

**THE MINUTES OF THE REGULAR MEETING OF THE
HIBBING ECONOMIC DEVELOPMENT AUTHORITY
Monday, April 17, 2023**

TIME AND PLACE: A Regular meeting of the Hibbing Economic Development Authority was held on Monday, April 17, 2023 in the City Hall Council Chamber.

CALL TO ORDER: President Shari Majkich Brock called the meeting to order at 5:06 p.m.

ATTENDANCE: Present at roll call President Shari Majkich Brock, Member Pete Hyduke, Member Jennifer Hoffman Saccoman, Member John Schweiberger, Member Roger Kivela, (all in person). Member Steve Jurenes (present via zoom and was not voting.) Also present were City Attorney Andy Borland, City Clerk/Deputy Administrator Candie Seppala, Finance Director/Treasurer Sheena Mulner, and Community Development Director Betsy Olivanti. City Administrator Greg Pruszinske was absent.

ADDITIONS/DELETATIONS:

- **ADD: CONSENT AGENDA #5**

APPROVAL OF THE AGENDA:

Member Kivela, supported by Member Pete Hyduke, moved to approve the Agenda for April 17, 2023.

Motion CARRIED

APPROVAL OF MINUTES:

Member Schweiberger, supported by Member Hyduke, moved to approve the minutes of the Regular Meeting of Hibbing Economic Development Authority March 13, 2023.

Motion CARRIED

CONSENT AGENDA:

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

Motion CARRIED

1. Affirm Economic Development Loan Fund as of March 31, 2023 in the amount of **\$1,007,754.66**

2. Approve disbursements for the month of April, 2023 in the amount of \$ 2,682.25
 - Chisholm Hibbing Airport Authority April, 2023 rent) \$ 300.00
 - Sellman Law Office invoice for HEDA –March, 2023 \$ 656.25
 - Sellman Law Office invoice for HEDA Costs – March, 2023 \$ 76.00
 - Lockridge Grindal Nauen P.L.L.P. – April, 2023 \$ 1,650.00

3. Set the next Regular Meeting of HEDA for Monday, May 1, 2023 at 5:00 p.m. in the Hibbing City Hall Council Chamber

4. Set the next HEDA Working Session for Monday, May 1, 2023 following the Regular Meeting in the Hibbing City Hall Council Chamber

5. Authorize the HEDA Board to tour of the Red Rock Hotel on Tuesday, April 25, 2023 at 1:00 p.m.

BOARD REPORTS:

Approve the HEDA Bylaws

Community Development Director Betsy Olivanti explained that everyone has a copy of the bylaws that were run through staff, committee, and the workshop over the past months:

Section 2 - the policy right now, members may live within 30 minutes of the City of Hibbing. This body wanted to keep it within the City. This will be brought to City Council Workshop and they will vote on that.

The term of the at-large board members will be 6 years with a maximum of 12 years.

Councilor Hoffman Saccoman stated with regards to being a resident of the City of Hibbing. She is not comfortable voting for this until it is passed by the City Council and comes back to HEDA.

Approving the Bylaws was postponed to the next HEDA meeting.

Finance Director/Treasurer Sheena Mulner asked for a vote for Vice-President as loan documents need to be signed by two officers.

Member Schweiberger, supported by Member Hoffman Saccoman, moved to elect Member Steve Jurenes as an interim Vice-President.

Motion CARRIED

Approve the survey of PID 140-0270-00339 so the appraisal can happen

Community Development Director Betsy Olivanti explained that she provided a couple of quotes for a survey for Parcel 140-0270-00339. When the appraiser went out to start looking at the legal description of it, everything conflicts. We received two quotes for the survey – one from Benchmark and one from SEH. She recommended going with Benchmark in the amount \$1,960.74.

Member Hyduke, supported by Member Schweiberger, moved to approve the Benchmark quote for the survey of PID 140-0270-00339.

Motion CARRIED

HEDA Loans

- a. Libation Station loan default
- b. Smart Thrivent Suite Loc. Loan Default
- c. Andrew Hanegmon
- d. Rich Lees

Community Development Director Betsy Olivanti stated she has updates for a. and b. The Libation Station is now in default. The payments haven't been made in the last three months. Betsy has been in communication with the owners and their financial institution. She asked about what the owner's plans are. They do have the operation up for sale. They are willing to work with us until we get the items sold.

The Smart Thrivent Suite which had the roof collapse. One payment has been made through an ACH and it was returned to the City. To compound matters, there isn't insurance on the building. We are in conversation with the individual so we can figure a path to move forward.

Attorney Andy Borland stated there are actions to be taken on the Suite Location LLC, there was an obligation to maintain insurance. By not having insurance, that is a default provision. This allows the board to call the loan due. If there are communications still happening, we might want to hold off at this time until a payment plan or process involved.

Member Hoffman Saccoman asked how we can make sure this doesn't happen again, do we request insurance for every loan. Attorney Borland stated that HEDA has the right to do this if they choose. Attorney Borland stated that Betsy asked if HEDA could be added to the Insurance.

Andrew Hanegmon was in attendance to discuss the renovations of the old Crowne Ballroom which is now the Do You Night Club. He originally budgeted \$100,000. There were a couple of required changes with electrical and plumbing. He needed to add an electrical panel in the basement which cost \$10,000. He did a remodel on the old bar, with that he made additional repairs. He asked for an additional \$22,000 for sprinkling and the AC unit with HEDA money. For repair capital specifically to cover the bills from the original intent of repairs.

Member Kivela asked if the books are ok. Betsy stated that Andrew went after other funding and he has provided his last three years of taxes. He has made his payments timely.

Sheena asked if HEDA is adding into the draw down amount and then have the amortization start at that time. The board agreed.

Member Schweiberger, supported by Member Hoffman Saccoman, moved to approve the HEDA loan in the amount of \$22,000, which will be added to the current loan of \$100,000 for a total of \$122,000. The interest rate will be 3% and the term will be 10 years.

Motion CARRIED

Rich Lees was in attendance to request two loan applications.

The first one Rich spoke about is the Lees Hibbing Plaza which is where Kiddy Karousel is. He has been doing extensive renovations there. Upgraded all the lighting, additional remodel inside, roofing, and HVAC.

He is looking for \$40,000 at an interest rate of 3% for 10 years.

Member Hoffman Saccoman asked if there are new tenants. Rick explained that he has tenants who needed to be moved to the Plaza.

Member Schweiberger, supported by Member Hyduke, moved to approve the loan for the Lees Hibbing Plaza in the amount of \$40,000 at 3% for 10 years.

Motion CARRIED

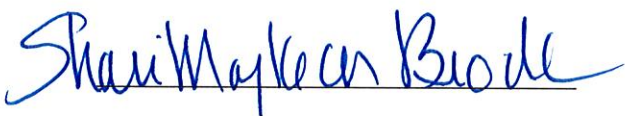
The second building is the old L&M Supply. He has done HVA, lighting, and general upgrades to the building.

Member Hyduke, supported by Member Schweiberger, moved to approve the loan for the L&M Building in the amount of \$40,000 at 3% for 10 years.

Motion CARRIED

ADJOURNMENT: There being no further business, the meeting was adjourned at 5:42 p.m. by Member Kivela and supported by Member Hoffman Saccoman.

Motion CARRIED



President Shari Majkich Brock



City Clerk/Deputy Administrator Candie Seppala