# HIBBING ECONOMIC DEVELOPMENT AUTHORITY
## REGULAR MEETING AGENDA
**August 19, 2024**
**4:30 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 | | | |
| Member Mike Egan | | | |

**CALL HEDA MEETING TO ORDER:**

**ADDITIONS/DELETIONS**:

**APPROVAL OF THE AGENDA:**

**APPROVAL OF MINUTES:**

- **Approve the Minutes of the Special Meeting of Hibbing Economic Development Authority for July 31, 2024**

**CONSENT AGENDA**:

1. Affirm Economic Development Loan Fund as of July 31, 2024 in the amount of $1,386,711.93

2. Approve disbursements for the month of July in the amount of $377,657.68
   Fund 250 (HEDA ED/Rev Ln Fd) - $165,260.93
   Fund 255 (HEDA General Fd) - $3,713.75
   Fund 392 (TIF#12 DS Fd) - $0
   Fund 418 (Downtown Capital Prjt Fd) - $0
   Fund 440 (Tax Abatement Prjt Fd) - $0
   Fund 422 (Deferred Loan Fund) - $30,000
   Fund 610 (HEDA – 1111 7th Ave E) - $178,683.00

1. Set the next Regular Meeting of HEDA for Monday, September 16, 2024 at 5:00 p.m. in the Hibbing City Hall Council Chamber

2. Set the next HEDA Working Session for Monday, September 16, 2024 following the Regular Meeting in the Hibbing City Hall Council Chamber

**PRESENTATIONS:**

1. Department of Iron Range Resources and Rehabilitation Agency – Commissioner Rukavina and Staff
2. Depot Loan Request – Rich Lees
3. Update on land acquisition – Rich Lees

**BOARD REPORTS:**

1. **Finance Director Sheena Mulner**

   a. HEDA loans update
   b. Approve paying back $500,000 interfund loan due to fund 250 on a quarterly basis with net rent revenue in fund 610.

2. **Community Development Director – Betsy Olivant**i
   a. Consider loan request from Rich Lees for depot building
   b. Receive and file the foundation drawings from Rich Lees to demonstrate progress towards development on property purchased from HEDA
   c. Authorize staff to negotiate with JT Ventures to purchase the property at 1111 7th Ave. East, Hibbing, MN 55746 when AMGS vacates in summer of 2025
   d. Approve resolution designating $150,000 of unrestricted HEDA funds from 255 into the Local Housing Trust Fund
   e. Approve resolution for Mn DEED 21st Century Mineral Funds for AMGS Expansion
   f. Approve the pre-development agreement with Merge, LLC for the 400 Block Redevelopment project

CLOSED SESSION: FOR THE PURPOSE OF REAL PROPERTY PARCELS **140-0270-00337** PURSUANT TO MN ST SECTION 13D.05SUB.3(c3)

**ADJOURNMENT:**

**THE MINUTES OF THE SPECIAL MEETING OF THE HIBBING ECONOMIC DEVELOPMENT AUTHORITY**
**Monday, July 31, 2024**

**TIME AND PLACE**: A Special meeting of the Hibbing Economic Development Authority was held on Wednesday, July 31, 2024 in the City Hall Council Chamber.

**CALL TO ORDER**: President Shari Majkich Brock called the meeting to order at 5:25 p.m.

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

**APPROVAL OF THE AGENDA:**

Member Hyduke, supported by Vice President Jurenes, moved to approve the Agenda.

Motion CARRIED

**ADDITIONS/DELETETIONS:**

**APPROVAL OF MINUTES:**

Member Kivela, supported by Member Hyduke, moved to approve the minutes of the Regular Meeting of Hibbing Economic Development Authority for July 15, 2023.

Motion CARRIED

**CONSENT AGENDA:**

Member Kivela, supported by Member Hyduke, moved to approve the Consent Agenda #s 1-3.

Motion CARRIED

1. Set the next Regular Meeting of HEDA for Monday, August 19, 2024 at 4:30 p.m. in the Hibbing City Hall Council Chamber
2. Set the next HEDA Working Session for Monday, August 19, 2024 following the Regular Meeting in the Hibbing City Hall Council Chamber
3. Authorize the HEDA Board to attend the AMGS Expansion Project Groundbreaking event for 1 p.m. Thursday, Aug. 29, 2024 at 1122 East 13th Street, Hibbing, MN 55746

## PRESENTATIONS, Q&A:

### AMGS Expansion Project GMP and Schedule Presentation – KA, Widseth

Senior Project Manager, Todd Erickson and Pete Avenen from Krause Anderson were in attendance to give an update on the project. (Budget, Schedule, Questions, Project Directory). The project came in under $500,000. The original bid was $9m total project but now is $8.5m. Bid package #2 that was opened at City Hall was $3,755,917 (bid items). In the bid packet states that there are bid gaps that they didn't receive. (overhead crane & Rubber Base). Bid Package total #02 is $3,970,159 tabulation. Final Guaranteed Max Price is $7,561,867. That is made up of Bid Pack #1 and #2. Overall funding and alignment where they are at is the total project is $8.5m. KA's guaranteed maximum price is $7.5m. The difference is the owner's soft costs, which was budgeted for through electrical engineering, electrical design, and changes $938,133 The schedule will be they will start some clearing and grubbing by August 12th. The pre engineered metal building will be coming earlier than anticipated. By October 18th. Erecting the building over the winter and the owner will install equipment lines by March 31st. The goal of substantial completion by April 25th and final completion by the end of May, 2025. Bituminous paving won't be completed this fall but will be done by the time the frost comes out.

### Jefferson School Redevelopment Project

Community Development Director Betsy Olivanti stated that there have been items that have been workshopped a few months in advance of this issue. One is a MOU (Memorandum of Understanding) with the Sunrise Bakery for a Right-of-Entry into the Jefferson School Project and also the ability to work on what a scope of that could look like with a potential redevelopment for housing. The City did a housing needs analysis in 2023 in conjunction with our HRA and we came to the conclusion that there is a lot of housing need in the community. This is a building that could be repurposed. What is the building condition. There is a right of access agreement.

## BOARD REPORTS:

### <u>Community Development Director – Betsy Olivanti</u>

Vice President Jurenes, supported by Member Hyduke, moved to approve the Guaranteed Maximum Price and the alternates for AMGS Expansion Project in the amount of $8,500,000.

Motion CARRIED

Member Hyduke, supported by Member Kivela, moved to approve the schedule for AMGS Expansion Project as presented by Krause Anderson.
Motion CARRIED

Member Kivela, supported by Member Hyduke, moved to approve the Memorandum of Understanding with the Sunrise Bakery for the Jefferson School Redevelopment Project.

Motion CARRIED

Member Hyduke, supported by Vice President Jurenes, moved to approve the Right of Access Agreement for the Jefferson School Redevelopment Project as worked through with legal.

Motion CARRIED

Member Kivela, supported by Member Hyduke, moved to approve the agreement with New History for the Jefferson School Redevelopment Project with a maximum cost of $15,000.

Motion CARRIED

**ADJOURNMENT: There being no further business, the meeting was adjourned at 5:47 p.m. by Member Kivela and supported by Member Hyduke.**

Motion CARRIED
-

President Shari Majkich Brock

City Clerk – Deputy Administrator Candie Seppala

VENDOR SET: 01 City Of Hibbing
BANK: * ALL BANKS
DATE RANGE: 7/01/2024 THRU 7/31/2024

| VENDOR I.D. | NAME | STATUS | CHECK DATE | AMOUNT | DISCOUNT | CHECK NO | CHECK STATUS | CHECK AMOUNT |
|---|---|---|---|---|---|---|---|---|
| C-CHECK | VOID CHECK | V | 7/10/2024 | | | 177768 | | |
| C-CHECK | VOID CHECK | V | 7/19/2024 | | | 177864 | | |

| * * T O T A L S * * | NO | | | INVOICE AMOUNT | DISCOUNTS | CHECK AMOUNT |
|---|---|---|---|---|---|---|
| REGULAR CHECKS: | 0 | | | 0.00 | 0.00 | 0.00 |
| HAND CHECKS: | 0 | | | 0.00 | 0.00 | 0.00 |
| DRAFTS: | 0 | | | 0.00 | 0.00 | 0.00 |
| EFT: | 0 | | | 0.00 | 0.00 | 0.00 |
| NON CHECKS: | 0 | | | 0.00 | 0.00 | 0.00 |
| VOID CHECKS: | 2 | VOID DEBITS | 0.00 | | | |
| | | VOID CREDITS | 0.00 | 0.00 | 0.00 | |

TOTAL ERRORS: 0

| | NO | INVOICE AMOUNT | DISCOUNTS | CHECK AMOUNT |
|---|---|---|---|---|
| VENDOR SET: 01 BANK: * TOTALS: | 2 | 0.00 | 0.00 | 0.00 |
| BANK: * TOTALS: | 2 | 0.00 | 0.00 | 0.00 |

VENDOR SET: 01 City Of Hibbing
BANK: APBNK US BANK
DATE RANGE: 7/01/2024 THRU 7/31/2024

| VENDOR I.D. | NAME | STATUS | CHECK DATE | AMOUNT | DISCOUNT | CHECK NO | CHECK STATUS | CHECK AMOUNT |
|---|---|---|---|---|---|---|---|---|
| 005618 | AQUATIC ECOSOLUTIONS, INC | | | | | | | |
| I-24I0202AJ/2 | WETLAND DELINEATION/2/9AC | R | 7/10/2024 | | | 177725 | | |
| 610 46-6500-300 | PROFESSIONAL FEES | WETLAND DELINEATION/ | | 510.00 | | | | 510.00 |
| 005514 | MIDWEST PARTNERS LLC/HIBBING R | | | | | | | |
| I-07/09/24 | HEDA LOAN DRAW #2 | R | 7/10/2024 | | | 177777 | | |
| 250 12034 | N/R RED ROCK HOTEL & SUITES | HEDA LOAN DRAW #2 | | 127,226.61 | | | | 127,226.61 |
| 004979 | SELLMAN BORLAND & SIMON PLLC | | | | | | | |
| I-MAY 24 HEDA COSTS | MAY 2024 HEDA COSTS | R | 7/10/2024 | | | 177801 | | |
| 255 46-6500-300 | HEDA-PROFESSIONAL FEES | MAY 2024 HEDA COSTS | | 1,575.00 | | | | 1,575.00 |
| 004131 | SHRED-N-GO, INC. | | | | | | | |
| I-167552 | SHRED SVCS THRU 5/31/24 | R | 7/10/2024 | | | 177803 | | |
| 101 41-1110-300 | PROFESSIONAL SERVICES | SHRED SVCS THRU 5/31 | | 14.39 | | | | |
| 101 41-1425-300 | PROFESSIONAL SERVICES | SHRED SVCS THRU 5/31 | | 14.39 | | | | |
| 101 41-1510-300 | PROFESSIONAL SERVICES | SHRED SVCS THRU 5/31 | | 14.39 | | | | |
| 101 41-1800-300 | PROFESSIONAL SERVICES | SHRED SVCS THRU 5/31 | | 14.40 | | | | |
| 255 46-6500-300 | HEDA-PROFESSIONAL FEES | SHRED SVCS THRU 5/31 | | 14.40 | | | | |
| 101 41-1500-300 | PROFESSIONAL SERVICES | SHRED SVCS THRU 5/31 | | 71.97 | | | | |
| 101 42-2210-300 | PROFFESSIONAL SERVICES | SHRED SVCS THRU 5/31 | | | | | | |
| 101 44-4100-300 | AMBULANCE-PROF SERVICES | SHRED SVCS THRU 5/31 | | 73.94 | | | | 217.88 |
| 000918 | VISA - PARK STATE BANK (FORMER | | | | | | | |
| I-8089 JUNE 24 | ACT 8089 JUNE 24 | R | 7/10/2024 | | | 177818 | | |
| 255 46-6500-300 | HEDA-PROFESSIONAL FEES | ACT 8089 JUNE 24 | | 39.95 | | | | 39.95 |
| 001744 | BARR ENGINEERING 2 | | | | | | | |
| I-23692840.00-3 | AMGS ELECTRICAL 5/18-6/14/24 | R | 7/19/2024 | | | 177827 | | |
| 610 46-6500-300 | PROFESSIONAL FEES | AMGS ELECTRICAL 5/18 | | 14,373.00 | | | | 14,373.00 |
| 002980 | BENDERS SHOES | | | | | | | |
| I-07/16/24 | HEDA DEFERRED LOAN | R | 7/19/2024 | | | 177828 | | |
| 422 11904 | N/R BENDER PROPERTY LLC | HEDA DEFERRED LOAN | | 30,000.00 | | | | |
| 422 22200 | DEFERRED REVENUE | HEDA DEFERRED LOAN | | 30,000.00CR | | | | |
| 422 46-6500-430 | DEFERRED LOAN EXPENDITURES | HEDA DEFERRED LOAN | | 30,000.00 | | | | 30,000.00 |
| 005575 | BGM, LLC (MIKE'S PUB) | | | | | | | |
| I-07/17/24 | HEDA LOAN DRAW #6 | R | 7/19/2024 | | | 177829 | | |
| 250 12036 | N/R BGM, LLC (MIKE'S PUB) | HEDA LOAN DRAW #6 | | 5,099.02 | | | | 5,099.02 |
| 005231 | LOCKRIDGE GRINDAL NAUEN P.L.L. | | | | | | | |
| I-115321 | JUNE 2024 PROF SVCS | R | 7/19/2024 | | | 177869 | | |
| 101 41-1110-301 | LOBBYIST | JUNE 2024 PROF SVCS | | 1,650.00 | | | | |
| 255 46-6500-301 | LOBBYIST | JUNE 2024 PROF SVCS | | 1,650.00 | | | | 3,300.00 |

VENDOR SET: 01 City Of Hibbing
BANK: APBNK US BANK
DATE RANGE: 7/01/2024 THRU 7/31/2024

| VENDOR I.D. | NAME | STATUS | CHECK DATE | AMOUNT | DISCOUNT | CHECK NO | CHECK STATUS | CHECK AMOUNT |
|---|---|---|---|---|---|---|---|---|
| 003232 | MELHORNS CONSTRUCTION | | | | | | | |
| I-07/17/24A | HEDA LOAN DRAW #4 | R | 7/19/2024 | | | 177875 | | |
| 250 12036 | N/R BGM, LLC (MIKE'S PUB) | HEDA LOAN DRAW #4 | | 9,437.11 | | | | 9,437.11 |
| 005514 | MIDWEST PARTNERS LLC/HIBBING R | | | | | | | |
| I-07/17/24 | HEDA LOAN DRAW #3 | R | 7/19/2024 | | | 177877 | | |
| 250 12034 | N/R RED ROCK HOTEL & SUITES | HEDA LOAN DRAW #3 | | 21,148.19 | | | | 21,148.19 |
| 005626 | MIKE'S PUB & A-1 REFRIGERATION | | | | | | | |
| I-07/17/24 | HEDA LOAN DRAW #5 | R | 7/19/2024 | | | 177878 | | |
| 250 12036 | N/R BGM, LLC (MIKE'S PUB) | HEDA LOAN DRAW #5 | | 2,350.00 | | | | 2,350.00 |
| 004979 | SELLMAN BORLAND & SIMON PLLC | | | | | | | |
| I-JUNE 24 HEDA | JUNE 24 HEDA LGL SVCS | R | 7/19/2024 | | | 177896 | | |
| 255 46-6500-300 | HEDA-PROFESSIONAL FEES | JUNE 24 HEDA LGL SVC | | 420.00 | | | | 420.00 |
| 004131 | SHRED-N-GO, INC. | | | | | | | |
| I-168838 | SHRED SVCS THRU 6/30/24 | R | 7/19/2024 | | | 177898 | | |
| 101 41-1110-300 | PROFESSIONAL SERVICES | SHRED SVCS THRU 6/30 | | 14.39 | | | | |
| 101 41-1425-300 | PROFESSIONAL SERVICES | SHRED SVCS THRU 6/30 | | 14.39 | | | | |
| 101 41-1510-300 | PROFESSIONAL SERVICES | SHRED SVCS THRU 6/30 | | 14.39 | | | | |
| 101 41-1800-300 | PROFESSIONAL SERVICES | SHRED SVCS THRU 6/30 | | 14.40 | | | | |
| 255 46-6500-300 | HEDA-PROFESSIONAL FEES | SHRED SVCS THRU 6/30 | | 14.40 | | | | |
| 101 41-1500-300 | PROFESSIONAL SERVICES | SHRED SVCS THRU 6/30 | | 71.97 | | | | 143.94 |
| 005615 | WIDSETH SMITH NOLTING & ASSOC. | | | | | | | |
| I-231808 | PROF SVCS 6/14/24 AMGS BLDG | R | 7/19/2024 | | | 177909 | | |
| 610 46-6500-300 | PROFESSIONAL FEES | PROF SVCS 6/14/24 AM | | 163,800.00 | | | | 163,800.00 |

| * * T O T A L S * * | NO | | | INVOICE AMOUNT | DISCOUNTS | CHECK AMOUNT |
|---|---|---|---|---|---|---|
| REGULAR CHECKS: | 15 | | | 379,640.70 | 0.00 | 379,640.70 |
| HAND CHECKS: | 0 | | | 0.00 | 0.00 | 0.00 |
| DRAFTS: | 0 | | | 0.00 | 0.00 | 0.00 |
| EFT: | 0 | | | 0.00 | 0.00 | 0.00 |
| NON CHECKS: | 0 | | | 0.00 | 0.00 | 0.00 |
| VOID CHECKS: | 0 | VOID DEBITS | 0.00 | | | |
| | | VOID CREDITS | 0.00 | 0.00 | 0.00 | |

TOTAL ERRORS: 0

** G/L ACCOUNT TOTALS **

| G/L ACCOUNT | NAME | AMOUNT |
|---|---|---|
| 101 41-1110-300 | PROFESSIONAL SERVICES | 28.78 |
| 101 41-1110-301 | LOBBYIST | 1,650.00 |
| 101 41-1425-300 | PROFESSIONAL SERVICES | 28.78 |
| 101 41-1500-300 | PROFESSIONAL SERVICES | 143.94 |
| 101 41-1510-300 | PROFESSIONAL SERVICES | 28.78 |
| 101 41-1800-300 | PROFESSIONAL SERVICES | 28.80 |
| 101 44-4100-300 | AMBULANCE-PROF SERVICES | 73.94 |
| | *** FUND TOTAL *** | 1,983.02 |
| 250 12034 | N/R RED ROCK HOTEL & SUITES | 148,374.80 |
| 250 12036 | N/R BGM, LLC (MIKE'S PUB) | 16,886.13 |
| | *** FUND TOTAL *** | 165,260.93 |
| 255 46-6500-300 | HEDA-PROFESSIONAL FEES | 2,063.75 |
| 255 46-6500-301 | LOBBYIST | 1,650.00 |
| | *** FUND TOTAL *** | 3,713.75 |
| 422 11904 | N/R BENDER PROPERTY LLC | 30,000.00 |
| 422 22200 | DEFERRED REVENUE | 30,000.00CR |
| 422 46-6500-430 | DEFERRED LOAN EXPENDITURES | 30,000.00 |
| | *** FUND TOTAL *** | 30,000.00 |
| 610 46-6500-300 | PROFESSIONAL FEES | 178,683.00 |
| | *** FUND TOTAL *** | 178,683.00 |

| | NO | INVOICE AMOUNT | DISCOUNTS | CHECK AMOUNT |
|---|---|---|---|---|
| VENDOR SET: 01 BANK: APBNK TOTALS: | 15 | 379,640.70 | 0.00 | 379,640.70 |
| BANK: APBNK TOTALS: | 15 | 379,640.70 | 0.00 | 379,640.70 |
| REPORT TOTALS: | 15 | 379,640.70 | 0.00 | 379,640.70 |

SELECTION CRITERIA

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VENDOR SET: 01-CITY OF HIBBING
VENDOR: ALL
BANK CODES: All
FUNDS: Include: 250, 255, 392, 418, 420, 422, 610

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CHECK SELECTION

CHECK RANGE: 000000 THRU 999999
DATE RANGE: 7/01/2024 THRU 7/31/2024
CHECK AMOUNT RANGE: 0.00 THRU 999,999,999.99
INCLUDE ALL VOIDS: YES

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PRINT OPTIONS
SEQUENCE: CHECK NUMBER

PRINT TRANSACTIONS: YES
PRINT G/L: YES
UNPOSTED ONLY: NO
EXCLUDE UNPOSTED: NO
MANUAL ONLY: NO
STUB COMMENTS: NO
REPORT FOOTER: NO
CHECK STATUS: NO
PRINT STATUS: * - All

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# Hibbing Economic Development Authority
# Lees Depot Loan Write Up

Eligibility within the framework of the revolving loan fund plan:

Priority #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
- 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.

Overall economic benefits of the proposed project: Will make improvements to a building near the downtown corridor to enhance its lifespan and ensure energy efficiencies.

Balance sheet and ratio analysis and determination of adequate capital and equity: Borrower has secured the necessary funding it for this project from their own equity. The longevity of the business proves the partners have the financial acumen to ensure the viability of the business long-term.

Analysis of repayment ability: This borrower has other loans with HEDA and is current with all payments. Additionally, there is room on the current life insurance policy for additional funds to be drawn.

Management skill of the applicant: Borrower is the current owner of this location and is well suited to see this project through to completion.

Collateral offered and lien position: will be secured on the real estate, in a junior position

Staff Recommended Loan Terms: 3% for 10 years, fully amortized from the beginning of the loan term

a. Listed as an additional insured on the business insurance policy
b. ACH payment required
c. Personal guarantee required
d. Life insurance policy for the amount of the loan required (add to current policy)
e. Contingent on the other lenders approving the junior position

For Depot 341 E 19th st

# Loan Application for Hibbing Economic Development Authority

Business Name: Lees Rental company

Business Address: 1810 E 3rd Ave Hibbing MN 55746
Street City State Zip Code

Business Phone: 218-262-2860

| Name of Principal No. 1: | Name of Principal No. 2: |
|---|---|
| Rick Lees | Sherri Lees |
| Home Address: 106 W park Drive (Street) Hibbing MN 55746 (City, State, Zip Code) | Home Address: SAME (City, State, Zip Code) |
| Home Phone: | Home Phone: |

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

Date Established: 1993

Amount of financing request from Hibbing Economic Development Authority: 70,000

Total Project Costs: 211,755

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: Richard Lees Title: Owner Date: 8-15-24

Name: Sherri Lees Sherri Lees Title: owner Date: 8-15-24

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 | 6 | 4 | 8 |
| Number of New Jobs Created | 8 construction jobs | | |

*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 | 141,755 | Land | |
| Loan 1 | | Building | 211,755 |
| Loan 2 | | Equipment | |
| Loan 3 | | Inventory | |
| *Line of Credit* | | Start-Up Costs | |
| Heoa Loan | 70,000 | Goodwill | |
| | | Refinance | |
| **TOTAL** | 211,755 | Working Capital | |
| | | **TOTAL** | |

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

| | Lending Institution | Interest Rate | Loan Term | Secured? (Y/N) |
|---|---|---|---|---|
| Loan 1 | | | | |
| Loan 2 | | | | |
| Loan 3 | | | | |
| | | | | |
| | | | | |

List of collateral and estimated values:

| | Description | Value in $ |
|---|---|---|
| Item 1 | Junior Lein on property | |
| Item 2 | | |
| Item 3 | | |
| Item 4 | | |
| Item 5 | | |

A-1 Refrigeration of Hibbing, Inc.

1810 East Third Avenue
Hibbing, MN 55746

# Estimate

| Date | Estimate # |
|---|---|
| 7/24/2024 | 807891 |

| Name / Address |
|---|
| LEES RENTAL COMPANY<br>1810 3RD AVE E<br>HIBBING MN 55746 |

| Project |
|---|
| |

| Description | Qty | Cost | Total |
|---|---|---|---|
| UPGRADES AT 341 E 19TH ST | | | |
| COMPLETE STEAM CONVERSION TO FORCED AIR HVAC WITH SEPARATE METERS FOR EACH TENANT | | 77,285.00 | 77,285.00 |
| COMPLETE EXTERIOR RENOVATION INCLUDING NEW METAL SIDING, INSULATION, AND SIGNAGE | | 82,350.00 | 82,350.00 |
| COMPLETE INTERIOR RENOVATIONS AND BUILD OUT FOR 2 TENANTS | | 52,120.00 | 52,120.00 |
| | | **Total** | $211,755.00 |

Customer Signature ____________________

Parcel ID/#: 140-0270-00510


NANCY NILSEN
ST. LOUIS COUNTY AUDITOR - TREASURER
100 N. 5TH AVE. W., ROOM 214
DULUTH, MN 55802
218-726-2383 EXT. 2
www.stlouiscountymn.gov


# 2024 Property Tax Statement

**Parcel ID/#:** 140-0270-00510

Owner: LEES RICHARD +

**Taxpayer(s):**

TAXPAYER # 751037

LEES RICHARD & SHERRI
1810 E 3RD AVE
HIBBING MN 55746

**Property Description:**

CITY OF HIBBING
SEC: 7 TWP: 57.0 RG:20 LOT: BLK: ACRES: .66
THAT PART OF GOVT LOT 4 COMMENCING AT A PT
ON THE W LINE OF GOVT LOT 1 OF SEC 18 TWP 57
RNG 20 A DISTANCE OF 132.88 FT S ALONG W LINE

Property Addr: 341 19TH ST E\HIBBING MN

## VALUES & CLASSIFICATION

| Step | Taxes Payable Year: | 2023 | 2024 |
|---|---|---|---|
| STEP 1 | Estimated Market Value: | 56,700 | 56,700 |
| | Homestead Exclusion: | | |
| | Taxable Market Value: | 56,700 | 56,700 |
| | New Improvements/ Expired Exclusions: | | |
| | Property Classification: | COMM | COMM |
| | Sent in March 2023 | | |
| STEP 2 | **PROPOSED TAX** | | |
| | Proposed Tax:(excluding special assessments) Sent in November 2023 | | 1,308.00 |
| STEP 3 | **PROPERTY TAX STATEMENT** | | |
| | First-half Taxes: May 15 | | 644.00 |
| | Second-half Taxes: October 15 | | 644.00 |
| | **Total Taxes Due in 2024:** | | 1,288.00 |

**$$$ REFUNDS?** ***You may be eligible for one or even two refunds to reduce your property tax.***

***Read the back of this statement to find out how to apply.***

| | Taxes Payable Year: 2023 | 2024 |
|---|---|---|
| 1. Use this amount on Form M1PR to see if you're eligible for a property tax refund. File by August 15. If box is checked, you owe delinquent taxes and are not eligible. | ☐ | |
| 2. Use these amounts on Form M1PR to see if you are eligible for a special refund. | | |
| **PROPERTY TAX AND CREDITS** | | |
| 3. Property tax before credits | 1,468.00 | 1,288.00 |
| 4. Credits that reduce property taxes: | | |
| A. Agricultural and rural land credits | | |
| B. Taconite tax relief | | |
| C. Other credits | | |
| 5. Property tax after credits | 1,468.00 | 1,288.00 |
| **PROPERTY TAX BY JURISDICTION** | | |
| 6. County | 342.85 | 329.06 |
| 7. City or Town | 594.14 | 494.70 |
| 8. State General Tax | | |
| 9. School District: A. Voter approved levies | | |
| 0701 B. Other local levies | 143.56 | 116.63 |
| 10A. Special taxing district | 8.62 | 7.87 |
| B. Tax increment | | |
| C. Fiscal disparity | 378.83 | 339.74 |
| 11. Non-school voter approved referenda levies | | |
| 12. Total property tax before special assessments | 1,468.00 | 1,288.00 |
| **SPECIAL ASSESSMENTS** | | |
| 13A. | | |
| B. | | |
| C. | | |
| 14. Total property tax and special assessments | 1,468.00 | 1,288.00 |

ISSUED: 03/01/2024

Pay on or before October 15 to avoid penalty
Real Estate ST LOUIS COUNTY Payable in 2024

* USPS postmark determines proof of timely payment. Please mail payments EARLY to account for delays in mail handling and reduce the chance of a late postmark. Contact your post office with inquiries on postmarking procedures. Penalty is charged on any late postmarks. - See back for penalty rates *

TAXPAYER # 751037
LEES RICHARD & SHERRI

00114002700051030000064400

**COMM**

| | |
|---|---|
| Parcel ID/# - | 140-0270-00510 |
| Full Tax for Year = | 1,288.00 |
| 2nd Half Principal Due = | 644.00 |
| 2nd Half Penalty = | |
| Total Paid (Principal + Penalty) = | |

Your cancelled check will be your receipt.

ISSUED: 03/01/2024

Make checks payable to: ST. LOUIS COUNTY AUDITOR

Mail to: ST. LOUIS COUNTY AUDITOR
100 N. 5TH AVE W., ROOM 214
DULUTH, MN 55802-1293

Pay by E-Check for FREE at www.stlouiscountymn.gov

Check box if address change on back -----> ☐

*** DELINQUENT TAXES owed if box to the right has an 'X' --> ☐
Contact Auditor's office for balance if box is marked

DETACH STUB AND INCLUDE WITH 2ND HALF PAYMENT

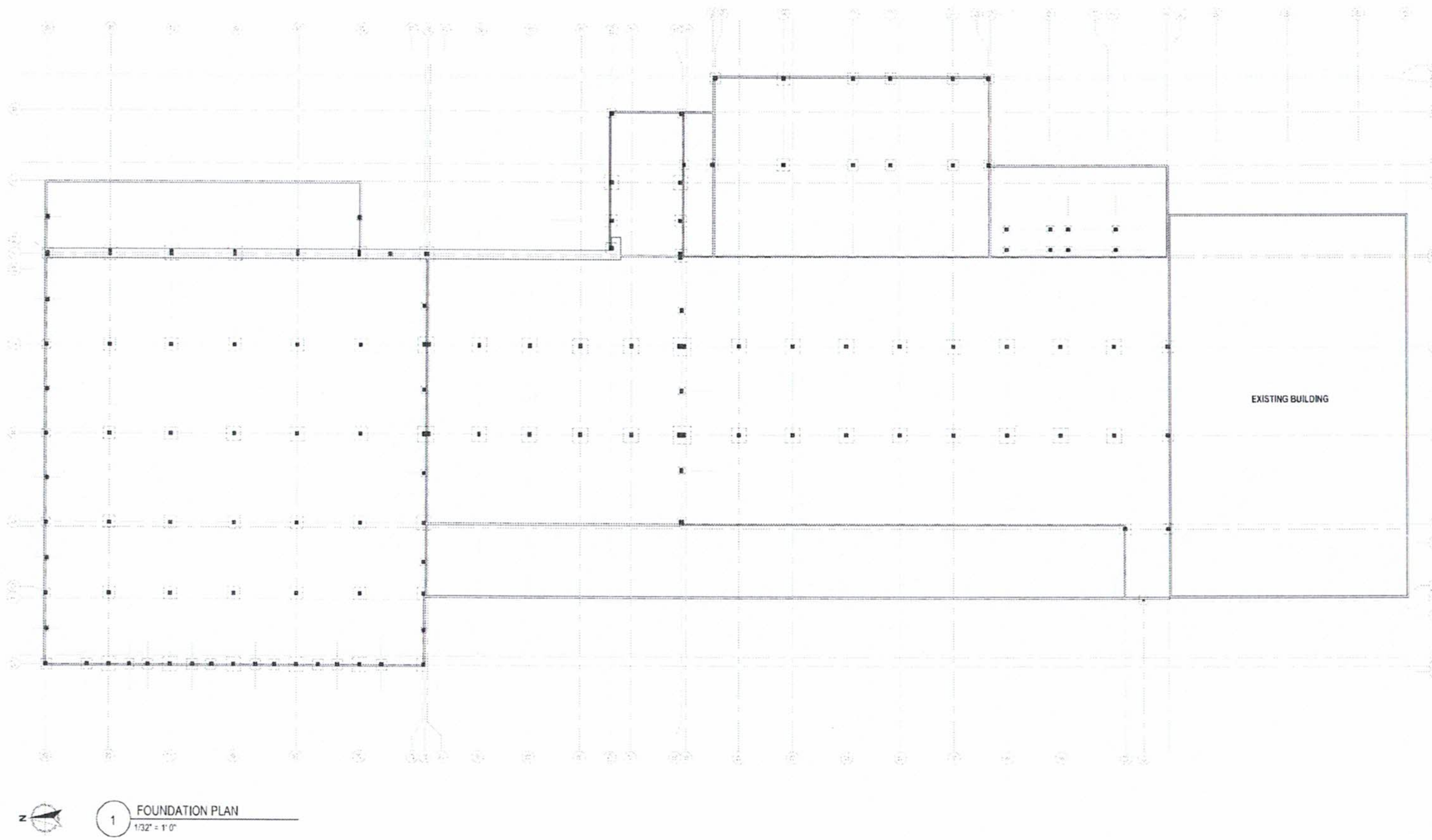
**From:** Mike Petrich
**Sent:** Friday, June 14, 2024 8:44 AM
**To:** a1refrig@mchsi.com
**Subject:** Chopsticks Building and Fundations

Rich,
Plan for the old chopsticks building and foundation


**Mike Petrich**
Project Manager
218-274-6051
704 E Howard Street
Hibbing, MN 55746

WiDSETH

**Widseth.com**




1 FOUNDATION PLAN
1/32" = 1'0"

<WATERMARK>

RICH LEES-48521
RICH LEES
809 E 13th St Hibbing, MN 55746
FOUNDATION PLAN

SHEET NO.
A1.0

DATE: <SHEET ISSUE DATE>
SCALE: AS NOTED
DRAWN BY: <DRAWN BY>
CHECKED BY: <CHECKED BY>
JOB NUMBER: 2024-11065

| DATE | REV# | REVISIONS DESCRIPTION | BY |
| --- | --- | --- | --- |

WIDSETH
ARCHITECTS • ENGINEERS • SCIENTISTS • SURVEYORS

# Request for HEDA Action

**HEDA Action**

| **Approved** | **Denied** | **Amended** | **Tabled** |
|---|---|---|---|
| | | | |

Attachments:

Main Agenda _____ Consent Agenda _____

**Description of Agenda Item:**

Authorize staff to negotiate with JT Ventures, LLC to purchase the property at 1111 7th Avenue, Hibbing, MN 55746 when AMGS vacates in Summer of 2025.

**Strategic Initiative:**

2023 City Strategic Plan: Core Strategy – Vibrant Economic Hub: Destination for shopping and dining, Diverse types of industry providing local jobs, and Economic growth to draw and retain people

**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**

The Hibbing Economic Development Authority (HEDA) has owned the property at 1111 7th Avenue East since 2019 for the purposes of incubating new businesses. With the move of Advanced Machine Guarding Solutions into a new 35,000 square foot manufacturing facility built and owned by HEDA, this property is becoming available for a different business venture to occupy. JT Ventures has been looking for a new home in Hibbing since their prior base of operations was destroyed by a fire in 2022. Owners, Jerry and Trenda Yoder, have toured the facility and have signed a development agreement with the city council to purchase this property, in the event that HEDA is able to negotiate an acceptable purchase agreement.

**Board/Commission/Committee Actions(s):**

Authorize staff to negotiate an acceptable purchase agreement with JT Ventures, LCC. Further, authorize staff to negotiate a potential lease agreement between now and the eventual purchase for JT Ventures, LLC to make leasehold improvements to enhance the longevity of the building.

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

Possible lease payments between now and eventual purchase. Bringing this property back on the tax roll.

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

# DEVELOPMENT AGREEMENT

This Development Agreement (the "**Agreement**") is made effective as of August 7, 2024 ("**Effective Date**"), by and between **JT VENTURES LLC**, having its principal place of business at 1831 3rd Ave E, Hibbing, MN 55746, United States, and the City of Hibbing, Minnesota, having its principal address at 401 East 21st Street, Hibbing, MN, 55746, United States ("**CITY**").

**WHEREAS**, JT VENTURES LLC has experienced a recent fire completely destroying their current base of operations at 1831 3rd Ave E, Hibbing, MN 55746; and

**WHEREAS**, JT VENTURES LLC wishes to enter into an Agreement with the City of Hibbing to purchase the property described as parcel 140-0270-00337; and

**WHEREAS,** JT VENTURES LLC is desirous of renovating this building(s) as a base of operations on the property described above; and

**WHEREAS**, JT VENTURES LLC has already received Dept. of Iron Range Resource and Rehabilitation (IRRR) grant funding to help pay for demolition of the fire-damaged building at 1831 3rd Ave. E; and

**WHEREAS**, JT VENTURES LLC has committed by accepting the commercial redevelopment grant from the IRRR to reinvestment in the city of Hibbing to match the value of the IRRR demolition grant; and

**WHEREAS,** the purchase and renovations of this property by JT VENTURES LLC will enhance the lifespan of this building and bring it back into the tax base of the city of Hibbing; and

**WHEREAS**, JT VENTURES LLC is desirous of a business subsidy to purchase the property at less than fair market value; and

**WHEREAS**, the City has reviewed and is in initial basic agreement with JT VENTURES LLC development plans for this property; and

**WHEREAS**, the City and JT VENTURES LLC are considering a land swap for parcels 140-0270-00705 and 140-0270-00416 as part of this development which, will require further negotiations.

**NOW, THEREFORE**, in consideration of the mutual covenants contained herein, and for receipt of other good and valuable consideration, the receipt of which the parties hereby acknowledge, the parties agree as follows:

**1) SCOPE OF WORK:**

a) JT VENTURES LLC shall work with the City to provide appropriate documentation to assist with securing any appropriate IRRR grants for parcel 140-0270-00337, if available.

b) JT VENTURES LLC shall prepare proposed plans, site drawings, specifications, etc., that show the project site work consistent with City ordinances and building codes.

b) **PROCUREMENT AND CONTRACTING**: Any parts of the project that are funded through IRRR grants will follow the state rules and guidelines pertaining to such grants.

c) During the term of this Agreement, JT VENTURES LLC will execute a purchase agreement and complete the purchase of the property located at 1111 7th Avenue East, Hibbing, MN 55746 into a building supply facility.

d) JT VENTURES LLC will commit to completion of the above stated services within twelve (12) months of the Effective Date of this Agreement.

e) JT VENTURES LLC will, upon CITY's periodic requests, promptly deliver any, and all, project documentation needed to confirm the execution of this Agreement.

f) ACKNOWLEDGMENT: JT VENTURES LLC shall be in compliance with the grant agreements between the City and the IRRR and agrees to all the terms and conditions of the agreements.

**2) COMPENSATION:**

a) If the agreement is not fulfilled within the specified timeframe, the parties may agree to an extension in writing if a good-faith effort has been made to complete the obligations herein listed and an updated completion schedule allows for the fulfillment of the terms of this agreement. In the absence of completion of the services or an extension, JT VENTURES LLC will be required to reimburse the CITY for the subsidy to the extent that the terms have not been completed.

b) JT VENTURES LLC agrees to require the payment of prevailing wage according to Minnesota Prevailing Wage Statute and IRRR Policy, as needed.

**3) INDEPENDENT CONTRACTOR:**

a) JT VENTURES LLC will, at-all-times, be an independent contractor under this Agreement and not an employee or agent of CITY. Neither JT VENTURES LLC nor CITY will have any authority to obligate or bind the other in any manner whatsoever, and neither JT VENTURES LLC nor CITY will make any representations or statements about the other or the other's services other than as agreed by the parties in writing or required by applicable law or regulation.

**4) RESPONSIBILITY FOR CONTRACTORS:**

JT VENTURES LLC shall release, defend and indemnify City, its elected and/or appointed officials, employees, and agents from and against any and all claims, demands, lawsuits, complaints, loss, costs (including attorneys' fees), damages and injunctions relating to any acts, failures to act, errors, omissions, of JT VENTURES LLC or JT VENTURES LLC' consultants, contractors, subcontractors, suppliers, and agents.

**5) BUILDING, LIFE SAFETY CODE, FIRE SAFETY, GRADING, DRAINAGE, AND EROSION CONTROL PLANS:**

JT VENTURES LLC agrees that all buildings, life safety, fire, grading, drainage and erosion plans contained in the Project Plans will meet all applicable local and state codes.

**6) REPRESENTATIVES AND WARRANTIES OF THE CITY:**

: City represents and warrants to JT VENTURES LLC that it has the power, authority, and legal right to enter into all of the transactions and to perform all of the covenants and obligations required to be entered into or performed by the City, as the case may be, under this Agreement.

**7) TERM AND TERMINATION:**

a) The term of this Agreement shall commence on the Effective Date and, unless earlier terminated pursuant to this Section 4, will remain in full force and effect until purchase completion or twelve (12) months later, whichever comes first.

b) This Agreement will terminate upon a completion of the Services listed in the Scope of Work. JT VENTURES LLC will provide evidence as necessary to CITY that the services have been completed.

c) Upon termination, JT VENTURES LLC will return to City any amount owed by certified mail to the address listed herein within (30) days.

**8) MEDIATION:**

In the event, the parties have disagreements regarding the Project, the parties agree to seek mediation in an attempt to work out a mutually acceptable agreement. The costs of such mediation will be split equally between the parties. If the parties mediate and do not come to an agreement, they may discuss in good faith arbitration with the American Arbitration Association.

**9) DEVELOPER'S DEFAULT:**

In the event of default by the Developer as to any of the work to be performed by it hereunder, the City may, at its option, upon giving fourteen (14) days written notice to the Developer citing such default, either 1) perform the work and the Developer shall promptly reimburse the City for any expense incurred by the City, or 2) declare all of the unpaid amounts levied pursuant to this Agreement, if any, due and payable in full, and may immediately commence legal action against the Developer to collect the entire unpaid balance, including reasonable attorney's fees and costs. This Development Agreement is a license for the City to act, and it shall not be necessary for the City to seek a Court order for permission to enter the land. When the City does any such work, the City may, in addition to its other remedies, assess the cost in whole or in part. For this purpose, the Developer expressly waives any procedural and substantive objections to the special assessments, including, but not limited to, hearing requirements and any claim that the assessments exceed the benefit to the property.

**10) MISCELLANEOUS:**

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, JT VENTURES LLC makes no representation or warranty and hereby expressly disclaims any representation or warranty of any kind, express or implied.

c) The City 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 the City, on JT VENTURES LLC, 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 WHEROF**, the parties have executed this Development 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.

| **JT VENTURES LLC:** | | **CITY OF HIBBING:** | |
|---|---|---|---|
| By: | Jerry Yoder | By: | Pete Hyduke |
| Name: | Jerry Yoder | Name: | Pete Hyduke |
| Title: | President | Title: | Mayor |
| Date: | 8/5/24 | Date: | 8/7/2024 |

At the regular HEDA meeting held August 19, 2024, at 4:30 P.M., in the Hibbing City Council Chambers, Member ____________________ introduced the following Resolution and moved its adoption:

**RESOLUTION NO. 24-08-XX**

RESOLUTION TO Commit the Local Match for the Local Housing Trust Fund

WHEREAS, the City of Hibbing's (City) 2023 Strategic Plan identified a Core Strategy for Well-Rounded, Strong Quality of Life; and

WHEREAS, Quality housing stock that is affordable and accessible was identified as a criteria of that core strategy; and

WHEREAS, the City of Hibbing's (City) 2023 Strategic Plan also identified a Core Strategy for Safe, Secure, and Valued Community; and

WHEREAS, Everyone is an integral and involve part of the community and has a safe place to live and raise a family were identified as a criterion of that core strategy; and

WHEREAS, the city of Hibbing created a Local Housing Trust Fund via ordinance in February of 2024 and referred to the Hibbing Economic Development Authority for facilitation; and

WHEREAS, in 2021, the Minnesota Legislature allocated money to create Minnesota Housing's Local Housing Trust Fund Grants Program whereby eligible entities may request matching funds for New Public Revenue, up to $150,000 and, depending on funding availability, additional funds in the amount of 50% of new public revenue above $150,000 but no more than $300,000.

WHEREAS, for purposes of this program, New Public Revenue is defined as local income that is committed to the Local Housing Trust Fund on or after June 29th, 2021

BE IT RESOLVED that the Hibbing Economic Development Authority committed $150,000 from its 255 fund balance to the local housing trust fund should the matching grant funds be received from the state.

The motion for the adoption of the foregoing Resolution was duly seconded by Member ________________________, and upon vote being taken, the following voted in favor thereof:

FOR ADOPTION:

AGAINST ADOPTION:

ABSTAINING: None

ABSENT: None

Passed and adopted this 19th day of August, 2024.

HIBBING ECONOMIC DEVELOPMENT AUTHORITY

Shari Majkich Brock, President

Candie Seppala, City Clerk

**CERTIFICATION**

I hereby certify that the foregoing Resolution is a true and correct copy of the Resolution adopted and passed by the Hibbing Economic Development Authority at its regular meeting held on Monday, August 19, 2024.

(City seal)

Candie Seppala, City Clerk/Deputy Administrator

At the regular HEDA meeting held August 19, 2024, at 4:30 P.M., in the Hibbing City Council Chambers, Member ____________________ introduced the following Resolution and moved its adoption:

**RESOLUTION NO. 24-08-XX**

**Hibbing Economic Development Authority Resolution in Support of a Minnesota Department of Employment and Economic Development 21st Century Grant and Loan Application**

RESOLUTION REGARDING THE APPROVAL OF A Minnesota Department of Employment and Economic Development 21st Century Grant and Loan APPLICATION IN CONNECTION WITH Hibbing Economic Development Authority (HEDA) FOR THE PROJECT ENTITLED Advanced Machine Guarding Solutions Expansion.

WHEREAS, the City of Hibbing, Minnesota (the "City"), desires to assist Advanced Machine Guarding Solutions (AMGS), which is desirous of expanding operations in the City; and,

WHEREAS, the City of Hibbing understands that AMGS has received project financing from the State Small Business Credit Initiative through Minnesota Department of Employment and Economic Development's Automation Loan Participation Program; and,

WHEREAS, HEDA desires to build a 35,000 square foot manufacturing facility to aid in AMGS's expansion; and,

WHEREAS, HEDA has already secured $4,500,000 in financing for this project from the Department of Iron Range Resources and Rehabilitation; and

WHEREAS, HEDA is seeking the remaining financing from the Minnesota Department of Employment and Economic Development 21st Century Grant and Loan program.

NOW, THEREFORE, BE IT RESOLVED that, after due consideration, the HEDA Board hereby express their approval of this application from the Hibbing Economic Development Authority to assist with this project.

The motion for the adoption of the foregoing Resolution was duly seconded by Member _________________________, and upon vote being taken, the following voted in favor thereof:

FOR ADOPTION:

AGAINST ADOPTION:

ABSTAINING:

ABSENT:

Passed and adopted this 19th day of August, 2024.

HIBBING ECONOMIC DEVELOPMENT AUTHORITY

Shari Majkich Brock, President		Candie Seppala, City Clerk

**CERTIFICATION**

I hereby certify that the foregoing Resolution is a true and correct copy of the Resolution adopted and passed by the Hibbing Economic Development Authority at its regular meeting held on Monday, August 19, 2024.

(City seal)

Candie Seppala, City Clerk/Deputy Administrator

Exhibit 1: History and Description of the Public Authority and Business seeking assistance.

## Introduction

The City Council of the City of Hibbing adopted a resolution to establish an economic development authority the ("EDA") according to Minnesota Statutes Sections 469.090 through 469.108 on, March 2, 1993 and modified most recently on March 15, 2023. The Hibbing Economic Development Authority ("HEDA") was established pursuant to Section 469.091, Subd. 1, and Section 469.093, Subd. 1, of the Economic Development Authorities Act.

HEDA has all of the powers, rights, duties and obligations conferred on economic development authorities by Section 469.090 through 469.108, including the powers of a city granted by the municipal development district act, Minnesota Statutes Sections 469"124 to 469,134, and of a housing and redevelopment authority granted by the municipal housing and redevelopment authorities act, Minnesota Statutes Section 469.001 through 469.047. The Hibbing Economic Development Authority offers development assistance for new and expansion-minded businesses interested in locating in Hibbing.

## 2018 Comprehensive Plan

In the 2018 City of Hibbing Comprehensive Plan, the community vision statement refers to an economy that is strong and diverse, and excellent business and employment opportunities are available.

"Hibbing is a vibrant city of caring, friendly people who value family and community. It offers safe, small-town, affordable living with access to high quality education, health care, transportation, and recreation. <u>The economy is strong and diverse, and excellent business and employment opportunities are available.</u> Having easy access to the city via trails, highways, and the local airport, people come to Hibbing to experience the city's beautiful parks, historic buildings, revitalized downtown area, arts and culture attractions, and community events. Hibbing is proud of its heritage and history, and its residents reflect a legacy of working hard and persevering to ensure the community continues to thrive locally and regionally." (page 27)

Additionally, the comprehensive plan identified Goal #1 for the Economic Environment section to "Support existing businesses" and Goal #2 to "Support entrepreneurs and pursue and attract new businesses" (page 84).

## 2023 Strategic Plan

In 2023, the City of Hibbing undertook a Strategic Planning process. As part of that work, six Core Strategies were determined to be worthy of focus for the next two years. Core Strategy #4 is to create a "Vibrant Economic Hub" by ensuring diverse types of industry provide local jobs and create economic growth to draw and retain people (https://mn-hibbing.civicplus.com/DocumentCenter/View/1606/2023-2025-City-of-Hibbing-Strategic-Plan).

**AMGS Expansion Project**

In fiscal year 2019, the Hibbing Economic Development Authority (HEDA), with support from the Dept. of IRRR, purchased property at 1111 7th Avenue East, Hibbing, MN 55746 to incubate new businesses in the city of Hibbing, allow them to gain a foothold, and grow. In 2021, Advanced Machine Guarding Solutions (AMGS) commenced operations in this space as an entrepreneurial start up. The past three years have seen AMGS grow and flourish to the point where the company needs additional manufacturing space to expand their operations.

HEDA undertook a search, in the Fall of 2023 to determine if there was a suitable facility elsewhere in the city, along with assessing whether the current facility was suitable for expansion. Neither of these options yielded cost-effective nor positive results. Thus, as the Hibbing Economic Development Authority's intention is to: 1) continue incubating AMGS and assist with the planned expansion, 2) to diversify our economy and 3) assist in job creation, HEDA, with assistance from the Dept. of Iron Range Resources and Rehabilitation, pursued the construction of a new 35,000 square foot facility for AMGS.

The new facility will be located on HEDA-owned land in the same industrial park. Predevelopment work at the site has been done to determine that the site is buildable and cost effective as a location for this facility. The pre-development work included surveying, wetland delineation, and geotechnical investigation to ensure that all environmental requirements are met. This process was undertaken by Widseth, Braun Intertech, and Benchmark Engineering to ensure that the facility is built on the optimal location of the approximately 9 acre site.

The tenant for the new facility, AMGS, has signed a memorandum of understanding (MoU) with the HEDA Board to lease out the facility upon completion of construction. Staff from the Dept. of IRRR will have input into the lease prior to final approval by the HEDA Board.

HIBBING

Exhibit 1: History and Description of the Public Authority and Business seeking assistance.

**HEDA Staff and Board**

| Name | Role/Title |
|---|---|
| Betsy Olivanti | Community Development Director |
| Shari Majkich Brock | President/March 31, 2026 |
| Roger Kivela | Vice President/March 31, 2025 |
| Steve Jurenes | Member/December 31, 2023 |
| Open Seat | Member/December 31, 2027 |
| Pete Hyduke | Member/Mayor |
| John Schweiberger | Member/Councilor |
| Jennifer Hoffman-Saccoman | Member/Councilor |
| Mike Egan | Member/December 2027 |
| Greg Pruszinske | City Administrator |
| Erin Hussman | Internal Auditor |
| Sheena Mulner | Finance Director/Treasurer |

I certify that no current principal of my organization has been convicted of a felony financial crime in the last 10 years. I certify that no judgements, injunctions, or pending litigation have been filed against the organization. I certify that this information is true, correct, and reliable. The submission of inaccurate or misleading information may be grounds for disqualification from the grant contract agreement award and may subject me/my organization to suspension or debarment proceedings, as well as other remedies available to the State, by law.

I certify that I or my grant organization DO NOT have an actual or potential conflict of interest.

Respectfully submitted,

Betsy Olivanti

Betsy Olivanti, Community Development Director
Hibbing Economic Development Authority
betsyolivanti@hibbingmn.gov

# PRELIMINARY DEVELOPMENT AGREEMENT

**THIS AGREEMENT,** made and entered into this __ day of ________, 2024, between the HIBBING ECONOMIC DEVELOPMENT AUTHORITY, a public body corporate and politic under the laws of the State of Minnesota ("Authority"), and MERGE, LLC, a Minnesota limited liability corporation ("Developer"):

**WHEREAS,** the Authority owns or intends to acquire certain property within the City of Hibbing, Minnesota (the "City"), described in Exhibit A attached hereto (the "Property"); and

**WHEREAS,** the Developer has submitted a proposal to acquire the Property and construct an approximately 52,000 GSF four-story 54-unit mixed-use building with approximately 14,000 GSF residential and 5,600 GSF ground level commercial, described in Exhibit B attached hereto (the "Development"); and

**WHEREAS,** the Authority has determined that it is in its best interest that the Developer be designated sole developer of the Property during the term of this Agreement; and

**WHEREAS,** the Authority and the Developer are willing and desirous to undertake the Development if (i) a satisfactory agreement can be reached regarding the Authority's commitment for any public assistance that may be necessary for the Development; (ii) satisfactory mortgage and equity financing, or adequate cash resources for the Development can be secured by the Developer; (iii) the economic feasibility and soundness of the Development can be demonstrated; (iv) a satisfactory agreement can be reached regarding the purchase price to be paid by the Developer for the Property; (v) satisfactory resolution of zoning, land use, site design, and engineering issues, and other necessary preconditions have been determined to the satisfaction of the parties; and (vi) the Authority is able to acquire all the Property; and

**WHEREAS,** the Authority is willing to evaluate the Development and work toward all necessary agreements with the Developer.

**NOW, THEREFORE,** in consideration of the foregoing and of the mutual covenants and obligations set forth herein, the parties agree as follows**:**

**Section 1.** **<u>Intention of Parties.</u>** It is the intention of the parties that this Agreement: (a) documents the present understanding and commitments of the parties; and (b) will lead to negotiation and execution of a mutually satisfactory Purchase Agreement and TIF Development Agreement (together, the "Contract") prior to the termination date of this Agreement. The Contract (together with any other agreements entered into between the parties hereto contemporaneously therewith) when executed, will supersede all obligations of the parties hereunder. If the following conditions can be fulfilled to the satisfaction of the Authority and the Developer, the parties will proceed to formulate a Contract:

(a) a satisfactory agreement can be reached regarding the purchase price to be paid by the Developer for the Property;

(b) a satisfactory agreement can be reached regarding the Authority's commitment of public financial assistance necessary for the Development, if any;

(c) satisfactory financing for the Development can be secured;

(d) the Developer demonstrates the financial feasibility of the Development;

(e) the Developer provides such documentation regarding the economic feasibility of the Development as the Authority requests during the term of this Agreement;

(f) the completion of all undertakings required by this Agreement in a satisfactory and timely manner;

(g) the satisfaction of such other conditions as are determined to be necessary by either party; and

(h) the Authority is able to acquire all the Property at a purchase price it finds acceptable in its sole discretion.

The Contract (together with any other agreements entered into between the parties hereto contemporaneously therewith) when executed will supersede all understandings and obligations of the parties hereunder.

**Section 2. Preliminary Nature of Agreement**. The Authority and Developer agree that this Agreement is intended to be preliminary in nature. Before the Authority and Developer can decide on whether to proceed with the Development, it will be necessary to assemble and consider information relative to the uses, design, economics and other aspects of the Development. The purpose of this Agreement is to allow the Developer and Authority an opportunity to assemble such necessary information, to refine the concept for the Development, and to negotiate the execution of the Contract which, if executed, will set forth the rights and responsibilities of the Authority and the Developer with respect to the Development.

**Section 3. Developer's Obligations.** During the term of this Agreement, the Developer shall:

(a) Submit to the Authority a design proposal to be approved by the Authority showing the location, size, and nature of the proposed Development, including floor layouts, renderings, elevations, and other graphic or written explanations of the Development. The design proposal shall be accompanied by a proposed schedule for the commencement and completion of the Development.

(b) Submit a cost estimate for the design and construction of the Development.

(c) Submit to the Authority the Developer's financing plan showing that the proposed Development is financially feasible, and, to the extent Developer seeks public financial assistance in any form (including reduced land cost, waiver of fees, tax increment financing or abatement financing), evidence that such assistance is reasonably necessary to make the Development financially feasible.

(d) Furnish satisfactory financial data to the Authority evidencing the Developer's ability to undertake the Development.

(e) Submit zoning, land use, platting and subdivision applications for the Development, as appropriate.

(f) Undertake and obtain such other preliminary economic feasibility studies, income and expense projections, and such other economic information as the Developer may desire to further confirm the economic feasibility and soundness of the Development.

(g) Submit to the Authority a proposed schedule for the undertaking of the Development, including phasing and timing of closing and construction.

(h) Obtain environmental reports and studies and such other studies and testing deemed necessary, to determine the acceptability of the environmental condition of the Property.

(i) Provide any other information that the Authority may request.

All of the information described above shall be prepared or collected at the sole expense of the Developer. The Developer agrees that it will provide the Authority with status reports on progress made with respect to its activities under this Agreement at least quarterly or as otherwise requested. Failure to provide said reports may result in termination of this Agreement.

**Section 4.** **<u>Authority's Obligations.</u>** During the term of this Agreement, the Authority agrees to:

(a) Proceed to seek all necessary information with regard to the anticipated public costs associated with the Development.

(b) Review zoning, planning and subdivision implications of the Development, as appropriate.

(c) Identify the sources of public financial assistance that may be made available to the Developer in connection with the Development. If any such financial assistance is actually provided in connection with the Development, the amount, timing and terms of such assistance will be subject to approval in accordance with applicable law, including without limitation a public hearing as required by law and a final "but for" analysis, and will be set forth in the Contract. No commitment is being made in this Agreement at this time that any such assistance will be provided to the Developer.

(d) Within five (5) days after the execution of this Agreement, deliver to the Developer the following to the extent such materials are within Authority's possession or reasonable control: copies of any surveys, environmental reports and studies, geotechnical testing reports, historical studies, reports and designations, architectural drawings and property/improvement inspection reports copies of all permits, and records of land use applications and proceedings affecting the Property (the "Due Diligence Documents").

(e) Analyze information provided by the Developer to determine if the conveyance of the Property for the Developer's proposed purchase price is justified.

**Section 5.** **Contingencies.** It is expressly understood that execution and implementation of the Contract shall be subject to:

(a) A determination by the City and the Authority, in their sole discretion, that any public financial assistance for the Development is feasible based on the projected sources available, and that financial assistance is warranted based on the Developer's pro forma and any other information provided to the City and Authority.

(b) A determination by the Developer that the Development is feasible and in the best interests of the Developer.

(c) A determination City Council of the City and the Board of Commissioners of the Authority that the Development is in the best interests of the City and the Authority.

(d) The acquisition of the Property by direct purchase, on such terms and conditions as are acceptable to the Authority in its sole and absolute discretion.

(e) The Authority and the Developer having obtained all necessary approvals for the Development from any participating governmental authority.

(f) The Developer having obtained such zoning modifications, rezoning, planned unit development approvals, conditional use permits, variances, vacations and other land use approvals as are necessary to allow the Development to move forward.

(g) The Developer having conducted such soils, well, engineering, hazardous waste, environmental and other testing as it determines necessary.

(f) The Developer having obtained financing for the Development acceptable to Developer and satisfactory to the Authority.

(g) The Authority's ability to acquire all of the Property.

**Section 6.** **Costs.** Each party shall be solely responsible for their own costs in negotiating this agreement.

**Section 7.** **Designation As Sole Developer of Property.** The Authority hereby agrees that for the term of this Agreement it will not:

(i) provide or enter into any agreement for the provision of financial assistance to any third party in connection with any proposed development within the Property; and

(ii) negotiate or contract with any other party concerning the sale or development of the Property.

During such period the Developer shall have the exclusive right to work with the Authority in negotiating a Contract for the Property. The Developer may not assign its rights or obligations under this Agreement to any person or entity without prior written approval by the Authority.

**Section 8. Term of Agreement.** This Agreement is effective for one hundred and eighty (180) days from the date hereof. After such date, neither party shall have any obligation hereunder except as expressly set forth to the contrary herein.

This Agreement may also be terminated upon ten (10) days written notice by the Authority to the Developer if:

(a) an essential precondition to the execution of a Contract cannot be met; or

(b) if, in the sole discretion of the Authority, an impasse has been reached in the negotiation or implementation of any material term or condition of this Agreement or the Contract.

**Section 9. Remedies.** In the event that the Developer, its heirs, successors or assigns, fail to comply with any of the provisions of this Agreement, the Authority may proceed to enforce this Agreement by appropriate legal or equitable proceedings, or other similar proceedings, and the Developer, its heirs, successors or assigns, agree to pay all costs of such enforcement, including reasonable attorneys' fees.

**Section 10. Severability.** If any portion of this Agreement is held invalid by a court of competent jurisdiction, such decision shall not affect the validity of any remaining portion of the Agreement.

**Section 11. Amendment and Waiver.** In the event any covenant contained in this Agreement should be breached by one party and subsequently waived by another party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other concurrent, previous or subsequent breach. This Agreement may not be amended nor any of its terms modified except by a writing authorized and executed by all parties hereto.

**Section 12. Notice.** Notice or demand or other communication between or among the parties shall be sufficiently given if sent by mail, postage prepaid, return receipt requested or delivered personally:

(a) As to the Developer: 25 W Main Street, Suite 500
Madison, WI 53703

(b) As to the Authority: Hibbing Economic Development Authority
401 E 21st Street
Hibbing, MN 55746

**Section 13.** **Exclusive Development Rights**. During the term of this Agreement, the Authority agrees that it will not negotiate or contract with any other party concerning the sale or development of the Property. The Developer shall not assign or transfer its rights under this Agreement in full or in part, or enter into any subcontracts to perform any of its obligations hereunder, without the prior written consent of the Authority.

**Section 14.** **Counterparts.** This Agreement may be executed simultaneously in any number of counterparts, all of which shall constitute one and the same instrument.

**Section 15.** **Governing Law.** This Agreement shall be governed by and construed in accordance with the laws of the state of Minnesota. Any disputes, controversies, or claims arising out of this Agreement shall be heard in the state or federal courts of Minnesota, and all parties to this Agreement waive any objection to the jurisdiction of these courts, whether based on convenience or otherwise.

**Section 16.** **Indemnification.** The Developer hereby agrees to protect, defend and hold the Authority, the City and their officers, elected and appointed officials, employees, administrators, commissioners, agents, and representatives harmless from and indemnified against any and all loss, cost, fines, charges, damage and expenses, including, without limitation, reasonable attorney's fees, consultant and expert witness fees, and travel associated therewith, due to claims or demands of any kind whatsoever caused by Developer or arising out of actions of Developer with regard to (i) the development, marketing, sale or leasing of all or any part of the Property, including, without limitation, any claims for any lien imposed by law for services, labor or materials furnished to or for the benefit of the Property, or (ii) any claim by the state of Minnesota or the Minnesota Pollution Control Agency or any other person pertaining to the violation of any permits, orders, decrees or demands made by said persons or with regard to the presence of any pollutant, contaminant or hazardous waste on the Property deposited or released by Developer; and (iii) or by reason of the execution of this Agreement or the performance of this Agreement. The Developer, and the Developer's successors or assigns, agree to protect, defend and save the Authority, the City and their members, officers, agents, and employees, harmless from all such claims, demands, damages, and causes of action and the costs, disbursements, and expenses of defending the same, including but not limited to, attorneys fees, consulting engineering services, and other technical, administrative or professional assistance incurred by the Authority and the City as a result of the actions of Developer. This indemnity shall be continuing and shall survive the performance, termination or cancellation of this Agreement. Nothing in this Agreement shall be construed as a limitation of or waiver by the Authority or the City of any immunities, defenses, or other limitations on liability to which the Authority is entitled by law, including but not limited to the maximum monetary limits on liability established by Minnesota Statutes, Chapter 466.

**Section 17.** **Assignment.** The Developer shall not assign or transfer its rights or obligations under this Agreement in full or in part, or enter into any subcontract to perform any of its obligations hereunder, without the prior written consent of the Authority.

**Section 18.** **Effect of Approvals**. No approval given by the Authority hereunder or in connection herewith shall be deemed to constitute an approval of the Development for any purpose other than as stated herein and the process outlined in this Agreement shall not be deemed to supersede any concept review, conditional use permit, vacation, subdivision, or other zoning or planning approval process of the Authority or the City relative to the development of real estate.

**Section 19.** **<u>Conveyance Subject to Right of Re-entry</u>**. Subject to the Authority's acquisition of the Property, the Authority's conveyance of the Property to the Developer pursuant to the Contract will be subject to approval after a public hearing, will be on an "AS-IS" basis, and will be made in the form of a quit claim deed (the "Deed"). The Deed will include a right of re-entry for breach of a condition subsequent in favor of the Authority (the "Right of Re-entry") for the Development. The condition(s) subsequent will be determined by the Authority in accordance with Minnesota Statutes Section 469.105 and set forth in the Deed conveying the Property to the Developer in the form attached to the Contract. If the Developer breaches such condition(s) subsequent, the Developer shall re-convey the Property back to the Authority.

**Section 20.** **<u>Data Practices</u>**. This Agreement is subject to the Minnesota Government Data Practices Act, Minnesota Statutes Chapter 13.

**Section 21.** **<u>Nonbinding</u>**. The Developer acknowledges that, except for Section 13, Section 6 and the indemnification provisions of Section 16 above which shall all be binding upon the Developer, this Agreement shall not be deemed conclusive or legally binding upon either the Developer or the Authority, and neither the Developer nor the Authority shall have any obligations regarding the Property, the Development or any public assistance described herein, unless and until a Contract is approved by the Board and executed by both the Developer and the Authority.

**IN WITNESS WHEREOF,** the Authority has caused this Agreement to be duly executed in its name and behalf and its seal to be duly affixed hereto, and the Developer has caused this Agreement to be duly executed as of the day and year first above written.

MERGE URBAN, LLC

By ____________________

Its: Brent Dahlstrom

HIBBING ECONOMIC DEVELOPMENT AUTHORITY

By ____________________
Its ____________________

By ____________________
Its ____________________



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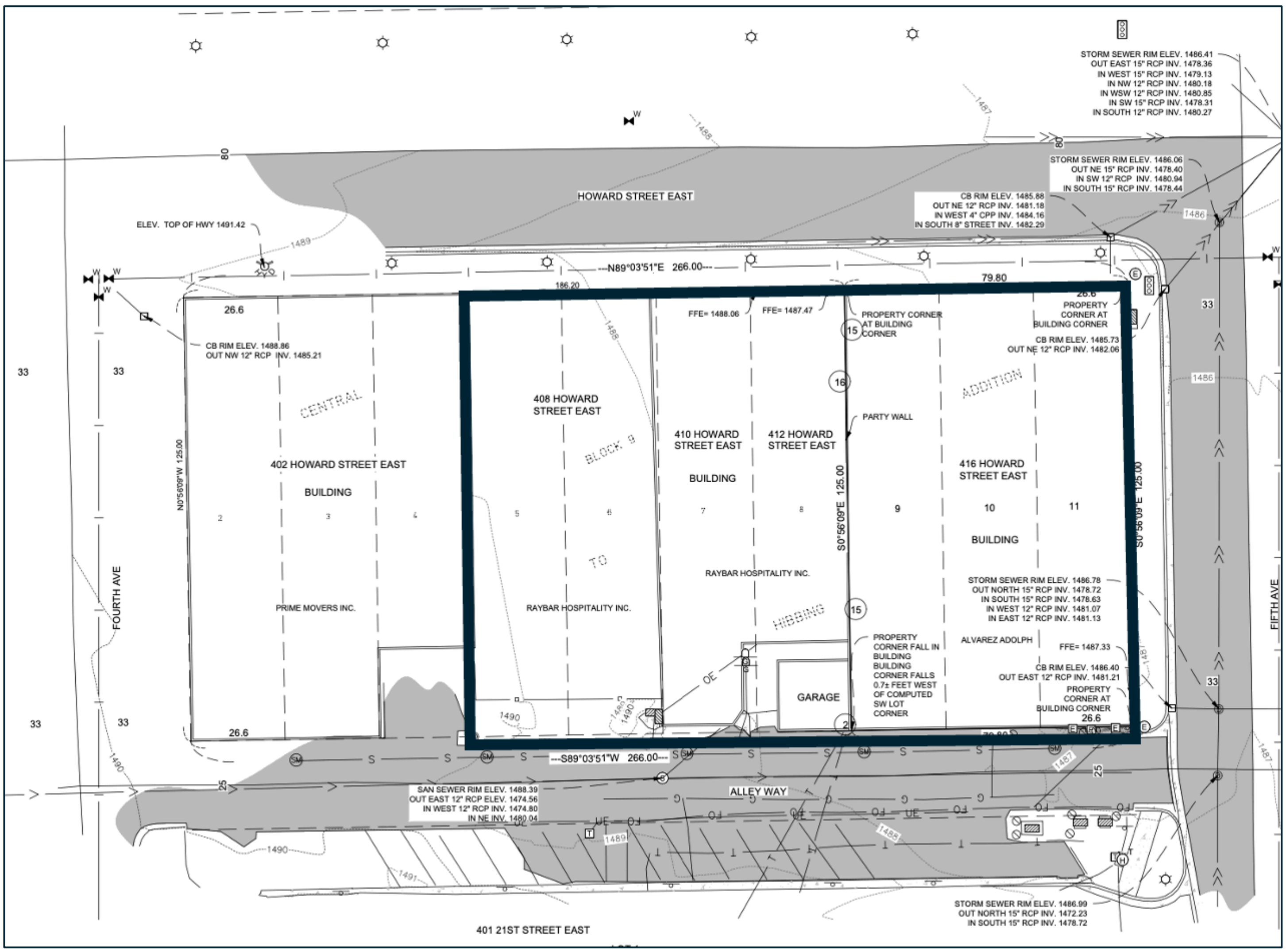
**EXHIBIT A**

**Description of Property**

| Address | PIN | Lot & Block | Plat Name |
|---|---|---|---|
| 408 East Howard Street | 140-0070-01480 | Lots 5 and 6 Block 9 | Central Addition to Hibbing |
| 410 East Howard Street | 140-0070-01500 | Lot 7, Block 9 | Central Addition to Hibbing |
| 412 East Howard Street | 140-0070-01510 | Lot 8, Block 9 | Central Addition to Hibbing |
| 416 East Howard Street | 140-0070-01520 | Lots 9-11, Block 9 | Central Addition to Hibbing |



**HOWARD STREET, HIBBING, MN**

EXHIBIT B

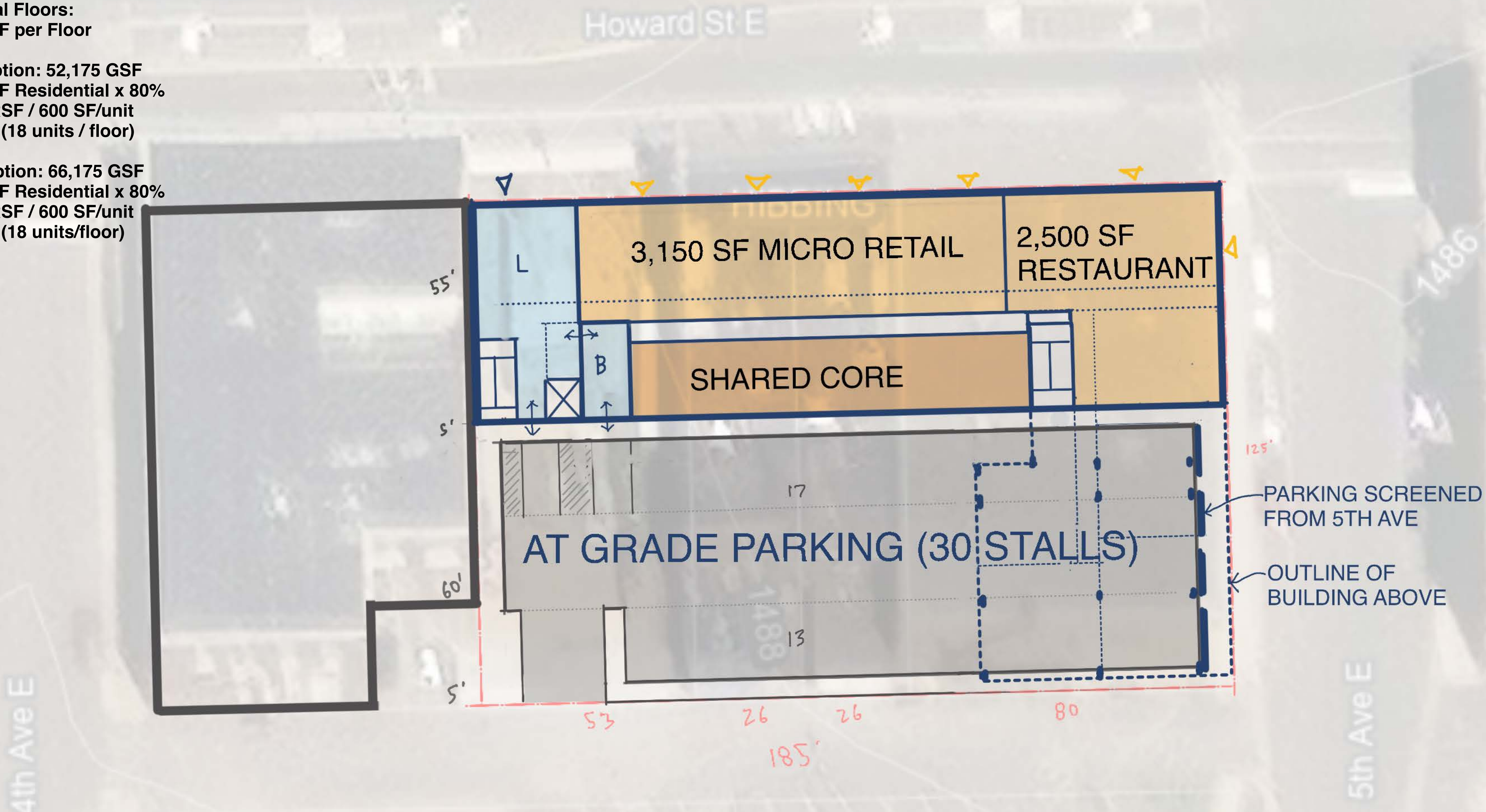
Description of the Development

**Ground Floor:**
**10,175 GSF Conditioned Space**
**(5,650 SF Leasable Commercial)**

**Residential Floors:**
**14,000 GSF per Floor**

**4-story Option: 52,175 GSF**
**42,000 GSF Residential x 80%**
**= 33,600 RSF / 600 SF/unit**
**= 54 units (18 units / floor)**

**5-Story Option: 66,175 GSF**
**56,000 GSF Residential x 80%**
**= 44,800 RSF / 600 SF/unit**
**= 72 units (18 units/floor)**

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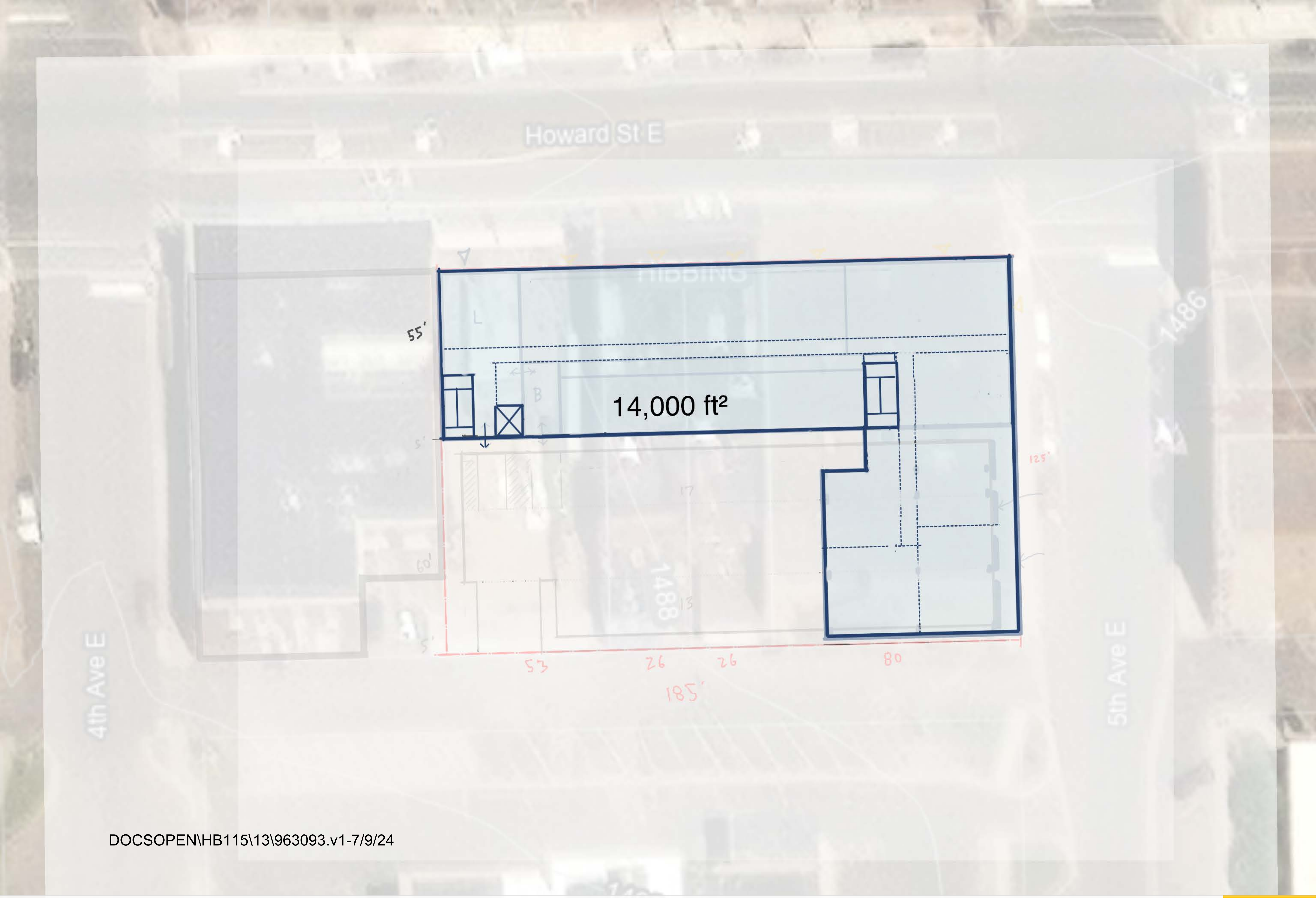


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Hibbing | Scheme 1 - Upper Floors



SLINGSHOT ARCHITECTURE
Aug 18, 2023