

**THE MINUTES OF THE REGULAR MEETING OF THE
HIBBING ECONOMIC DEVELOPMENT AUTHORITY
Monday, June 5, 2023**

TIME AND PLACE: A Regular meeting of the Hibbing Economic Development Authority was held on Monday, June 5, 2023 in the City Hall Council Chamber.

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

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

ADDITIONS/DELETATIONS:

- **ADD: BOARD REPORTS #8**

Member Hyduke, supported by Member Kivela, moved to approve the agenda of the Hibbing Economic Development Authority.

Motion CARRIED

APPROVAL OF MINUTES:

Vice President Jurenes, supported by Member Hyduke, moved to approve the Minutes of the Regular Meeting of Hibbing Economic Development Authority for April 17 2023

Motion CARRIED

Member Kivela, supported by Member Hyduke, moved to approve the Minutes of the Regular Meeting of Hibbing Economic Development Authority for May 1, 2023

Motion CARRIED

CONSENT AGENDA:

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

Motion CARRIED

1. Affirm Economic Development Loan Fund as of May 31, 2023 in the amount of **\$995,122.04**
2. Approve disbursements for the month of June, 2023 in the amount of **\$ 1,990.80**

• Chisholm Hibbing Airport Authority June, 2023 rent)	\$ 300.00
• Sellman Law Office invoice for HEDA –May, 2023	\$ 40.80
• Sellman Law Office invoice for HEDA Costs – May, 2023	\$
• Lockridge Grindal Nauen P.L.L.P. – June, 2023	\$ 1,650.00

3. Set the next Regular Meeting of HEDA for Monday, July 17, 2023 at 5:00 p.m. in the Hibbing City Hall Council Chamber
4. Set the next HEDA Working Session for Monday, July 17, 2023 following the Regular Meeting in the Hibbing City Hall Council Chamber

PUBLIC HEARING:

President Majkich Brock opened the public hearing and called for discussion for the business subsidy agreement between Hibbing Economic Development Authority and Advanced Machine Guarding Solutions Company.

Jason Wabama thanked HEDA for participation and helping him with back rent and utilities.

President Majkich Brock closed the Public Hearing.

Community Economic Development Director Betsy Olivanti stated that AMGS came to HEDA with different options solutions. This was the option that the HEDA board talked through at that time. Mr. Wabama wants to restructure the loan and came up with one note instead of two separate notes. Starting with an interest only at that point and 10-year amortization at that point. The utilities – there was a period of time that AMGS was in the building without a signed lease agreement being billed for the utilities at no fault of AMGS. That amount is in the business subsidy agreement and will be forgiven for utilities. Part of the Business Subsidy Agreement will be to disburse the proceeds of the loan and have Mr. Wabama get caught up. \$250,000 is the total of the loan.

Advanced Machine Guarding Loan

Member Hyduke, supported by Vice President Jurenes, moved to offer RESOLUTION NO 23-06-02 APPROVING BUSINESS SUBSIDY AGREEMENT WITH ADVANCED MACHINE GUARDING SOLUTIONS COMPANY (AMGS).

Motion CARRIED

BOARD REPORTS:**HEDA Loan Requests****HEDA Loan Request – Prime Movers**

Community Development Director Betsy Olivanti stated that this loan request comes from a group of 4 individuals who purchased a building downtown. They would like an EDA loan of \$50,000 for 10 years at 3%. She received a credit memo from Security State Bank. They currently have renters in the building.

Tom and Tara Wagner attended the meeting. Tara stated that her three partners are Hibbing High School Alumni friends. They feel like this is a great opportunity for female business owners to provide back to Hibbing what they were given as youth. They want to preserve the building. They plan to make renovations to the building.

Attorney Andy Borland for security and Betsy replied a 2nd mortgage.

Member Hoffman Saccoman, supported by Member Hyduke, moved to authorize a HEDA loan in the amount of \$50,000 at 10-years with 3% interest.

Motion CARRIED

HEDA Loan Request – Katie Winchester

Community Development Director Betsy Olivanti stated that this loan request of Katie Winchester. 2125 1st Avenue is the address. Katie operates her own salon. She is looking for \$50,000 pending the entrepreneur fund loan with the interest rate of 3% coming through with interest only through the end of 2023 and amortized for 9 ½ years (Starting January 1, 2024). She potentially would like to come back at a later date for a grant. Her goal is by September to be in the building – and it has to be done by December 1st, 2023.

Vice President Jurenes, supported by Member Hyduke, moved to approve the \$50,000 loan with an interest rate of 3% (Interest only for 6 months) and amortized for 9 ½ years.

Motion CARRIED (Member Kivela will abstain from voting)

HEDA Loan Request – Jacob Hanson

Community Development Director Betsy Olivanti stated that Mr. Hanson couldn't make it tonight, but Betsy explained that Mr. Hanson has been investing in our community with real estate. This particular property is known as the Castle. He has put \$25,000 of equity into this property. He was looking for \$149,000 from HEDA. 10 years at 3%. HEDA would be roughly half of that of the project ask. He plans to do extensive renovations. There are 8 units to rent in the building.

Mr. Borland stated that this is significantly more than other asks.

The terms on this loan are \$149,000 with an interest rate of 3% and amortized for 10 years. With both a mortgage and a personal guarantee.

Member Hyduke, supported by Member Hoffman Saccoman, moved to approve a HEDA loan in the amount of \$149,000 with an interest rate of 3% an amortized for 10 years with an amendment paying him per the draws on the loan. (Interest only through the draw)

Motion CARRIED (Member Roger Kivela abstained)

Community Development Director Betsy Olivanti stated that this is transferring ownership of the building Range Regional Animal Shelter. Back when the Range Regional Animal Shelter was built, the city had HEDA do the bond for this particular project. Up to this point, it has been maintained in HEDA's purview. They have authorized payments for the leased land to the airport. In order to clean this up, the bond has been paid up since 2020, and get this into the purview where it belongs, we will need to get this into the City's hands where it belongs.

Member Kivela, supported by Member Hoffman Saccoman, moved to offer RESOLUTION NO. 23-06-01 TRANSFERRING OWNERSHIP OF THE BUILDING AT 11215HIGHWAY 37, HIBBING, MN 55746 OPERATED AS THE RANGE REGIONAL ANIMAL SHELTER, AND ALL ASSOCIATED FUNDING FROM THE BOND OBLIGATION FROM THE HIBBING ECONOMIC DEVELOPMENT AUTHORITY (HEDA) TO THE HIBBING CITY COUNCIL'S PURVIEW.

Motion CARRIED

Approve the updated HEDA Loan Fund Guidelines

Community Development Director Betsy Olivanti stated that she and Sheena have been working on these guidelines. They will be discussed at the working session.

Damjanovich requests the release of the UCC Filing on 2408 1st Avenue

Community Development Director Betsy Olivanti stated that she didn't see the individuals who were supposed to come to the meeting, but she received a letter from Jenny and Marcus Damjanovich requesting a release of the UCC filing. They are scheduled to close on June 6, 2023 on the home. They are requesting full release of the UCC filing. They are currently 5 months delinquent on their loans. (just under \$60,000). Attorney Borland stated that he is drafting a document asking them to sign confessing to give us a judgment for the outstanding balance for both the COVID loan and HEDA loan with the understanding that they agree to release the properties – they would have to give HEDA a judgment and set up a payment plan and if they don't pay, HEDA would enter the judgment.

Mr. Borland has a comment with regard to the UCC1. A UCC1 only protects the inventory and equipment. HEDA has a mortgage against the property. That is what they are asking to be released. They need HEDA to release the mortgage. They aren't going to satisfy it, they just want HEDA to release the property and say it's satisfied so they can sell their property.

Betsy said the banker stated if they sell this property, this won't make the bank and HEDA whole. Even if they sell the Bottle Shop portion, it probably won't satisfy his entire debt plus ours. The total amount due is \$60,000. The recommendation is to agree to release the housing property on the condition to take that debt and pay HEDA back. Right now they are in default and not paying while they are holding onto this property. If they sell the property, they could pay on HEDA's loan.

Member Kivela, supported by Member Hoffman Saccoman, authorizing that HEDA will partially release the mortgage for the home behind the Bottle Shop with a confession of judgment.

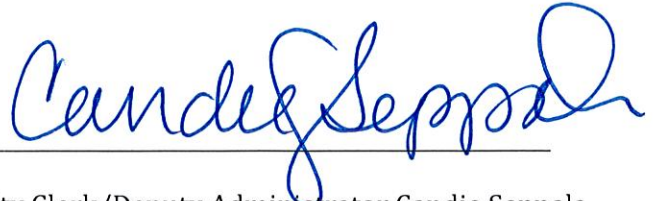
Motion CARRIED

ADJOURNMENT: There being no further business, the meeting was adjourned at 6:28 p.m. by Member Kivela and supported by Member Hyduke.

Motion CARRIED

Handwritten signature of Shari Majkich Brock in black ink, written over a horizontal line.

President Shari Majkich Brock

Handwritten signature of Candie Seppala in blue ink, written over a horizontal line.

City Clerk/Deputy Administrator Candie Seppala