under the terms of this Lease Agreement, it shall not be unreasonably withheld.

(o) Should either party bring an action to enforce the terms of this agreement, the prevailing party shall be awarded reasonable costs and attorney fees.

[Remainder of page intentionally left blank.]
[See next page for signatures.]

IN WITNESS WHEREOF, the parties have signed this Lease on the dates first above written.

HIBBING PARENTS' NURSERY SCHOOL AND DAYCARE, INC.

BY:_____________________________________
Emily Willard
ITS: President

HIBBING ECONOMIC DEVELOPMENT AUTHORITY

BY:_____________________________________
Shari Majkich Brock
ITS: President

BY:_____________________________________
Steve Jurenes
ITS: Vice President

Criteria	Weight (%)	Developer 1 Score (1-5)	Developer 1 Notes	Developer 1 Weighted Score	Developer 2 Score (1-5)	Developer 2 Notes	Developer 2 Weighted Score
Experience with Infill and Historic Downtown Projects	15						
Alignment with City's Strategic Vision	10						
Responsiveness to Housing Market Demand	15						
Design Quality and Compatibility	10						
Community and Economic Impact	10						
Financial Capacity and Risk Sharing	15						
Experience with Public Partnerships and Incentives	10						
Team Strength and Capacity	10						
Commitment to Long-Term Stewardship	5						
Total Weighted Score				0			0

1. Experience with Comparable Infill and Downtown Projects
   - Track record with main street-scale redevelopment, especially in legacy commercial districts.
   - Experience converting underutilized or blighted properties into mixed-use developments.
   - Familiarity with financing tools like TIF, grants, and public-private partnerships in small cities.

2. Alignment with the City's Strategic Vision
   - Project supports goals in the 2018 Comprehensive Plan and 2023 Strategic Plan, such as:
     - Downtown revitalization
     - Increasing walkability and pedestrian-oriented development
     - Housing variety and density on infill sites
   - Design reflects respect for historic district context while introducing compatible new construction.

3. Responsiveness to Housing Market Demand
   - Directly addresses the types of housing units identified in the 2023 Housing Needs Analysis:
     - General Occupancy Rental: 280–320 units needed (with emphasis on 1–2 BR market rate)
     - For-Sale Housing: 245 units needed, with 75% as move-up homes ($250K–$350K), and some attached/townhomes
     - Senior Housing: Demand for active adult, independent living, and memory care
   - Does the developer offer a mix of unit sizes, price points, and tenure (rental/ownership)?

4. Design Quality and Compatibility
   - Building design integrates with the historic district character (e.g., scale, massing, materials).
   - Site plan supports street-level commercial activity, strong curb appeal, and safe pedestrian access.
   - Offers flexible space types (e.g., live/work, micro-retail, community spaces) that suit Hibbing's needs.

5. Community and Economic Impact
   - How well does the project contribute to:
   - Tax base increase (from ~$8K/year to ~$260K/year projected after redevelopment)
     - Job creation during and after construction
     - Downtown vibrancy and walkability near civic anchors like the library and banks
   - Does the proposal include community benefit features (e.g., local hiring, green design)?

6. Financial Capacity and Risk Sharing
   - Demonstrated ability to finance and deliver the project without delays or cost overruns.
   - Realistic project timeline and commitment to start quickly.
   - Willingness to accept risk (e.g., performance guarantees, completion bonds) and minimize city exposure.

7. Experience with Public Partnerships and Incentives
   - Proven success in working with municipal entities on similar redevelopment efforts.

- Demonstrated understanding and effective use of Tax Increment Financing (TIF) and other local incentive tools.
- Proactive in identifying and leveraging state, regional, and federal funding sources, such as DEED programs, Iron Range Resources grants, HUD or CDBG funds, and MHFA resources.

8. Team Strength and Capacity

- Is the team (developer, architect, contractor, legal, etc.) experienced, cohesive, and reliable?
- Do they have the bandwidth to prioritize Hibbing's project, or are they overextended elsewhere?

9. Commitment to Long-Term Stewardship

- Plan for property management, tenant mix, and maintenance post-completion.
- Willingness to own and operate the property, or clear transition plan if not.