THE MINUTES OF THE REGULAR MEETING OF THE HIBBING ECONOMIC DEVELOPMENT AUTHORITY Wednesday, December 18, 2023

TIME AND PLACE: A Regular meeting of the Hibbing Economic Development Authority was held on Monday, December 18, 2023 in the City Hall Council Chamber.

CALL TO ORDER: President Shari Majkich Brock called the meeting to order at 5:00 p.m.

ATTENDANCE: Present at roll call President Shari Majkich Brock, Vice President Steve Jurenes, Member Jennifer Hoffman Saccoman, and Member Pete Hyduke. Member John Schweiberger and Member Roger Kivela were absent. Also present were City Administrator Greg Pruszinske, City Attorney Andy Borland, Finance Director-Treasurer Sheena Mulner and Community Development Director Betsy Olivanti. City Clerk-Deputy Administrator Candie Seppala was absent.

APPROVAL OF THE AGENDA:

Member Hyduke, supported by Member Hoffman Saccoman, moved to approve the Agenda.

Motion CARRIED

ADDITIONS/DELETETIONS:

APPROVAL OF MINUTES:

Vice President Jurenes, supported by Member Hyduke, moved to approve the minutes of the Regular Meeting of Hibbing Economic Development Authority November 20, 2023.

Motion CARRIED

CONSENT AGENDA:

Member Hoffman Saccoman, supported by Vice President Jurenes, moved to approve the Consent Agenda #s 1-4.

Motion CARRIED

1. Affirm Economic Development Loan Fund as of November 30, 2023 in the amount of **$1,409,665.16**

2. Approve disbursements for the month of October and November, 2023 in the amount of **$6,786.75**

Sellman Borland & Simon PLLC October Statements	$1,903.25
Lockridge Grindal Nauen PLLP October Statement	$1,650.00
Sellman Borland & Simon PLLC November Statements	$1,583.50
Lockridge Grindal Nauen PLLP November Statement	$1,650.00

3. Set the next Regular Meeting of HEDA for Monday, January 22, 2024 at 5:00 p.m. in the Hibbing City Hall Council Chamber, due to the holiday

4. Set the next HEDA Working Session for Monday, January 22, 2024 following the Regular Meeting in the Hibbing City Hall Council Chamber, due to the holiday

PRESENTATIONS:

Community Development Director Betsy Olivanti explained that there are 5 presentations to come before the board prior to the decision portion of the agenda.

1. HEDA Loan Request – Heartwood Center LLC, Betsy Olivanti
   Maria Cesari and Jennifer Kendall approached HEDA for a $75,000 from the EDA loan fund with a 15-year amortization because it is for the real estate, but they have offered to pay 4% interest rate instead of 3%. This allows them to expand to the larger space from the current space.
2. Deferred HEDA Loan Request – Sammy's Pizza, Betsy Olivanti
   Brita Baratto and Anthony Jerulle from Sammy's Pizza were in attendance. They have expanded and purchased the building to the east of the current restaurant. The building has needed an upgrade for a long time. They are putting a tavern conjoining the restaurant. They will be adding another 30 new jobs to their business.
3. HEDA Loan Revision – Midwest Properties, LLC for the Red Rock Hotel – Betsy Olivanti
   Ms. Olivanti wants to change one part of the loan write-up. The intention was to bring to IRRR however they wanted to go a different route. The change for this specific project is that the contingency is on the primary lender.
4. IRRR Development Infrastructure Grant Request Resolution for Red Rock Hotel – Betsy Olivanti
5. IRRR Commercial Redevelopment Fund Grant Request Resolution for AMGS Expansion – Betsy Olivanti
   This is for a commercial redevelopment fund request. This is for the additional needs space. Jason Wabama stated that the size of the current space isn't enough to expand his business. He would like to take over the full building.

BOARD REPORTS:

<u>Approve the purchase agreement with Herb Smart to purchase property for the amount of the outstanding note</u>

City Attorney Andy Borland explained that at a previous meeting, HEDA discussed negotiating to obtain the property of Mr. and Mrs. Smart, Sweet Locations LLC. The proposed purchase agreement and the consideration is the amount of the outstanding loan Sweet Location LLC has with HEDA. In forgiveness of the outstanding loan HEDA will acquire the property from the Smarts. It is contingent upon the Entrepreneur Fund releasing the property as well and forgiving roughly $26,000 and HEDA will get the real estate. Andy reached out to Betsy about another mortgage to the Entrepreneur Fund and she reached out to them about releasing the property. They would send documentation to do so.

Member Hyduke supported by Vice President Jurenes, moved to authorize the President and Vice President to sign the purchase agreement with Herb Smart to purchase property for the amount of the outstanding note in the amount of roughly $26,000. (Amount to be given by Finance Department for total amount due).

Motion CARRIED

Approve the Heartwood Center LLC HEDA Loan Request per the loan write-up

Member Hoffman Saccoman, supported by Member Hyduke moved to approve the Heartwood Center LLC HEDA Loan Request in the amount of $75,000 for 15 years at 4%.

Motion CARRIED

Approve the Sammy's Pizza Deferred Loan Request per the loan write-up

Member Hyduke, supported by Vice President Jurenes, moved to approve the Sammy's Pizza deferred loan request in the amount of $75,000 as long as they stay in business for 5 years and don't sell the business.

Motion CARRIED

Authorize the revisions to HEDA loan to Midwest Properties, LLC for the continued renovations at the Red Rock Hotel per the submitted loan write up

Vice President Jurenes supported by Member Hyduke, moved to authorize the revisions to HEDA loan to Midwest Properties, LLC for the continued renovations at the Red Rock Hotel for the one revision is for item #7 in the loan write-up to make it only contingent on the primary lender.

Motion CARRIED

Authorize rescinding of Resolution 23-11-11
Offer RESOLUTION NO. 23-12-12 AUTHORIZING HEDA TO Accept the Interfund loan of $250,000 from the city of Hibbing's general fund (101) and place into HEDA fund 250 to lend out to Midwest Properties, LLC

Community Development Director Betsy Olivanti explained that this resolution remove the requirement for the IRRR funding to be disbursed at the same time and also that the EDA would pay back the city regardless of if the project would pay HEDA back. WE also changed that one particular section that the funds would come back from the project be aggregated and be paid back as the project pays the EDA back.

Member Hoffman Saccoman, supported by Vice President Jurenes, moved to authorize rescinding Resolution no. 23-11-11 – and Offer RESOLUTION NO. 23-12-12 AUTHORIZING HEDA TO Accept the Interfund loan of $250,000 from the city of Hibbing's general fund (101) and place into HEDA fund 250 to lend out to Midwest Properties, LLC

Motion CARRIED

Approve RESOLUTION NO. 23-12-13 AUTHORIZING HEDA TO MAKE AN APPLICATION TO AND ACCEPT FUNDS FROM THE DEPARTMENT OF IRON RANGE RESOURCES AND REHABILITATION Development Infrastructure Grant Funds to increase the HEDA Revolving Loan Fund 250 and loan out to Midwest Properties, LLC for the continued renovations at the Red Rock Hotel

Member Hyduke, supported by Member Hoffman Saccoman, moved to offer RESOLUTION NO. 23-12-13 AUTHORIZING HEDA TO MAKE AN APPLICATION TO AND ACCEPT FUNDS FROM THE DEPARTMENT OF IRON RANGE RESOURCES AND REHABILITATION Development Infrastructure Grant Funds to increase the HEDA Revolving Loan Fund 250 and loan out to Midwest Properties, LLC for the continued renovations at the Red Rock Hotel.

Motion CARRIED

Approve electrical work in an amount not to exceed PLACEHOLDER with the electrical contractor chosen by city staff for the building at 1111 7th Ave. East

Member Hyduke, supported by Member Hoffman Saccoman, approved going out for electrical bids for the property at 1111 7th Avenue East.

Motion CARRIED

Approve RESOLUTION NO. 23-12-X14 AUTHORIZING HEDA TO MAKE AN APPLICATION TO AND ACCEPT FUNDS FROM THE DEPARTMENT OF IRON RANGE RESOURCES AND REHABILITATION Commercial Redevelopment Grant Funds TO ASSIST THE EXPANSION OF AMGS

Member Hyduke, supported by Vice President Jurenes, moved to offer RESOLUTION NO. 23-12-X14 AUTHORIZING HEDA TO MAKE AN APPLICATION TO AND ACCEPT FUNDS FROM THE DEPARTMENT OF IRON RANGE RESOURCES AND REHABILITATION Commercial Redevelopment Grant Funds TO ASSIST THE EXPANSION OF AMGS.

Motion CARRIED

Confession of Judgment – Libation Station

Finance Director – Treasurer Sheena Mulner stated that the Bottle Shop was looking to sell the house behind. We had them sign the confession of judgment in the amount of $800. The payments have been discontinued. Sheena asked the board if we would like to file that. Attorney Borland stated you will enter with the court administrator's office so you will have a judgment against both the person who provided the personal guarantee and the entity. That gives you collection rights. Security State Bank met with Betsy and Sheena and they are taking it to bankruptcy.

Member Hoffman Saccoman, supported by Member Jurenes, moved to file a Confession of Judgment.

Motion CARRIED

Loan Updates

Finance Director-Treasurer Sheena Mulner gave HEDA the updates on all of the current loans

ADJOURNMENT: There being no further business, the meeting was adjourned at 6:13 p.m. by Member Hyduke and supported by Vice President.

Motion CARRIED

Shari Majkich Brock | Candie Seppala

President Shari Majkich Brock | City Clerk – Deputy Administrator Candie Seppala