HIBBING ECONOMIC DEVELOPMENT AUTHORITY
REGULAR MEETING AGENDA
May 14, 2024
4:00 p.m.

ATTENDANCE:

President Shari Majkich Brock		Greg Pruszinske, City Administrator	
Member John Schweiberger		Andy Borland, City Attorney	
Vice President Steve Jurenes		Candie Seppala, City Clerk/Dep Admin	
Member Jennifer Hoffman Saccoman		Sheena Mulner, Finance Director	
Mayor Pete Hyduke		Betsy Olivanti, Comm. Dev. Director	
Member Roger Kivela			
Vacant			

CALL HEDA MEETING TO ORDER:

ADDITIONS/DELETIONS:

APPROVAL OF THE AGENDA:

APPROVAL OF MINUTES:

- **Approve the Minutes of the Regular Meeting of Hibbing Economic Development Authority for April 24, 2024**
- **Approve the Minutes of the Workshop of Hibbing Economic Development Authority for April 24, 2024**

CONSENT AGENDA:

1. Affirm Economic Development Loan Fund as of April 30, 2024 in the amount of $PLACEHOLDER

2. Approve disbursements for the month of March in the amount of $ PLACEHOLDER
   Fund 250 (HEDA ED/Rev Ln Fd) - $
   Fund 255 (HEDA General Fd) - $
   Fund 392 (TIF#12 DS Fd) - $
   Fund 418 (Downtown Capital Prjt Fd) - $
   Fund 440 (Tax Abatement Prjt Fd) - $
   Fund 422 (Deferred Loan Fund) - $
   Fund 610 (HEDA – 1111 7th Ave E) - $

3. Set the next Regular Meeting of HEDA for Monday, June 17, 2024 at 5:00 p.m. in the Hibbing City Hall Council Chamber

4. Set the next HEDA Working Session for Monday, June 17, 2024 following the Regular Meeting in the Hibbing City Hall Council Chamber
5. Approve the HEDA Board to attend a tour of the Red Rock Hotel on Wednesday, May 29, 2024.

PRESENTATIONS:

1. Androy Project Loan Deferral – Trellis Management
2. HRA of Hibbing Cobb Cook Place Funding Request
3. HEDA Loan application to Dept. Of IRRR for AMGS expansion
4. Revised HEDA Loan Fund guidelines

BOARD REPORTS:

1. **Finance Director Sheena Mulner**

    a. Loan Updates

2. **Community Development Director – Betsy Olivanti**
    a. Approve request for Androy Loan deferral through end of June, 2025
    b. Approve allocating the Trellis payoff of $201,500 to HRA of Hibbing's Cobb Cook Place Project
    c. Approve HEDA Loan application to IRRRR for AMGS project
    d. Approve the revised HEDA Loan Fund Guidelines

ADJOURNMENT:

Trellis Co.

612-332-6264
info@trellismn.org

614 N 1st Street, Suite 100
Minneapolis, MN 55401

April 19, 2024

Hibbing Economic Development Authority (HEDA) Board
City of Hibbing
401 East 21st Street,
Hibbing, MN 55746

Re: The Androy Apartments – Deferred Loan Deferral

Dear HEDA Board Members,

Trellis Co., on behalf of The Androy apartments, is requesting a deferral of the current HEDA loan that is due and payable on June 27th, 2024 for one full year, to be due and payable on June 27th 2025.

Trellis Co. received an award from the Minnesota Housing Finance Agency (MHFA) in December 2023 to facilitate the comprehensive rehabilitation of the property. We are now in the process of architectural design and documentation on the project. The process of finalizing these documents and receiving full financing approvals as required by MHFA and the State Historic Preservation Office (SHPO) is lengthy. The timeline could take until spring 2025 to be able to close on the financing and pay off the non-forgiven portion of the HEDA loan. Trellis Co is confident that no further deferrals on timing of the loan will be needed.

Trellis Co. recognizes and thanks the HEDA Board for the partial forgiveness of the loan that was approved in 2023. This forgiveness was the key difference in scoring that allowed the project to receive its award from MHFA and extend the life of this iconic historic building.

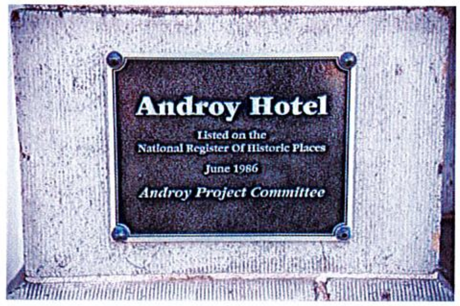
Please do not hesitate to reach out with any questions.

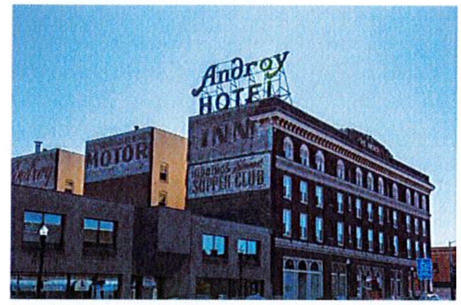
Sincerely,

Justin Eilers

Justin Eilers
Vice President of Housing Development
Trellis Co.

Renovations at
The Androy Apartments



Trellis Co. plans to refinance and renovate The Androy apartments in Hibbing, MN to preserve the life of the building and extend its affordability for residents.

Who is Trellis?

Trellis Co., formerly Community Housing Development Corporation, was founded in 1991 with the mission of sustaining and creating equitable affordable housing opportunities that enhance communities over the long-term and create and maintain healthy living. As the owner of approximately 4,000 affordable housing units in 51 properties, Trellis is now one of the largest non-profit providers of affordable housing in Minnesota.

Trellis Management, formerly BDC Management, provides property management services for Trellis Co. properties, as well as other third-party fee management and compliance services. Founded in 1990, their management team understands the unique circumstances facing many of the residents they serve and works to ensure stable, sustainable housing can be achieved. Trellis Co. and Trellis Management have a long history of partnering together as affordable housing and mixed-use site owner and management agent.

Where is The Androy and what type of property is it?

The Androy is an iconic historic building located in downtown Hibbing. This property is a mixed-use commercial and residential four-story brick building with forty-eight (48) residential homes that include a mix of studio, one-, and two-bedroom units.

Originally constructed as a hotel in the Renaissance Revival style in 1921 by the Oliver Iron Mining Company, it was added to the National Register of Historic Places in 1986 and converted into housing in 1994. Trellis Management has a strong, successful track record managing affordable developments with tax-credit financing and has been managing The Androy for more than 20 years before Trellis Co. purchased the property in 2021 and currently manages it now.

Trellis Co. is submitting an application for Housing Tax Credits from MHFA for The Androy July 2023. The primary funding sources will be 9% tax credits as well as state and federal historic tax credits. The project has committed or will seek additional funding sources including energy and sales tax rebates, general partner cash, a forgiven HEDA loan, and one or more deferred loans from local partners.

Renovations at
The Androy Apartments

What are the goals and priorities of the development project?

- Increase the number of very affordable units with project-based rental assistance in Hibbing and St. Louis County
- Preserve forty-eight (48) units of housing for low- and moderate-income households in Hibbing and St. Louis County through a substantial rehabilitation
- Honor and celebrate the history of the former Androy Hotel in the renovation design and construction to preserve it for years to come

Why do this now?

There are a number of significant physical needs that cost more than the property has in reserves.

What are the anticipated renovation activities?

- Replace outdated mechanical and electrical systems and old roof
- Replace old unit and common area fixtures and finishes
- Improve common areas
- Refurbish windows
- Upgrade building exterior as needed for asset protection and energy and water efficiency improvements

When will the construction activities begin?

If MHFA tax credits are awarded in December 2023, construction will commence in Fall 2024 and be completed in summer 2025.

Who lives at the properties, and what will happen to them?

The Androy has historically been a senior-restricted property. Approximately 90% of current residents are aged 55+, 30% have incomes at or below 30% AMI, and just over 20% have disabling conditions.

The development will follow Federal Uniform Relocation Act requirements and does not anticipate displacing any current residents. Residents may occupy their units during construction. If a resident has a special circumstance, or there is not a safe way to renovate the unit, he or she may be temporarily relocated for a few days at a nearby hotel. The project will pay for all relocation related expenses and will hire a relocation consultant to create a comprehensive plan and make sure resident needs are met. The development team will also ensure the general contractor has a strong track record with occupied renovations.

MINNESOTA HOUSING

400 Wabasha St. N.
Suite 400
St. Paul, MN 55102

December 15, 2023

Elizabeth Flannery
Trellis Co (fka CHDC)
614 1st St N Ste 100
Minneapolis, MN 55401

Re: Multifamily Consolidated Request for Proposals

D0630 M19294 The Androy - 9% Housing Tax Credits and Deferred Loan Proposal

Project Type: Preservation

Dear Elizabeth Flannery:

Congratulations! I am pleased to inform you that the Minnesota Housing board has approved your application for further consideration.

This year, Minnesota Housing received 97 multifamily applications requesting approximately $82.5 million in housing tax credits (HTCs) and $440 million in deferred loans for the 2023 Multifamily Consolidated RFP/2024 HTC Round 1 funding round, and your proposal was selected for further underwriting in this highly competitive process. The total number of selection points awarded to your proposal can be found in the Scoring Information section of Customer Project Documents in the Multifamily Customer Portal.

While your proposal met Minnesota Housing's initial criteria for selection, this letter is neither a reservation of HTCs nor a commitment by Minnesota Housing to provide financing. The amount(s) is (are) listed on the following attachment. Note that rankings of 9% HTC applications are not final until the conclusion of the appeals process and are subject to change.

If selected for Low and Moderate Income Rental (LMIR) or deferred financing with 9% HTCs, deferred financing only, or deferred financing with a 4% HTC financial structure, a second letter will communicate the rent/income restrictions, financing structure, and funding conditions, if applicable.

You will be contacted by Minnesota Housing staff regarding an initial launch meeting. In the meantime, if you have questions, please contact Nicola Viana at nicola.viana@state.mn.us or 651.296.8277.

Thank you for helping meet the affordable housing needs of Minnesotans. We are grateful for your partnership and look forward to working with you on this project.

Sincerely,

James Lehnhoff
Assistant Commissioner, Multifamily Division

Enclosure

Link to Multifamily Consolidated Request for Proposals/Housing Tax Credits Funding Rounds

Agenda Item: 7.K
Resolution

MINNESOTA HOUSING FINANCE AGENCY
400 Wabasha Street North, Suite 400
St. Paul, MN 55102

RESOLUTION NO. MHFA 23-XXX

RESOLUTION APPROVING ALLOCATION OF FEDERAL LOW INCOME HOUSING TAX CREDITS FOR CALENDAR YEAR 2024 TO CERTAIN QUALIFIED LOW-INCOME HOUSING DEVELOPMENTS

WHEREAS, in accordance with the Tax Reform Act of 1986 and the provisions of Minn. Stat. 462A.221-462A.223, the Minnesota Housing Finance Agency (Agency) has received applications as a duly designated housing credit agency for allocations to certain developments of the Low Income Housing Tax Credit (HTC) program provided by Section 42 of the Internal Revenue Code of 1986 (IRC); and

WHEREAS, the Agency has applied to said applications the criteria set forth for selection in Minnesota Housing's Qualified Allocation Plan (QAP), duly adopted by the Agency for 2024; and

WHEREAS, the Agency has determined to reserve, for future allocation, portions of the state allocation of HTC to the developments identified below, pending final Agency staff review and delivery by the applicants of additional certifications and information required for the Agency's issuance of such allocations.

NOW, THEREFORE, BE IT RESOLVED:

1. The board hereby authorizes Agency staff to allocate portions of the state allocation of HTC as set out below upon meeting the requirements for allocation contained in Section 42 of the IRC and QAP subject to the terms and conditions contained herein:

GREATER MINNESOTA SELECTIONS			
Property #	**Project #**	**Project Name**	**HTC 9% Selection Amount**
D0592	M19318	Birchwood Apartments	$ 425,000
D8577	M19326	Enclave Overlook	$ 1,800,000
D0312	M19427	Maplewood Apartments	$ 381,306
D8594	M19383	Restoration Glen	$ 1,870,000
D8596	M19404	Red Lake Homes XV	$ 1,418,700
D0630	M19294	The Androy	$ 946,990
		Selection Amount:	**$ 6,841,996**

METRO SELECTIONS			
Property #	**Project #**	**Project Name**	**HTC 9% Selection Amount**
D8562	M19270	5780 Lincoln	$ 1,792,677

MINNESOTA HOUSING

Development Summary

The Androy

Sponsor	Trellis Co.
Location	Hibbing
Property Number (D#)	D0630
Project Number	M19294
Project Type	Preservation

Project Description

The Androy is the refinance and rehabilitation of an historic four-story, 48-unit converted hotel built in 1921 in downtown Hibbing. Trellis is the current owner and sponsor of this project. The building is considered an important historic landmark in the area and is listed on the National Register of Historic Places. The last renovation project on the building was 30 years ago, so this project will address critical physical needs that have arisen since then. The project has significant local support, including debt forgiveness from the City of Hibbing.

Populations Served

- The development consists of 48 total units. Of the 48, 12 units will be preserved that benefit from a project-based rental assistance contract.
- Supportive Housing: the development is partially supportive housing.
- High Priority Homeless: 4 units will serve families that meet the definition of High Priority Homeless (HPH) and will benefit from Project-Based Vouchers from the Virginia Housing and Redevelopment Authority.
- Persons with Disabilities: 6 units will serve single adults and 2 units will serve families with a person with a disability and will benefit from Project-Based Vouchers from the Virginia Housing and Redevelopment Authority
- Rental Assistance: 12 units will benefit from project-based vouchers. Of the 12 units, 12 will be limited to households with incomes at or below 30% Multifamily Tax Subsidy Income Limits (MTSP).
- Serves Lowest Income Tenants: 48 units will have rents restricted to 50% Multifamily Tax Subsidy Income Limits (MTSP) rent. Of the 36 units, 17 units will be deeply affordable to households at 30% of Multifamily Tax Subsidy Income Limits (MTSP).

Additional population notes:

- None

*Units may be counted more than once, as allowed by the Self-Scoring Worksheet

Capital Sources of Funding

Name of Source	Award Amount
ERA2	$768,000
Energy Rebates	$5,080
Sales Tax Rebate	$177,861
Federal Historic Proceeds	$1,389,789

State Historic Proceeds	$1,737,409
Syndication Proceeds	$8,048,610
General Partner Cash	$100
IRRR - Downtown Building Renovation	$50,000
IRRR - Business Energy Retrofit	$20,000
St. Louis County - HOME request	$100,000
Total Permanent Financing	$12,296,849
FUNDING GAP REMAINING	$0

2023 Multifamily Consolidated RFP/2024 HTC Round 1

Summary of Funding Recommendations: Consolidated Report

Project Name	City	Sponsor | Developer	Total Units	HTC 9%	Agency Deferred Total	LMIR 1st Mortgage	Bond Bridge Loan	HUD Section 811 PRA	Total Development Cost
GREATER MINNESOTA									
Central *(2 projects)*									
The Views on 7th	Little Falls	Central Minnesota Housing Partnership, Inc.	45		$ 10,894,000	$ 2,100,000	$ 9,070,000		$ 22,350,526
Vue Pointe Apartments	Waite Park	TTT Housing, LLC	48		$ 12,256,000	$ 885,000	$ 9,330,000		$ 19,564,825
Northeast *(7 projects)*									
Birchwood Apartments	Grand Marais	One Roof Community housing	24	$ 425,000	$ 6,110,000				$ 10,509,796
Brae View	Duluth	One Roof Community Housing	72		$ 13,783,000		$ 14,520,000		$ 32,417,570
Hillside Gardens	Proctor	Trellis Co.	45		$ 8,400,000		$ 7,705,000		$ 15,820,688
Maplewood Apartments	Cloquet	D.W. Jones Development, Inc.	24	$ 381,306	$ 245,000				$ 4,234,576
New San Marco Apartments	Duluth	Center City Housing Corp.	70		$ 10,943,000				$ 11,290,277
The Androy	Hibbing	Trellis Co.	48	$ 946,990	$ 768,000				$ 12,296,849
Welch Place Apartments	Duluth	Center City Housing Corp	30		$ 9,238,000		$ 6,320,000		$ 13,716,108
Northwest *(1 project)*									
Red Lake Homes XV	Scattered Sites	Red Lake Reservation Housing Authority	28	$ 1,418,700	$ -				$ 12,681,632
Southeast *(3 projects)*									
Maple Hills	Red Wing	CommonBond Communities	96		$ 9,275,000	$ 730,000	$ 9,200,000		$ 21,767,650
Mayowood II Senior	Rochester	Olmsted County HRA	36		$ 5,636,000	$ 2,410,000	$ 3,960,000		$ 13,039,860
Restoration Glen	Rochester	Three Rivers Community Action, Inc. & Bear Creek Development	48	$ 1,870,000	$ 3,700,000				$ 22,691,983
Southwest *(1 project)*									
North Place Apartments	Hutchinson	SW MN Housing Partnership	24		$ 2,228,000				$ 3,643,425
Other* (1 project)									
Enclave Overlook	Rockford	TTT Housing, LLC	48	$ 1,800,000	$ 3,319,000	$ 1,903,000			$ 22,092,216
15 projects recommended		GREATER MINNESOTA TOTALS	686	$ 6,841,996	$ 96,795,000	$ 8,028,000	$ 60,105,000	$ -	

Project Name	City	Sponsor | Developer	Total Units	HTC 9%	Agency Deferred Total	LMIR 1st Mortgage	Bond Bridge Loan	HUD Section 811 PRA	Total Development Cost
METRO									
Minneapolis *(5 projects)*									
Little Earth of United Tribes	Minneapolis	Little Earth of United Tribes Housing Corp. & LaSalle Development	212		$ 32,000,000				$ 41,332,651
Passage Community	Minneapolis	Simpson Housing Services, Inc.	17		$ 3,872,000				$ 5,014,046
Portland Village	Minneapolis	RS EDEN	26	$ 486,793	$ -				$ 9,468,542
St. Olaf - Exodus Building	Minneapolis	Aeon	66		$ 7,798,000				$ 31,156,134
The LOMA	Minneapolis	One Stop African Market | VY Management, LLC.	62		$ 9,234,000	$ 1,315,000	$ 8,965,000		$ 22,590,486
Saint Paul *(2 projects)*									
CB Ford Site II	Saint Paul	CommonBond Communities	60		$ 4,305,000	$ 3,075,000	$ 10,555,000		$ 26,808,469
Jackson Street Village	Saint Paul	RS EDEN	25		$ 5,840,000				$ 5,996,745
Suburban *(6 projects)*									
5780 Lincoln	Edina	Solhem Development	89	$ 1,792,677	$ 8,416,000				$ 38,420,431
Carver Oaks Senior Residence	Carver	Carver County Community Development Agency	43		$ 7,446,000	$ 1,715,000	$ 4,445,000		$ 15,404,074
Gladstone Crossing	Maplewood	Beacon Interfaith Housing Collaborative	40		$ 9,031,000		$ 9,875,000		$ 20,267,039
Gladstone Village II	Maplewood	JB Vang Partners	56		$ 10,590,000	$ 5,100,000	$ 8,015,000	$ 112,000	$ 27,303,940
PPL BC Family Housing Phase I	Brooklyn Center	Project for Pride in Living & Resurrecting Faith	60	$ 1,700,000	$ 4,517,000	$ 3,040,000			$ 26,910,152
Sandgrass Pointe	Brooklyn Park	Woda Cooper Companies, Inc. & Project for Pride in Living	44	$ 1,850,000	$ 5,943,000	$ 1,250,000			$ 25,934,600
13 projects recommended		METRO TOTALS	800	$ 5,829,470	$ 108,992,000	$ 15,495,000	$ 41,855,000	$ 112,000	
28 projects recommended		STATE TOTAL	1486	$ 12,671,466	$ 205,787,000	$ 23,523,000	$ 101,960,000	$ 112,000	

DEPARTMENT OF IRON RANGE RESOURCES & REHABILITATION

Application

The purpose of business development financing is to increase, expand and diversify the region's economy.

Application for Business Assistance

Application Process

Iron Range Resources & Rehabilitation's Business Development Finance Team invites you to complete this full application to be considered for Business Assistance. Be sure to read and thoroughly understand the required business plan exhibits prior to submitting your application. Agency staff is available to answer questions or address concerns at 218-735-3040.

Complete application and send to:

Iron Range Resources & Rehabilitation
Attn: Business Development Finance Team
PO Box 441
4261 Highway 53 South
Eveleth, MN 55734-0441

Section 1 - Business Information

Business: Hibbing Economic Development Authority			Business Legal Name: City of Hibbing		
Business Mailing Address: 401 East 21st Street			Project Address (if different): PID: 140-0270-00339		
Business City: Hibbing	State: MN	Zip Code: 55746	Project City: Hibbing	State: MN	Zip Code: 55746
Primary Contact and Title: Betsy Olivanti			E-mail: BetsyOlivanti@hibbingmn.gov		
Federal Tax ID#: 41-6005232			MN Tax ID# (or Social Security #): 8022766		
Business Phone: 2184217939			Business Phone 2: 2183121579		
Hibbing Economic Development Authority Name of Principal Owner 1:			Name of Principal Owner 2:		
401 East 21st Street Home Address:			Home Address:		
Hibbing City	MN State	55746 Zip Code:	City	State	Zip Code:
Home Phone: 2184217939			Home Phone:		

Type of Business

Indicate type of business and provide verification:

- ☐ Sole proprietorship – Assumed Name Certificate, Affidavit of Publication
- ☐ Corporation – Articles of Incorporation, By-Laws, Certificate of Incorporation
- ☐ LLC – Articles of Organization, Operating Agreement, Member Control Agreement, Certificate of Organization
- ☐ Partnership – Partnership Agreement
- ☑ Non-profit – Letter of Tax Exempt Status

Business Standing

1. Does the property or the business have any outstanding local, state or federal tax liabilities?
   ☐ Yes ☑ No
   If yes, describe:
   ____
   ____
   Attach additional pages if the description space is not adequate.

2. Are there current or unsatisfied judgements or injunctions against the business or owners?
   ☐ Yes ☑ No
   If yes, describe:
   ____
   ____
   Attach additional pages if the description space is not adequate.

3. Is there current litigation involving the business?
   ☐ Yes ☑ No
   If yes, attach summary and disposition.

4. Within the past five years, has there been any violation(s), citation(s), or complaints(s) of discrimination filed against the company in a state or federal court or before any state, federal or local government agency?
   ☐ Yes ☑ No
   If yes, attach a copy of the violation(s), citation(s) or complaint(s) and the disposition of each.

5. Have there been any current or past bankruptcies on the part of the business, or on the part of any current (or prospective) officer, principal or owner or in any business dealings of current (or prospective) officers, principals or owners of the applicant entity?
   ☐ Yes ☑ No

Business Plan

Exhibit 1: **History and Description of the Business**

The history and description of the business should be one or two pages describing the history of the company, its products line(s), principals, customers and legal structure.

Exhibit 2: **Marketing Plan**

Provide a detailed marketing strategy

- Target Market
- Competition/Competitive Advantage
- Pricing
- Distribution
- Advertising
- Sales Promotion
- Independent Market Studies
- Online Sales and Marketing

Exhibit 3: **Ownership and Management Structure**

An itemization of the ownership structure of the business, including names and ownership percentage of all entities that own at least 5% of the company both before and after proposed transaction (minority stockholders owning less than 5% of the company can be included collectively and do not have to be disclosed individually). Financial statements must be included for proprietorship, partners, officers, directors and holders of outstanding stock of 20% or more.

Name	Title	% of Ownership
HEDA	Owner	100

List principals and key management personnel. Resumes must be included.

Name	Title	Years at Company
Betsy Olivanti	Community Dev. Director	2
Sheena Mulner	Finance Director	10
Nick Arola	City Services Director	2.5

Diversity of Ownership

For demographic reporting purposes only.

☐ Veteran owned ☐ Woman owned ☐ Disabled

Diverse population:

☐ Black and people of color ☐ Tribal nation ☐ LGBTQIA+ community

☑ Other: Local Gov't ☐ Prefer not to answer

Exhibit 4: **Affiliates**

Are there any affiliates or subsidiaries?

☐ Yes ☑ No

If yes, please describe and attach past two fiscal years of balance sheets and income statements.

Attach additional pages if the description space is not adequate.

Exhibit 5: **Financial Information**

Please attach the following (in standard accounting format):

- Historical Financials – Include three years of profit & loss/balance sheets and statements of cash flows if business has been in existence less than three years, provide all year-end statements.
- Year-to-Date – Internally generated financials. Must be less than 90 days old.
- Financial Projections – Include two year projections with proforma balance sheets, income statements and cash flow (monthly and annually).

Exhibit 6: **Collateral**

Provide a detailed list of all collateral.

Exhibit 7: **Appraisal/Proposed Lease/Purchase Options or Agreements**

An independent appraisal will be required for any real estate which is a subject of the proposed financing or which is offered as a major source of collateral for any project financing arrangements.

Exhibit 8: **Bank Application**

A signed application is required for bank participation loans indicating commitment to participate with the Iron Range Resources & Rehabilitation in financing the project.

Section 2 - Project Overview

Exhibit 9: **Project Description**

Describe the project for which Iron Range Resources & Rehabilitation funds are being requested. Include detailed description of use of proceeds as well as project timeframe.

Exhibit 10: **Community and Economic Impact**

Check all economic impacts that apply to your project.

- ☑ Create jobs
- ☑ Retain jobs
- ☑ Increase economic activity
  - ☑ Expand market
  - ☑ Increase in sales
  - ☐ Maintain current production
  - ☑ Increase production
  - ☑ Increase tax base
  - ☐ Other

- [x] Diversified regional economy
- [ ] Innovative technology

Describe items checked above.

HEDA has been incubating AMGS in another facility since 2021. Over the past three years, AMGS has expanded and is now outgrowing that space. This new facility will allow AMGS to continue growing and add jobs.

Attach additional pages if the description space is not adequate.

Describe how the financing will benefit the community in which the business is located.

These funds will assist HEDA with the construction of a new facility in the city and allow AMGS to expand. Additional jobs and tax base will be gained.

Attach any community letters of support.

Exhibit 11: Environmental Considerations

Are there any environmental risks associated with the site, building or the business?

- [ ] Yes
- [x] No

If yes, please describe.

Attach additional pages if the description space is not adequate.

Sources and Use of Funds

	SOURCE OF FUNDS				
	Iron Range Resources & Rehabilitation	Bank(s)	Equity	Other	TOTAL
Property Acquisition			100,000		100,000
Building Renovation					
New Construction	TBD				TBD
Purchase Equipment					
Working Capital					
Debt Refinancing					
Predevelopment	300,000		68,946		368,946
TOTAL PROJECT COSTS	TBD		168,946		TBD
Funds Committed: Yes or No			Y		

Liabilities

Schedule of Business Debts, Contracts, Notes and Mortgages Payable		
Creditor (Contact person and phone number)	**Original Amount**	**Present Balance**
IRRR	$600,000	$547,133.36

As shown on most recent balance sheet of 04/31/2024 *(date).*

Section 3 - Job & Wage Information

Job Generation			
	Full Time	**Part Time**	**Total Full Time Equivalent ***
Number Existing Employees	7	3	8
Number of New Jobs Created	25	5	27

**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).*

Job Creation

Wages/Salary
$15 /hour to $23 /hour AND/OR ______/year to ______/year

Which benefits will be provided?
☑ Health ☑ Dental ☑ Retirement ☑ Life ☑ Profit Sharing/Bonuses

Section 4 - Business Acknowledgement

Tennessen Warning Notice: per MN Statutes 13.04, Subdivision 2, this data is being requested from you to determine if you are eligible for assistance from the Department of Iron Range Resources & Rehabilitation. You are not required to provide the requested information, but failure to do so may result that is classified as private or non-public and will not be shared without your permission except as specified in state and federal laws

Data Privacy Notice: per MN Statutes 13.591, Subdivision 1, certain data provided in the application is private or non-public data; this includes financial information about the business, including credit reports, financial statements, net worth calculations, business plans; income and expense projections; balance sheets; customer sheets; income tax returns; and design, market, and feasibility studies not paid for with public funds.

I have read the above statements and agree to supply the information requested to Department of Iron Range Resources & Rehabilitation with full knowledge of the information provided herein. I certify that all information provided herein is true and accurate and that the official signing this form has authorization to do so.

Name/Title of Business Representative: Betsy Olivanti

Signature of Business Representative: ______________________________

Date: 05/14/2024

The Department of Iron Range Resources & Rehabilitation works to improve economic opportunities for diversity and inclusion in our service area.

Hibbing Economic Development Authority
Loan Program Guidelines

PROGRAM PURPOSE AND TERMS

The City of Hibbing, through the Hibbing Economic Development Authority (HEDA), maintains a revolving loan fund for the specific purpose of providing below market rate financing to support the following business financing projects:

1. Investment in commercial/industrial building renovations, primarily in the downtown area;
   - Physically enhance or improve the exterior or interior appearance of their structure
   - Improve energy efficiency
   - Conform to all City Codes, including Building Maintenance and Fire Safety/Prevention
   - Provide or enhance Handicap accessibility
   - Invest in our community

   All work shall conform to City Code(s) and City Policies for Building Permits and other requirements, including the use of licensed, insured contractors.

2. Provide financial support to start-up businesses, business expansions, business retention and business acquisition projects. 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.

FINANCING POLICIES AND CRITERIA

- LOAN AMOUNTS:
  The maximum amount for this loan program will vary by project and is subject to availability of funds within the program. Loan amounts would typically be 33% or less of total project financing to meet loan leveraging requirements.

- TERM OF LOANS:
  Maximum terms in years:

Working Capital	5 years
Equipment	10 years
Real Estate	10 years

  For any combination of the above uses in one loan, the maximum term is negotiable by the HEDA Board.

- INTEREST RATE: Guaranteed and fixed for the term of the loan. Rates are determined based on project risk and economic conditions.

- ELIGIBLE BORROWERS: Owners, tenants, or operators of businesses within the City of Hibbing. As the ultimate beneficiary of improvements, the owner of record shall consent to the work and provide collateral or a personal guarantee for payment. Applicants may be legally organized in any manner permitted by the laws of the State of Minnesota. Loan applicants to be assisted must be a for-profit entity or a non-profit entity that can demonstrate jobs and other economic impact, such as investment in real estate and product or service sales, in the community of Hibbing. Applicants may not apply for more than one loan in a twelve-month period. Repeat applicant's requests will be looked at in aggregate and may require additional information to be considered.

- INELIGIBLE BORROWERS: The following types of businesses would normally be ineligible for assistance under the program: speculative real estate, media, casino & sports facility, and any others prohibited by law.

- ELIGIBLE USE OF LOAN PROCEEDS:
  a. land and building acquisition
  b. land improvements
  c. new building construction
  d. building renovation
  e. machinery purchase/equipment
  f. inventory purchase

  HEDA loan proceeds cannot be used for debt refinancing.

- EQUITY AND COLLATERAL: Loan applicants must demonstrate an acceptable level of project equity as determined by the HEDA Board. Typically, new businesses will require more equity than established businesses. Additionally, the HEDA Board may ask start-up businesses or those who are under-collateralized to sign a personal guarantee.

  Collateral must be acceptable as determined by the HEDA Board. Loan Fund collateral coverage ratio standard shall be 1.5 to 1. A minimum of 1 to 1 of collateral coverage will be established, however exceptions can be made with HEDA Board approval. Collateral position will typically be subordinate to private sector lenders.

- PRIVATE SECTOR LEVERAGE: The ratio of private sector investment dollars to be leveraged by HEDA Loan Fund will be a minimum of 2 to 1 private to HEDA financing.

- JOB COST RATIO: The minimum Job/Cost Ratio will be $50,000 per job created or retained. These are direct jobs only; part-time jobs should be summed to full-time equivalents and jobs should only be counted as saved when there is sufficient evidence that without the loan they would have been lost. This may be negotiated by the HEDA Board if other economic development factors are met by the project.

- LOAN CONCENTRATION LIMITS:
  Loans to a single borrower and/or its affiliates or to the same industry shall be considered a concentration risk if the loan balances are 25% or more of the loan fund total capitalization. In situations where a loan request will result in a concentration, in excess of 25%, additional loan credit scrutiny will be required.

- PERSONAL LIFE INSURANCE CONSIDERATION:
  If the project is dependent upon the efforts and talents of a single owner, or, if the requested loan is deemed substantial and the debt will be subordinated, or if the liquidation value of the collateral is

deemed to make it hard for HEDA to collect the remaining balance of the loan, the HEDA Board may require the project to obtain a life insurance policy for the principal amount and name HEDA as the insured.

Any deviation from these financing policies and criteria can be considered by HEDA as an exception to policy.

LOAN APPROVAL PROCESS

FULL APPLICATION

Applicants must submit the complete application and required materials to HEDA. HEDA will administer and process all loans and loan applications. Once a full application has been authorized, the HEDA Executive Director will discuss with the business the full details of the application preparation. The full application includes a list of items and exhibits required of HEDA loan applicants.

The exhibit checklist of information is as follows:

- EXHIBIT 1: History and Description of Business. The history and description of the business should be one or two pages describing the company, operation and product line, history, principals, market and competition, affiliates, legal structure and employment. Keep this exhibit simple and restrict it to the basics.
- EXHIBIT 2: Marketing Plan. Provide a detailed marketing strategy including such as:

a.	Target Market	d.	Distribution
b.	Competition	e.	Advertising
c.	Pricing	f.	Sales Promotion

- EXHIBIT 3: Detailed use of Proceeds. Describe in detail how the total project amount will be used. All funds requested or provided must be shown here. Written cost estimates must accompany this exhibit. Debt refinancing is prohibited.
- EXHIBIT 4: Impact on Community/Area. Describe how the proposed financing will benefit the community or area in which the business is located. In addition, estimates of annual payroll, local purchases, and other economic impacts should be included here. A complete list of all jobs created and/or retained.
- EXHIBIT 5: Commitment Letters. A firm commitment from the participating bank stating the terms and conditions of its participation, signed by an officer of the bank. Also, commitment letters from all other funding sources must be included. In lieu of this commitment letter, the loan may be approved contingent upon the borrower securing other lending.
- EXHIBIT 6: List of Collateral. A detailed list of all collateral offered, its value, and security position by funding sources.
- EXHIBIT 7: Resumes and Personal Financial Statements. Resumes of all principals and key management personnel as well as current, dated, and signed personal financial statements and income taxes on all principals with significant financial interest in this business for the past three years.
- EXHIBIT 8: Business Financial Statements. Applicant must provide balance sheets and income statements for past three fiscal years. If business has been in existence less than three years, provide as many as possible.

- EXHIBIT 9: Interim Financial Statements. Applicant must provide a balance sheet and income statements less than 90 days old, as well as a separate detailed list which contains current obligations.
- EXHIBIT 10: Schedule of Business Debts. This list will include original amount and date, present balance owed, interest rate, monthly payments, maturity, and indicate whether the loan is current or delinquent. All obligations must be consistent with interim balance sheet.
- EXHIBIT 11: Projections. All projections will cover a minimum of two complete fiscal years. Two (2) years proforma balance sheets. Two (2) years projected income statements. Two (2) years projected cash flow (monthly and annually).
- EXHIBIT 12: Affiliates. Description of any affiliates or subsidiaries of business or principal(s) requesting assistance, as well as balance sheets and income statements for past two fiscal years on such affiliates or subsidiaries.
- EXHIBIT 13: Appraisals/Proposed Lease/Purchase Options or Agreements. If HEDA is first secured on the real estate, an independent appraisal will be required for any real estate which is a subject of the proposed financing, or which is offered as a major source of collateral to secure the loan. Otherwise, if HEDA is a subordinate lender, the borrower may provide a copy of the lead lender's valuation write-up. Also include copies of existing or proposed lease, purchase options or agreements, or other financial arrangements.
- EXHIBIT 14: Applicant must demonstrate financial need. Applicants for RLF financing must demonstrate that credit is not otherwise available on terms and conditions which would permit completion and/or the successful operation or accomplishment of the project activities to be financed. In this section the applicant must address its financial needs consistent with the above requirement.

CREDIT AND FINANCIAL ANALYSIS

Once the complete full application has been received, HEDA Staff or it's Agent conducts a review of the application and prepares a loan write up summary. This review and write up may include, but not be limited to, the following areas:

- Eligibility within the framework of the revolving loan fund plan;
- Overall economic benefits of the proposed project;
- Balance sheet and ratio analysis and determination of adequate capital and equity;
- Analysis of repayment ability;
- Management skill of the applicant;
- Collateral values with supporting appraisal reports;
- Collateral offered and lien position;
- Credit risk of applicant;
- Credit reports on borrower and/or principals;
- Need for any special requirements such as hazard insurance, key man life insurance, personal guarantees, etc.;
- Credit not otherwise available

PROCEDURES FOR LOAN APPROVALS

- The HEDA staff will review the completed application and contact the business to either schedule the HEDA presentation or for additional information.
- HEDA Staff reviews all completed full applications and prepares a review and loan write up for presentation to the HEDA Loan Committee Review
- The HEDA Board reviews the project, HEDA Loan Committee recommendations, etc., and makes a decision on the application. The decision in the form of a majority vote of Board Members.
- Loan approvals are documented by a Loan Commitment Resolution approved by the HEDA Board and a copy of the Board's meeting minutes.
- HEDA Staff informs the applicant of the decision made by the HEDA Board and will require acknowledgment of approved Loan Commitment Resolution by signing the loan documents within thirty-days of notification that the loan documents are drafted and ready for signature. If the loan documents are not executed or an extension is not approved for an additional thirty (30) days by the HEDA Board, the loan approval is considered rescinded and the borrower will have to reapply for a new loan.
- Borrowers are responsible for keeping HEDA staff apprised of progress on their project to ensure that loan funds are drawn down at a reasonable rate. A period of no activity for six months or loan funds that remain undrawn for the project after twelve months without an approved extension by the HEDA Board will be considered rescinded and deposited back into the appropriate loan fund for subsequent borrowers.
- If the borrower changes the business name or other pertinent information after the board approval, the borrower may be responsible for additional fees to update the loan documentation.

LOAN SERVICING

REPAYMENT:

Loan payment and accounting services will be provided by HEDA:

- Borrowers are required to sign up for an automated clearing house (ACH) payment per the loan terms, upon execution of the loan documents.
- If a borrower moves the funded business outside of the city limits of Hibbing before the loan is fully repaid, any outstanding funds will be due in full.
- Provide payment billings and notices to all loan fund borrowers
- Monthly reporting of delinquent payments by individual loan and amounts (P & I)
    - Monthly record keeping itemizing total principal payments and balances, interest payments and balances.

MONITORING:

Loan monitoring and servicing will be handled by HEDA Staff. Staff will take responsibility for monitoring and keeping records on accounts in terms of repayments, collection of ongoing financial information, annual insurance renewals, UCC extensions, and borrower site visits.

LOAN FILES:
Loan files will be maintained by HEDA for each approved loan. A Loan Application file and a Loan Closing file will be created. The Loan Application file will contain the full application. The Loan Closing file will include all loan closing documents, including but not limited to copies of promissory notes, loan agreements, security agreements, UCC's, mortgages, evidence of insurance, loan commitment resolutions, loan summary (loan write ups) and general correspondence.

LOAN DEFAULTS:
HEDA policy regarding delinquencies (less than 60 days delinquent) will be firm, yet flexible with provisions for modifying or restructuring the terms of delinquent loans consistent with program objectives and responsible money management. Any modifications to the loan terms and conditions must be requested in writing by the applicant.

Defaults (delinquencies more than 60 days or failing to meet any of the other loan covenants) will be handled on a case-by-case basis. Specific action taken will depend on the nature and circumstances surrounding the default, the amount and availability of collateral involved, and the costs versus the benefits of obtaining and liquidating assets. Any action taken will be handled by HEDA Staff and HEDA attorneys, with necessary approvals of the HEDA Board.

When HEDA receives proceeds on a defaulted or written off loans, the loan fund will apply such proceeds in the following order of priority:

- First, towards any costs of collection;
- Second, towards outstanding penalties and fees;
- Third, towards any accrued interest to the extent due and payable; and
- Fourth, towards any outstanding principal balance.

Any borrower who defaults on a loan must make reasonable recompense to the HEDA revolving loan fund as determined by the HEDA Board before initiating any additional loan applications for the same or subsequent businesses.

LOAN WRITE OFFS:
HEDA shall exhaust all remedies available to ensure that the entire debt is collected. Upon final disposition of the loan, if a portion of the loan is deemed uncollectable, it will be written off in accordance with general accounting procedures. Loans with an outstanding balance that have been placed in default and remain outstanding after 180 days will generally be written off. However, collection efforts will continue until determined not to be cost effective or prospects for recovery no longer exist. All write-offs must be directed to the HEDA Board for approval.

HIBBING

Request for HEDA Action

HEDA Action

Approved	Denied	Amended	Tabled
☐	☐	☐	☐

Attachments:

Main Agenda ____ Consent Agenda _____

Description of Agenda Item:

Approve the deferral request from Trellis for the remainder of their HEDA loan in the amount of $200,501, plus an additional year of interest, for no longer than June 27, 2025, as requested, or until their funding is secured, if that occurs sooner.

Strategic Initiative:

2023 City Strategic Plan: Core Strategy – Well-Rounded, Strong Quality of Life – Quality housing stock that is affordable and accessible.

Owner of Agenda Item/Department/email address/Phone:

Betsy Olivanti, Community Development Director, bolivanti@ci.hibbing.mn.us, (218)421-7939

Introduction/Background/Justification/Key Issues/Legal

When the loan between HEDA and the Androy Limited Partnership was originated in 1994, it was funded at the amount of $461,924. In 2023, Trellis was successful in securing funding from MHFA with the HEDA Boards resolution to forgive a portion of this loan, in the amount of $400,000 which leaves a balance owing of $200,501 coming due in June of 2024. Due to the historic nature of the Androy Building, and the state processes for putting together the contracts for this funding, Trellis is requesting a deferral for one additional year on the remaining balance due.

Board/Commission/Committee Actions(s):

Approve the deferral request from Trellis for the remainder of their HEDA loan in the amount of $200,501, plus an additional year of interest, for no longer than June 27, 2025, as requested, or until their funding is secured, if that occurs sooner.

Budgetary/Fiscal Impact: One additional year of staff monitoring of the note.

Action Requested: Questions, discussion, questions, City Council Action

HIBBING

Request for City Council Action

City Council Action

Approved	Denied	Amended	Tabled
☐	☐	☐	☐

Attachments:

Main Agenda _____ Consent Agenda _____

Description of Agenda Item:

Authorize the dedication of the Androy HEDA loan repayment of $200,501 by Trellis to Hibbing HRA to construct Cobb Cook Place, 52 units of public housing on parcel ID 140-0010-01120.

Strategic Initiative:

2023 City Strategic Plan: Core Strategy – Well-Rounded, Strong Quality of Life – Quality housing stock that is affordable and accessible.

Owner of Agenda Item/Department/email address/Phone:

Betsy Olivanti, Community Development Director, betsyolivanti@hibbingmn.gov, (218)421-7939

Introduction/Background/Justification/Key Issues/Legal

When the Hibbing HRA Executive Director, Jackie Prescott, presented her 2024 levy request, she indicated that she was working to apply for funding to redevelop the Greenhaven site. Towards that end, Hibbing HRA and Community Development staff have continued to work towards the development of 52 units of public housing on parcel ID 140-0010-01120 to replace the current units at Greenhaven.

Board/Commission/Committee Actions(s):

Approve the request to dedicate the Androy loan repayment by Trellis in the amount of $200,501 to the Cobb Cook Place housing project by the HRA of Hibbing.

Budgetary/Fiscal Impact:

$200,501 from an affordable housing loan dedicated to the next affordable housing project.

Action Requested: Questions, discussion, questions, City Council Action