



## **HERMANTOWN ECONOMIC DEVELOPMENT AUTHORITY**

### **AGENDA**

**Thursday, July 16<sup>th</sup> 2026 at 5:30 p.m.**  
**Council Chambers**  
**Governmental Services Building**

#### **1. ROLL CALL**

#### **2. MINUTES – Approval or correction**

2.1 May 21, 2026 HEDA Minutes

#### **3. MOTIONS**

- 3.1 Motion to establish the amount of bond at \$300,000 required to be provided by the Treasurer
- 3.2 Motion to approve Annual Report to the City
- 3.3 Motion to approve for submission to the City Council a budget for 2027
- 3.4 Motion to approve a report to the City Council on the Enabling Resolution
- 3.5 Motion to approve an audit to submit to the City Council

#### **4. PUBLIC HEARING**

#### **5. RESOLUTIONS**

#### **6. WORK SESSION**

#### **7. RECESS**

**CITY OF HERMANTOWN**

**HERMANTOWN ECONOMIC DEVELOPMENT AUTHORITY**

Thursday, May 21, 2026 at 5:30 PM Central

Council Chambers, City Hall – Hermantown Governmental Services Building

|                          |         |
|--------------------------|---------|
| Mayor Wayne Boucher:     | Present |
| Councilor John Geissler: | Present |
| Councilor Andy Hjelle:   | Present |
| Councilor Joe Peterson:  | Present |
| Councilor Brian LeBlanc: | Absent  |
| Karen Pionk:             | Present |
| Rob Unzen:               | Absent  |

**CITY STAFF:** Chad Ronchetti, Executive Director; Mia Thibodeau, HEDA Attorney;

1. **ROLL CALL**

2. **MINUTES**

**2.1 Approve March 26, 2026 HEDA Minutes**

Motion to approve minutes as presented. This motion, made by, Geissler and seconded by Peterson, Carried.

|                          |        |
|--------------------------|--------|
| Mayor Wayne Boucher:     | Yea    |
| Councilor John Geissler: | Yea    |
| Councilor Andy Hjelle:   | Yea    |
| Councilor Joe Peterson:  | Yea    |
| Councilor Brian LeBlanc: | Absent |
| Karen Pionk:             | Yea    |
| Rob Unzen:               | Absent |

Yea: 5, Nay: 0, Absent: 2

3. **MOTIONS**

**3.1 Motion to Cancel November 19, 2026 HEDA Meeting**

Motion to cancel of the November 19, 2026 HEDA meeting due to scheduling conflicts. This motion, made by, Geissler and seconded by Hjelle, Carried.

|                          |        |
|--------------------------|--------|
| Mayor Wayne Boucher:     | Yea    |
| Councilor John Geissler: | Yea    |
| Councilor Andy Hjelle:   | Yea    |
| Councilor Joe Peterson:  | Yea    |
| Councilor Brian LeBlanc: | Absent |
| Karen Pionk:             | Yea    |
| Rob Unzen:               | Absent |

Yea: 5, Nay: 0, Absent: 2

#### 4. **RESOLUTIONS**

##### **4.1 2026-01H Resolution Authorizing And Directing President And Secretary To Execute An Acceptance of Easement Agreements For Parcels 395-0092-00160, 395-0092-00090, 395-0092-00160 To City Of Hermantown From The Hermantown Economic Development Authority For The Lightning Drive Utility And Trail Project**

Motion to approve 2026-01H Resolution Authorizing And Directing President And Secretary To Execute An Acceptance of Easement Agreements For Parcels 395-0092-00160, 395-0092-00090, 395-0092-00160 To City Of Hermantown From The Hermantown Economic Development Authority For The Lightning Drive Utility And Trail Project. This motion, made by, Hjelle and seconded by Pionk, Carried.

|                          |        |
|--------------------------|--------|
| Mayor Wayne Boucher:     | Yea    |
| Councilor John Geissler: | Yea    |
| Councilor Andy Hjelle:   | Yea    |
| Councilor Joe Peterson:  | Yea    |
| Councilor Brian LeBlanc: | Absent |
| Karen Pionk:             | Yea    |
| Rob Unzen:               | Absent |

Yea: 5, Nay: 0, Absent: 2

#### 5. **RECESS**

Motion to recess at 5:41 p.m. This motion, made by Peterson and seconded by Pionk, Carried.

|                          |        |
|--------------------------|--------|
| Mayor Wayne Boucher:     | Yea    |
| Councilor John Geissler: | Yea    |
| Councilor Andy Hjelle:   | Yea    |
| Councilor Joe Peterson:  | Yea    |
| Councilor Brian LeBlanc: | Absent |
| Karen Pionk:             | Yea    |
| Rob Unzen:               | Absent |

Yea: 5, Nay: 0, Absent: 2

Recorded by:

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Chad Ronchetti, Executive Director

|                           |                                               |               |                                                                                     |
|---------------------------|-----------------------------------------------|---------------|-------------------------------------------------------------------------------------|
| <b>HEDA MEETING DATE:</b> |                                               | July 16, 2026 |  |
| <b>TO:</b>                | HEDA Commissioners                            |               |                                                                                     |
| <b>FROM:</b>              | Chad Ronchetti, Economic Development Director |               |                                                                                     |
| <b>SUBJECT:</b>           | Treasurer’s Bond                              |               |                                                                                     |

☐ **RESOLUTION:**                      ☐ **WORK SESSION**                      ☒ **OTHER:** Motion

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### REQUESTED ACTION

Motion to establish the amount of bond at \$300,000 as required to be provided by the Treasurer required by Section 4.2.

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### BACKGROUND

**Section 3.1.1.** Establish the amount of bond required to be provided by the Treasurer required by Section 4.2.

**Section 4.2** The Treasurer shall give bond to the state conditioned for the faithful discharge of his/her duties. The bond must be approved as to form and surety by HEDA and filed with the Secretary and must be for twice the amount of money likely to be on hand at any one time as determined at least annually by the HEDA, provided, however, that said bond must not exceed \$300,000.00.

The Fund balance as of 12/31/2025 was \$579,450 It is recommended that the bond be set at \$300,000.

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### SOURCE OF FUNDS (if applicable)

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### ATTACHMENTS

Hermantown Economic Development Authority

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HEDA's mission is to intentionally lead economic growth, creating a vibrant and prosperous community.

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|                           |                                               |               |                                                                                     |
|---------------------------|-----------------------------------------------|---------------|-------------------------------------------------------------------------------------|
| <b>HEDA MEETING DATE:</b> |                                               | July 16, 2026 |  |
| <b>TO:</b>                | HEDA Commissioners                            |               |                                                                                     |
| <b>FROM:</b>              | Chad Ronchetti, Economic Development Director |               |                                                                                     |
| <b>SUBJECT:</b>           | Annual Report                                 |               |                                                                                     |

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☐ **RESOLUTION:**                      ☐ **WORK SESSION**                      ☒ **OTHER:** Motion

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**REQUESTED ACTION**

Approve a report to the City as required by Section 4.6.

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**BACKGROUND**

**Section 3.1.2.** Consider and approve a report to the City as required by Section 4.6.

**Section 4.6.** HEDA shall, at the annual meeting on a form determined by the City Council of City ("City Council"), approve a written report to the City Council giving a detailed account of its activities and of its receipts and expenditures during the preceding calendar year, together with such additional matters and recommendations it deems advisable for the economic development of the City.

The attached report is for the year 2025.

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**SOURCE OF FUNDS (if applicable)**

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**ATTACHMENTS**

2025 Annual Report

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Hermantown Economic Development Authority

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HEDA's mission is to intentionally lead economic growth, creating a vibrant and prosperous community.

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# **HEDA Annual Report 2025**

**Annual Meeting  
July 16, 2026**

## **MISSION AND CHARGE**

### **CHARGE**

HEDA was established by the City Council to:

Assume primary responsibility for development activities within the City and to preserve and create jobs, enhance tax base, assist with housing initiatives, and promote the general welfare of the people.

### **MISSION**

To intentionally lead economic growth, creating a vibrant and prosperous community

## **HEDA COMMISSIONERS**

- Mayor Wayne Boucher - President
- Councilor John Geissler - Vice President
- Councilor Brian LeBlanc - Secretary & Treasurer
- Councilor Joe Peterson
- Councilor Andy Hjelle
- Rob Unzen
- Karen Pionk

# **ANNUAL SUMMARY**

This Annual Report is provided to the City Council to showcase what activities it has undertaken to uphold its charge and mission, and further intended to satisfy the requirements of Section 3.1.2 and Section 4.6 of the HEDA bylaws.

## **Governance Modernization**

A defining feature of 2025 was a comprehensive modernization of HEDA's governing documents. HEDA recommended — and the City Council adopted — a new Amended and Restated Enabling Resolution (Resolution 2025-128) on August 4, 2025. HEDA's updated bylaws followed at the August 2025 meeting. Together, these changes reflect Hermantown's growth and HEDA's adaptation into a Economic Development Authority with a broader representation on board more reflective of larger community.

## **Hawklane Business Park (formerly Hwy 53 Business Park):**

For years, HEDA worked as the steward for the Hawklane Business Park – Funding an Alternative Urban Areawide Review and the pursuit and award of a \$2M grant from the Greater Minnesota Public Infrastructure program at the Department of Employment and Economic Development. That work led to the attraction of Scannell Development, resulting in:

- The construction of a 230,000+ square foot distribution facility for FedEx
- The creation of 450 new jobs onsite
- Nearly \$7M worth of public infrastructure upgrades
- Redevelopment of a Federal Superfund Site
- Creation of an additional lot for future development

The success of Hawklane is a prime example of how HEDA proactively assumed primary responsibility for development and intentionally lead economic growth to create a vibrant and prosperous community resulting in job creation and enhancement of tax base. HEDA truly fulfilled its charge and mission.



# **ANNUAL SUMMARY CONTINUED**

## **Housing Trust Fund: Policy and First Loan:**

The Housing Trust Fund (HTF) was established by City Council ordinance in early 2025, and HEDA was appointed as the administrator of the fund. After several months of deliberate policy-setting and analysis by the Commission, the HTF Policy was adopted in October of 2025. The Commission spent several work sessions in August and September discussing and refining the policy framework through:

- Evaluation of the recently released Duluth housing study, which included Hermantown in its study area.
- Debate and in-depth discussion on terms

The Commission also established income targeting at or below 115% of Area Median Income (AMI) for all lending and conveyance and tied the default interest rate to the Effective Federal Funds Rate to keep the policy flexible over time.

HEDA made its first HTF loan to Reliable Properties in October 2025, immediately following the policy's adoption. The loan provided \$100,000 at 0% interest to address structural and fire barrier issues in two multifamily units at 4511 Lavaque Road (Resolution 2025-12H). This loan qualified under the first-priority preservation and rehabilitation category — exactly the kind of “naturally affordable” workforce housing stock the policy was designed to protect. The loan requires units to be rented at or below 80% AMI for the 10-year term, repaid in quarterly installments beginning January 2026.

## **Birch Hills:**

Throughout the year, HEDA continued deliberating on the Birch Hills Subdivision, a city-owned parcel proposed for workforce housing development.

·In September 2025, the Commissioners discussed design process, construction cost research, and preliminary taxable value analysis. The project envisions a small number of designated workforce units — approximately five — sold at or below 115% AMI.

# **ANNUAL SUMMARY CONTINUED**

In February 2026, the Commission reviewed a 40% design layout showing lot types, density modeling, grade concepts, and a potential trail extension. The proforma was reviewed with expenditures to date, soft and hard costs, and options for how the project would be financed over time. Debate was focused on:

- Appropriateness if income range targeted
- Concerns about the city's cost exposure
- The desire to focus density in the eastern part of the city to avoid costly sprawl.

The Commission concluded there was not yet full consensus for moving forward. The Commission directed staff to evaluate alternative public-private partnership models, consider land conveyance arrangements that would give the city more control over the full development rather than just five lots, and monitor the broader market before proceeding.

## **Uptown Hermantown: Planning Progress and Recess:**

The Uptown Hermantown Urban Design Master Plan continued to advance through 2025 before pausing in late 2025.

At the July 2025 annual meeting, the community engagement results, base data collection, and concept discussions were presented

At the September 2025 meeting, the Commission was provided survey results and initial design concepts for three organizing elements: Uptown Main Street, Town Center, and Town Green, and the Advisory Committee felt as though community energy was building around Uptown and the opportunity to create something that reflects Hermantown's identity.

In November 2025, a letter was sent to the Advisory Committee announcing a recess in the planning process because another major project in Hermantown was being proposed and considered, which was going to absorb much of the community conversation for the foreseeable future. The project had reached a natural break point having developed initial draft concepts for density, road networks, and uses.

# **GOVERNANCE CHANGES**

In 2025, HEDA undertook a comprehensive update to its governing documents.. Changes to both the Enabling Resolution and the Bylaws reflect the maturation of the organization and changing best practices for community-representative economic development authorities.

## **Enabling Resolution: 2017 vs. 2025**

The City Council adopted Resolution 2025-128 on August 4, 2025, amending and restating the 2017 Enabling Resolution (Resolution No. 2017-69). This followed HEDA's annual recommendation to the City Council, which included a detailed presentation comparing Hermantown's board structure to comparable Minnesota cities. The central driver was a recognition that Hermantown's population has grown from approximately 6,800 (when HEDA was established) to approximately 10,200, and that regional peers with similar populations predominantly use a model with fewer council members and more citizen at-large representatives

## **Bylaws: 2017 vs. 2025**

Following the City Council's adoption of the new Enabling Resolution, HEDA adopted amended and restated bylaws by Resolution 2025-09H at the August 28, 2025 meeting. The bylaw changes were necessitated by the new Enabling Resolution but also incorporated other improvements for consistency and operational clarity.

A more detailed breakdown of the changes can be found in the report to City Council on the Enabling Resolution

## RESOLUTIONS

| Resolution      | Meeting Date  | Title                                                                                                                                      | Summary                                                                                                                                                                   |
|-----------------|---------------|--------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>2025-09H</b> | Aug. 28, 2025 | <b>Resolution Approving Amendments to the HEDA By-Laws</b>                                                                                 | Adopted amended and restated bylaws following the City Council's adoption of the new Enabling Resolution.                                                                 |
| <b>2025-10H</b> | Aug. 28, 2025 | <b>Resolution Approving an Amendment to Development Agreement and Business Subsidy Agreement with KTJ 360, LLC (Pillars of Hermantown)</b> | Removed the trail easement requirement in exchange for a \$50,000 escrow for trail construction under the Cottages of Hermantown development agreement as an alternative. |
| <b>2025-11H</b> | Oct. 23, 2025 | <b>Resolution Adopting a Lending Policy for the City of Hermantown Housing Trust Fund</b>                                                  | Established the HTF Lending Policy                                                                                                                                        |
| <b>2025-12H</b> | Oct. 23, 2025 | <b>Resolution Authorizing a Loan Agreement from the Housing Trust Fund – Reliable Properties, LLC</b>                                      | First HTF loan to Reliable Hermantown Properties, LLC for structural and fire barrier repairs at 4511 Lavaque Road.                                                       |

## RESOLUTIONS

| Resolution | Meeting Date  | Title                                                                                                               | Summary                                                                                                                                                                                     |
|------------|---------------|---------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 2025-13H   | Oct. 23, 2025 | <b>Resolution Approving a Consent Related to the Development Contract with KTJ 360, LLC (Pillars of Hermantown)</b> | Consented to refinancing of the Pillars of Hermantown project. Acknowledged collateral assignment of the development contract to the lender while preserving HEDA's obligations and rights. |
| 2025-14H   | Dec. 18, 2025 | <b>Resolution Authorizing Termination of Development Contract with Hawkline Development LLC</b>                     | Terminated the 2024 development contract with Hawkline Development LLC and the City of Hermantown. Part of the same Hawkline Business Park restructuring                                    |
| 2025-15H   | Dec. 18, 2025 | <b>Resolution Authorizing Termination of Development Contract with Bill &amp; Irv's Properties, Inc.</b>            | Terminated the 2024 development contract with Bill & Irv's Properties, Inc. and the City. Part of the same Hawkline Business Park restructuring.                                            |
| 2026-01H   | May 21, 2026  | <b>Resolution Authorizing Acceptance of Easement Agreements for the Lightning Drive Utility and Trail Project</b>   | Authorized easement agreements for three parcels, conveying easements from HEDA to the City of Hermantown.                                                                                  |

## **Revenues and Expenditures**

As shown elsewhere, in the audit, the fund balance decreased from a starting balance of \$689,618 to an ending balance of \$579,450. Revenue and expenditure reports are attached for greater detail.

|                           |                                               |               |                                                                                     |
|---------------------------|-----------------------------------------------|---------------|-------------------------------------------------------------------------------------|
| <b>HEDA MEETING DATE:</b> |                                               | July 16, 2026 |  |
| <b>TO:</b>                | HEDA Commissioners                            |               |                                                                                     |
| <b>FROM:</b>              | Chad Ronchetti, Economic Development Director |               |                                                                                     |
| <b>SUBJECT:</b>           | Proposed Budget 2027                          |               |                                                                                     |

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☐ **RESOLUTION:**                      ☐ **WORK SESSION**                      ☒ **OTHER:** Motion

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### REQUESTED ACTION

Approve for submission to the City Council a budget for the succeeding year of HEDA as required by Section 4.7.

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### BACKGROUND

**Section 3.1.3.** Consider and approve for submission to the City Council a budget for the succeeding year of HEDA as required by Section 4.7.

**Section 4.7.** HEDA, at the annual meeting, approve a budget for the succeeding year and approve for submission to the City Council. The budget must include a detailed written estimate of the amount of money that HEDA expects to need from the City in order for HEDA to conduct HEDA business during the next fiscal year. The needed amount is what is needed in excess of any expected receipts from other sources.

The attached budget is proposed for 2027

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### SOURCE OF FUNDS (if applicable)

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### ATTACHMENTS

Proposed Budget 2027

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Hermantown Economic Development Authority

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HEDA's mission is to intentionally lead economic growth, creating a vibrant and prosperous community.

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# 2026 Budget Book

## Hermantown





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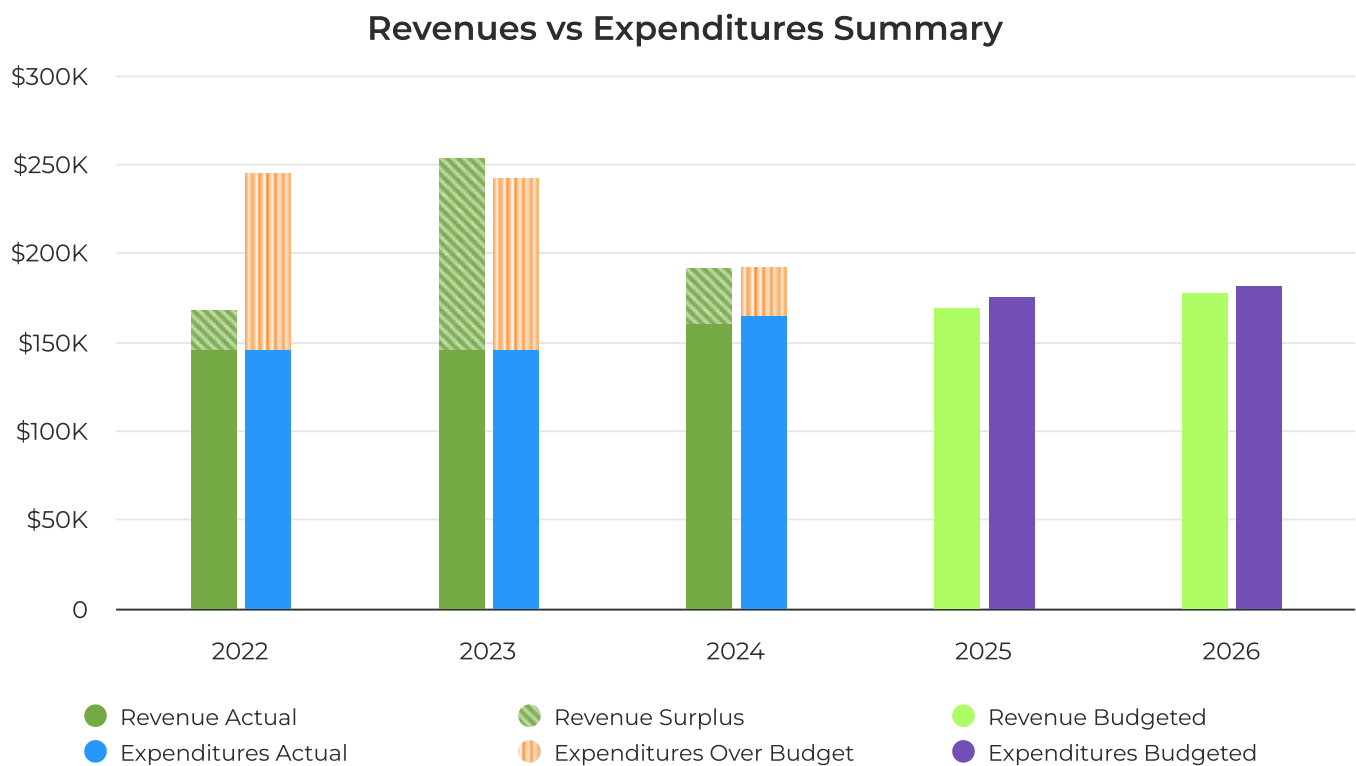
# Funds Summary Overview

This section provides a graphic, chart, and table versions of the budget in its totality.

# Hermantown Economic Development Fund

The Hermantown Economic Development Authority (HEDA) was established on April 6, 1992 by Resolution 92-29. HEDA is governed by a board of commissioners with seven members. **All the members of the City Council are board members plus two public members.** The City is financially accountable for HEDA because the City Council approves the budget for HEDA, levies taxes (if necessary), and must approve any debt issuances. HEDA sponsors projects involving tax-exempt financing ("conduit financing") for the benefit of outside entities. For this reason, HEDA is reported as a discretely presented component unit. HEDA has no employees, but has contracted with the City for administrative services. Board members do receive pay for each meeting they attend. To learn more about HEDA and its projects click [here](#).

## Summary



In the 2026 budget for the Hermantown Economic Development Fund, budgeted expenditures increased to \$181,637, representing a 3.31% rise from the previous year's \$175,822. This continues the upward trend in expenditures, though at a slower rate compared to the prior year's 6.77% increase.

Budgeted revenues for 2026 also grew, reaching \$177,731, which is a 4.93% increase from the 2025 budgeted revenue of \$169,376. This growth in revenue is slightly lower than the 5.54% increase seen in the previous year.

Overall, both revenues and expenditures are budgeted to increase in 2026, with expenditures remaining the largest category. The gap between budgeted expenditures and revenues narrows slightly compared to 2025, indicating a closer alignment between the two categories in the target year.

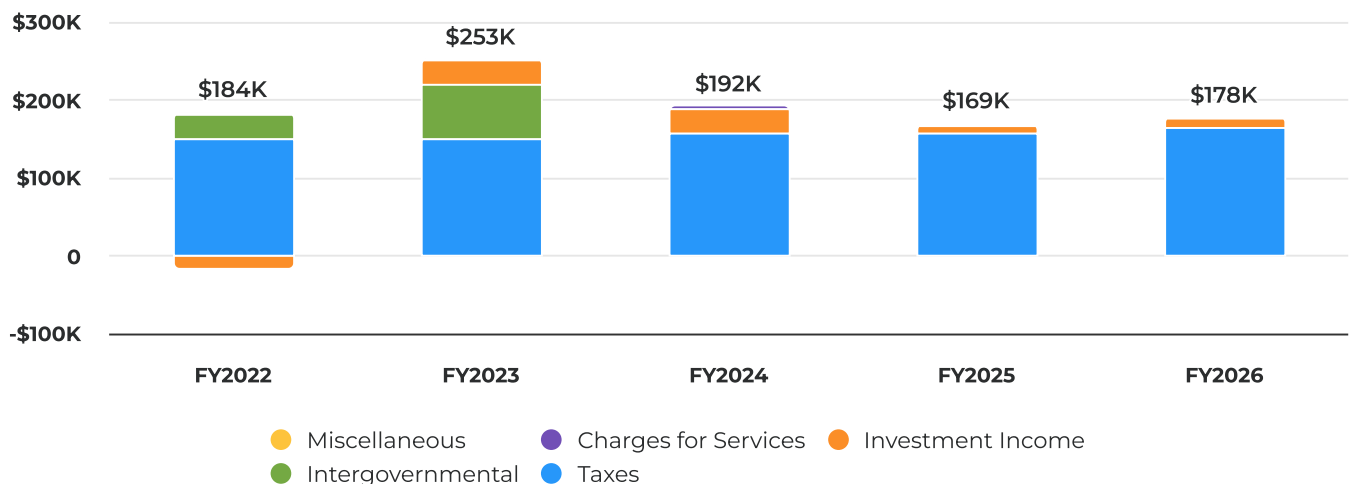
# Comprehensive Fund Summary

## Comprehensive Fund Summary

| Category                                | FY 2024<br>Actual   | FY 2025<br>Budgeted | FY 2026<br>Budgeted | FY 2025<br>Budgeted vs.<br>FY 2026<br>Budgeted (%<br>Change) |
|-----------------------------------------|---------------------|---------------------|---------------------|--------------------------------------------------------------|
| <b>Beginning Fund Balance</b>           | <b>\$689,802.00</b> | <b>\$685,611.00</b> | <b>-</b>            | <b>-100.00%</b>                                              |
| <b>Revenues</b>                         |                     |                     |                     |                                                              |
| Current Year Taxes                      | \$156,837.00        | \$157,106.00        | \$164,961.00        | 5.00%                                                        |
| Delinquent Taxes                        | \$460.00            | -                   | -                   | -                                                            |
| Investment Interest                     | \$23,582.00         | \$9,500.00          | \$10,000.00         | 5.26%                                                        |
| Gain (Loss) on Sale of Investments      | \$7,984.00          | -                   | -                   | -                                                            |
| Conduit Financing Fees                  | \$2,770.00          | \$2,770.00          | \$2,770.00          | -                                                            |
| <b>Total Revenues</b>                   | <b>\$191,633.00</b> | <b>\$169,376.00</b> | <b>\$177,731.00</b> | <b>4.93%</b>                                                 |
| <b>Expenditures</b>                     |                     |                     |                     |                                                              |
| Personnel Services                      | \$51,232.00         | \$94,476.00         | \$100,337.00        | 6.20%                                                        |
| Supplies                                | \$229.00            | \$325.00            | \$300.00            | -7.69%                                                       |
| Services                                | \$81,131.00         | \$76,121.00         | \$77,600.00         | 1.94%                                                        |
| Maintenance                             | \$3,828.00          | \$4,900.00          | \$3,400.00          | -30.61%                                                      |
| Other Financing Uses                    | \$55,399.00         | -                   | -                   | -                                                            |
| <b>Total Expenditures</b>               | <b>\$191,819.00</b> | <b>\$175,822.00</b> | <b>\$181,637.00</b> | <b>3.31%</b>                                                 |
| <b>Total Revenues Less Expenditures</b> | <b>-\$186.00</b>    | <b>-\$6,446.00</b>  | <b>-\$3,906.00</b>  | <b>-39.40%</b>                                               |
| <b>Ending Fund Balance</b>              | <b>\$689,616.00</b> | <b>\$679,165.00</b> | <b>-\$3,906.00</b>  | <b>-100.58%</b>                                              |

## Revenues by Revenue Grouping

Historical Revenue by Revenue Grouping

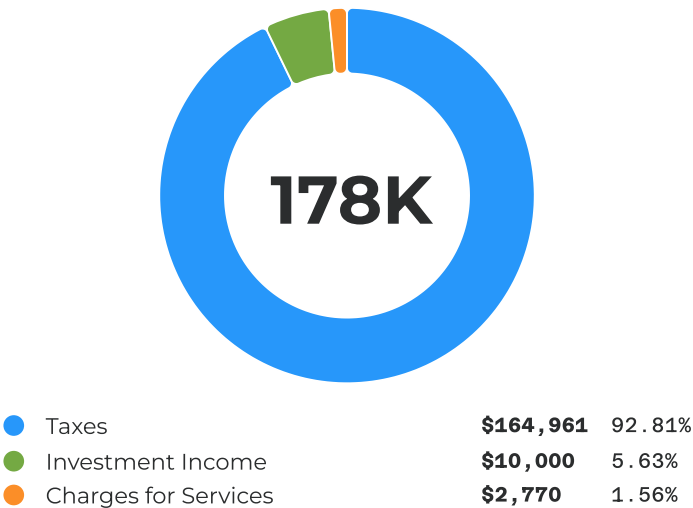


The Hermantown Economic Development Fund's total revenue for FY2026 is \$177,731, reflecting a 4.93% increase from the previous year's total of \$169,376. Taxes remain the largest revenue category, accounting for 92.81% of the total with \$164,961, which is a \$7,855 increase or 5% growth compared to the prior year.

Investment Income is the second-largest category, contributing \$10,000 or 5.63% of total revenue. This represents a \$500 increase, or 5.26%, from the previous year's \$9,500. Charges for Services remain steady at \$2,770, making up 1.56% of the total revenue with no change from the prior year.

Intergovernmental and Miscellaneous revenues continue to have no contribution, remaining at \$0. Overall, the fund shows growth primarily driven by increases in Taxes and Investment Income, while other categories remain stable or unchanged.

FY26 Revenues by Revenue Grouping

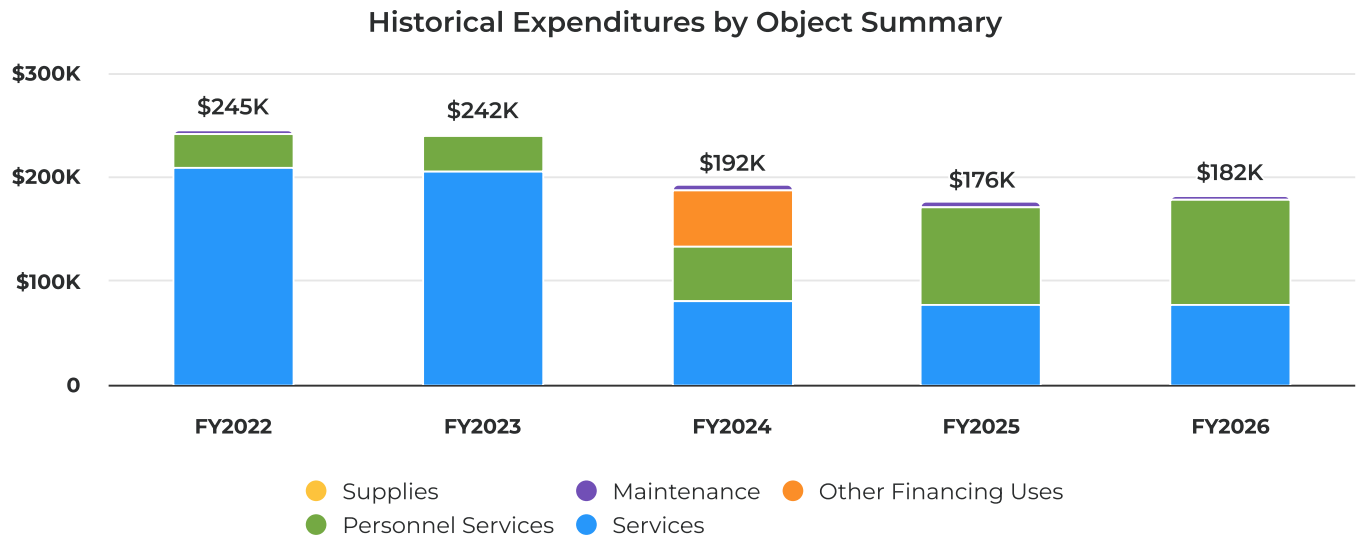


For the Hermantown Economic Development Fund's Fiscal Year Revenue by Revenue Grouping, Taxes constitute the largest portion at \$164,961, representing 92.81% of the total revenue. Investment Income follows with \$10,000, accounting for 5.63%. Charges for Services contribute \$2,770, making up 1.56% of the revenue.

Revenues by Revenue Grouping

| Category             | FY 2024 Actual | FY 2025 Budgeted | FY 2026 Budgeted | FY 2025 Budgeted<br>vs. FY 2026<br>Budgeted (%<br>Change) |
|----------------------|----------------|------------------|------------------|-----------------------------------------------------------|
| Taxes                | \$157,297.00   | \$157,106.00     | \$164,961.00     | 5.00%                                                     |
| Charges for Services | \$2,770.00     | \$2,770.00       | \$2,770.00       | -                                                         |
| Investment Income    | \$31,566.00    | \$9,500.00       | \$10,000.00      | 5.26%                                                     |
| Total Revenues       | \$191,633.00   | \$169,376.00     | \$177,731.00     | 4.93%                                                     |

## Expenditures by Object Summary

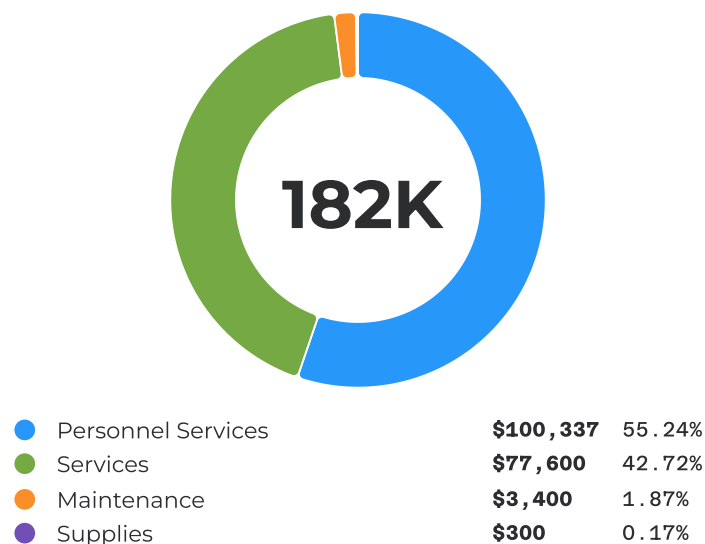


In FY2026, the Hermantown Economic Development Fund's total expenditures increased by 3.31% to \$181,637 compared to the previous year. Personnel Services remained the largest expenditure category, rising by 6.2% to \$100,337, which now represents 55.24% of the total budget, up from 53.73%. Services also saw an increase of 1.94%, reaching \$77,600 and accounting for 42.72% of total expenditures.

Conversely, maintenance expenses decreased by 30.61% to \$3,400, reducing its share to 1.87% of the total budget. Supplies also declined slightly by 7.69% to \$300, now making up 0.17% of expenditures. Other Financing Uses remained at \$0, consistent with the previous year.

Overall, the budget shows moderate growth in Personnel Services and Services, which together constitute the vast majority of expenditures, while Maintenance and Supplies experienced notable decreases in FY2026.

### FY26 Expenditures by Object Summary

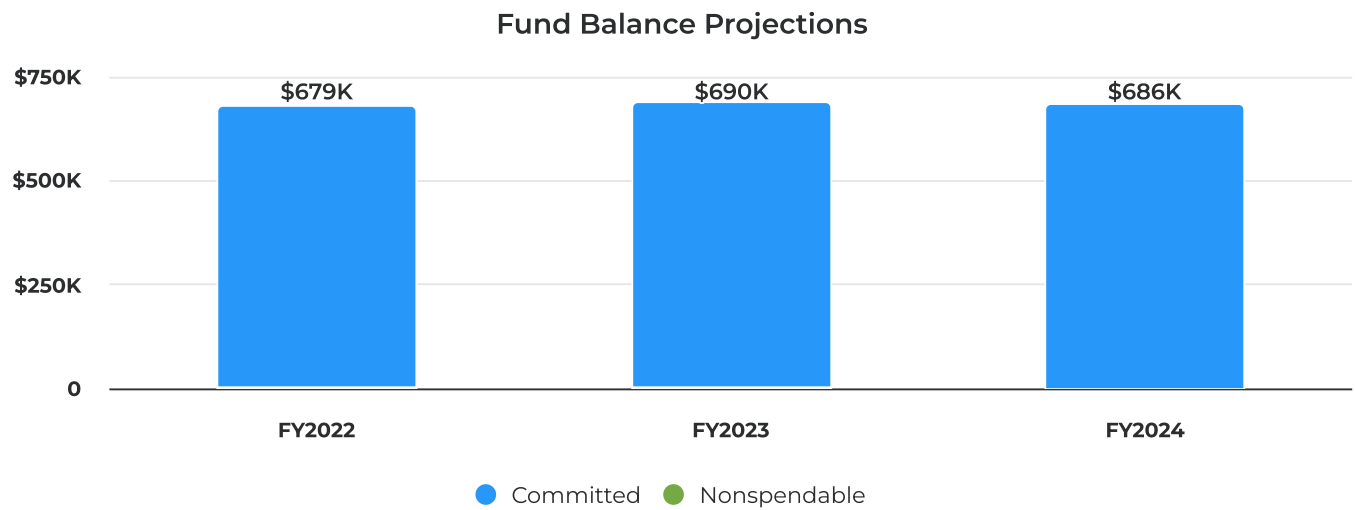


For the Hermantown Economic Development Fund's Fiscal Year Expenditures by Object Summary, Personnel Services account for \$100,337, representing 55.24% of the total expenditures. Services follow with \$77,600, making up 42.72%. Maintenance expenses are \$3,400, which is 1.87%, and Supplies are \$300, comprising 0.17% of the expenditures.

Expenditures by Object Summary

| Category                  | FY 2024 Actual      | FY 2025 Budgeted    | FY 2026 Budgeted    | FY 2025 Budgeted<br>vs. FY 2026<br>Budgeted (%<br>Change) |
|---------------------------|---------------------|---------------------|---------------------|-----------------------------------------------------------|
| Personnel Services        | \$51,232.00         | \$94,476.00         | \$100,337.00        | 6.20%                                                     |
| Supplies                  | \$229.00            | \$325.00            | \$300.00            | -7.69%                                                    |
| Services                  | \$81,131.00         | \$76,121.00         | \$77,600.00         | 1.94%                                                     |
| Maintenance               | \$3,828.00          | \$4,900.00          | \$3,400.00          | -30.61%                                                   |
| Other Financing Uses      | \$55,399.00         | -                   | -                   | -                                                         |
| <b>Total Expenditures</b> | <b>\$191,819.00</b> | <b>\$175,822.00</b> | <b>\$181,637.00</b> | <b>3.31%</b>                                              |

Fund Balance



| Fund | Account | Object | Object Description       | 2025 Actual       | 2026 Budget      | 2027 Budget      |
|------|---------|--------|--------------------------|-------------------|------------------|------------------|
| 230  | 465100  | 201    | Office Supplies          | 47.32             | \$ 100.00        | \$ 200.00        |
| 230  | 465100  | 202    | Printing Supplies        | -                 | \$ 200.00        | \$ 100.00        |
| 230  | 465100  | 305    | Engineer Fees            | 116,117.84        | \$ 3,000.00      | \$ 2,000.00      |
| 230  | 465100  | 308    | Legal Fees               | 48,462.50         | \$ 24,000.00     | \$ 24,000.00     |
| 230  | 465100  | 315    | School & Conference      | 2,474.00          | \$ 1,600.00      | \$ 1,600.00      |
| 230  | 465100  | 319    | Contracted Services      | 218,922.32        | \$ 43,600.00     | \$ 43,600.00     |
| 230  | 465100  | 321    | Telephone                | 778.64            |                  |                  |
| 230  | 465100  | 325    | Postage                  | 3.84              |                  |                  |
| 230  | 465100  | 331    | Travel Expense           | 4,185.94          | \$ 3,000.00      | \$ 2,000.00      |
| 230  | 465100  | 343    | Community Relations      | 10,719.29         | \$ 2,000.00      | \$ 2,000.00      |
| 230  | 465100  | 351    | Legal Notices Publishing | 198.00            | \$ 400.00        | \$ 400.00        |
| 230  | 465100  | 381    | Electricity              | 12.76             |                  |                  |
| 230  | 465100  | 451    | Dues & Subscriptions     | 3,565.00          | \$ 3,200.00      | \$ 3,200.00      |
| 230  | 465100  | 460    | Permits & Licenses       | -                 | \$ -             |                  |
| 230  | 465100  | 499    | Miscellaneous            | -                 | \$ 200.00        | \$ 200.00        |
|      |         |        |                          | <u>405,487.45</u> | <u>81,300.00</u> | <u>79,300.00</u> |



|                           |                                               |               |                                                                                     |
|---------------------------|-----------------------------------------------|---------------|-------------------------------------------------------------------------------------|
| <b>HEDA MEETING DATE:</b> |                                               | July 16, 2026 |  |
| <b>TO:</b>                | HEDA Commissioners                            |               |                                                                                     |
| <b>FROM:</b>              | Chad Ronchetti, Economic Development Director |               |                                                                                     |
| <b>SUBJECT:</b>           | Enabling Resolution Report                    |               |                                                                                     |

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☐ **RESOLUTION:**                      ☐ **WORK SESSION**                      ☒ **OTHER:** Motion

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### REQUESTED ACTION

Consider and approve a report to the City Council on the Enabling Resolution as required by Section 4.15.

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### BACKGROUND

**Section 3.1.4.** Consider and approve a report to the City Council on the Enabling Resolution as required by Section 4.15.

**Section 4.15.** Without limiting the right of HEDA to request the City Council at any time, each year at the annual meeting HEDA shall consider and approve for submission to the City Council a report stating whether and how the Enabling Resolution should be modified. Within thirty (30) days of receipt of the recommendation, the City Council shall review the Enabling Resolution, consider the recommendations of HEDA, and make any modifications it considers appropriate. Modifications must be made in accordance with the procedures required by Minnesota Statutes Section 469.093.

As adopted by City Council in 2025, major governance changes were made via an Enabling Resolution amendment. The report to City Council reports on the key changes to the Enabling Resolution

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### SOURCE OF FUNDS (if applicable)

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### ATTACHMENTS

Enabling Resolution Report

Amended and Restated Enabling Resolution

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Hermantown Economic Development Authority

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HEDA's mission is to intentionally lead economic growth, creating a vibrant and prosperous community.

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# **HEDA Enabling Resolution Report 2025**

**Annual Meeting  
July 16, 2026**

# **GOVERNANCE CHANGES**

In 2025, HEDA undertook a comprehensive update to its governing documents.. Changes to both the Enabling Resolution and the Bylaws reflect the maturation of the organization and changing best practices for community-representative economic development authorities.

## **Enabling Resolution: 2017 vs. 2025**

The City Council adopted Resolution 2025-128 on August 4, 2025, amending and restating the 2017 Enabling Resolution (Resolution No. 2017-69). This followed HEDA's annual recommendation to the City Council, which included a detailed presentation comparing Hermantown's board structure to comparable Minnesota cities. The central driver was a recognition that Hermantown's population has grown from approximately 6,800 (when HEDA was established) to approximately 10,200, and that regional peers with similar populations predominantly use a model with fewer council members and more citizen at-large representatives

## **Bylaws: 2017 vs. 2025**

Following the City Council's adoption of the new Enabling Resolution, HEDA adopted amended and restated bylaws by Resolution 2025-09H at the August 28, 2025 meeting. The bylaw changes were necessitated by the new Enabling Resolution but also incorporated other improvements for consistency and operational clarity.

# GOVERNANCE CHANGES

## Enabling Resolution: 2017 vs. 2025

| Topic                            | 2017 Enabling Resolution                                                                                                                       | 2025 Enabling Resolution                                                                                                                                                                  |
|----------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Board Composition</b>         | 7 members: Mayor + all 4 City Councilors (automatic) + 2 at-large appointed by Mayor with Council approval.                                    | 7 members: 2 must be City Councilors; all 7 appointed by Mayor and approved by majority vote of City Council. No longer requires all councilors.                                          |
| <b>At-Large Eligibility</b>      | No restrictions stated beyond not holding elected office.                                                                                      | Non-council Commissioners may not hold elected office OR be a member of the Planning and Zoning Commission, Utility Commission, Parks Board, or Board of Appeals.                         |
| <b>Reappointment Restriction</b> | Upon expiration of term, a person shall not be eligible for reappointment for at least two (2) years.                                          | Two-year reappointment restriction removed entirely to align with state statute (which does not require it) and regional best practice.                                                   |
| <b>Executive Director</b>        | "The City Administrator shall, at the direction and pleasure of HEDA, perform staff duties." No specific Executive Director authority granted. | "The Board may employ an Executive Director." The City provides staff who report to the Executive Director. Explicitly separates the Executive Director role from the City Administrator. |

# GOVERNANCE CHANGES

## Bylaws: 2017 vs. 2025

| Section                              | 2017 Bylaws                                                                                                                               | 2025 Amended Bylaws                                                                        |
|--------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------|
| <b>Sec. 2.2 – President</b>          | "The Mayor of the City of Hermantown shall be the President of HEDA."<br>Mayor was automatically on HEDA and automatically President.     | Any Commissioner could in principle serve as President if the Mayor is not a member.       |
| <b>Sec. 2.8 – Executive Director</b> | "The City Administrator of the City shall be the Executive Director of the HEDA, shall be the chief appointed executive officer of HEDA." | The Economic Development Director of the City shall be the Executive Director of the HEDA. |
| <b>Sec. 3.1 – Annual Meeting</b>     | Board meets at 5:00 p.m. on the second Thursday of July.                                                                                  | Board meets at 5:30 p.m. on the third Thursday of July.                                    |
| <b>Sec. 3.2 – Regular Meetings</b>   | Regular meetings on the second Thursday of each month at 5:00 p.m.                                                                        | Regular meetings on the third Thursday of each month commencing at 5:30 p.m.               |

Office of City Clerk  
Hermantown, MN  
Alissa McClure, City Clerk

**RESOLUTION NO. 2025-128**

**Amended And Restated Resolution Establishing The Hermantown Economic Development Authority**

Motion made by Councilor Hjelle, seconded by Councilor Peterson to adopt 2025-128 Amended And Restated Resolution Establishing The Hermantown Economic Development Authority.

Roll Call: Councilors Hjelle, Geissler, LeBlanc, Peterson, and Mayor Boucher, aye. Motion carried.

I, Alissa McClure, City Clerk of the City of Hermantown, Minnesota, do hereby certify that I have compared the annexed copy of Resolution passed by the City Council of the City of Hermantown on the 4<sup>th</sup> day of August 2025, with the original in my custody as City Clerk of said City, and that the same is a true and correct transcript therefrom.

In Witness Whereof, I have hereunto set my hand and affixed the corporate seal of said City of Hermantown, the 5<sup>th</sup> day of August 2025.

Alissa McClure, City Clerk

By Alissa McClure

City of Hermantown, MN



**Resolution No. 2025-128**

**Amended And Restated Resolution Establishing The Hermantown Economic Development Authority**

WHEREAS, Minnesota Statutes, Sections 469.090 to 469.108 (the “EDA Act”), authorizes cities to establish Economic Development Authorities (“EDA”) with specified powers and obligations to promote and to provide incentives for economic development; and

WHEREAS, the Hermantown City Council (“City Council”), by Resolution No. 92-29, established the Hermantown Economic Development Authority; and

WHEREAS, Resolution No. 92-29 has been amended by Resolution No. 92-46 and Resolution No. 93-51; and

WHEREAS, Resolution Nos. 92-29, 92-46 and 93-51 are hereinafter referred to as the “Initial Enabling Resolution”; and

WHEREAS, the “Initial Enabling Resolution” has been amended by Resolution No. 2017-69; and

WHEREAS, Resolution Nos. 92-29, 92-46, 93-51 and 2017-69 are hereinafter referred to as the “2017 HEDA Enabling Resolution”; and

WHEREAS, the City Council desires to make certain amendments to the 2017 HEDA Enabling Resolution and to amend and restate the 2017 HEDA Enabling Resolution by this Resolution; and

WHEREAS, the City Council has determined that it is in the-best interest of the City of Hermantown, Minnesota (the “City”) to continue HEDA in order to preserve and create jobs, enhance its tax base, assist certain housing initiatives, promote the general welfare of the people of the city and to assume primary responsibility for development activities within the City; and

WHEREAS, the City Council provided public notice by publication and conducted a public hearing on August 4, 2025 concerning the adoption of this Resolution and has fulfilled all other legal requirements for the continuation of HEDA.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF HERMANTOWN THAT THE 2017 HEDA ENABLING RESOLUTION IS HEREBY AMENDED AND RESTATED IN ITS ENTIRETY TO READ AS FOLLOWS:

1. The Hermantown Economic Development Authority (“HEDA”) is hereby continued pursuant to Minnesota Statutes Sections 469.091, subdivision 1, and Section 469.093, subdivisions 1 and 2.

2. HEDA shall have all of the powers, rights, duties and obligations conferred on economic development authorities by Section 469.090 to 469.1081 of the Minnesota Statutes, including the powers of a city granted by Minnesota Statutes, Sections 469.124 to 469.134 and the powers of housing and redevelopment authorities granted by Minnesota statutes, Sections 469.001 to 469.047.

3. Notwithstanding the provisions of Section 2 above, the grant of powers contained in said section shall not be deemed to affect the authority of the City or any housing and redevelopment authority hereinafter created, in and for the City to exercise the development powers authorized to or exercised by said bodies under Minnesota statutes.

4. HEDA shall be governed by a Board of Commissioners ("Board") comprised of seven (7) members ("Commissioners"), two (2) of whom shall be members of the City Council. All members shall be appointed by the Mayor and approved by a majority vote of the City Council. The appointment of the Council Commissioners shall expire with their terms of office as members of the Council and a vacancy shall be created. The term of the appointments of the non-council Commissioners shall be governed by Minnesota Statutes, Section 469.095, subdivision 2(c). Except for the Mayor or a member of the City Council, no person shall serve as a Commissioner while such person holds an elected office or is a member of any of the following entities: City Planning and Zoning Commission, Utility Commission, Parks Board, or Board of Appeals.

5. In accordance with Minnesota Statutes Section 469.100, subdivision 2, the Board shall annually submit its budget to the City Council for approval by the City Council. In addition, upon submittal of its proposed annual budget to the City Council, the Board shall provide the City Council an accounting of its receipts and expenditures as required by Minnesota Statutes Section 469.100, subdivision 4.

6. The Board may employ an Executive Director.

7. The City shall provide such staff to the HEDA as the Board may request who, when acting in such capacity, shall report to the Executive Director; provided that the City may require reasonable reimbursement of the City by HEDA for costs associated with the provision of such staff; and provided further that nothing in this Section shall preclude the Board from hiring such personnel or third-party contractors as the Board may from time to time determine.

8. Each year, the Board will consider and approve for submission to the Council a report regarding modification of this Resolution as provided in Section Minnesota Statutes 469.093, subdivision 2.

9. All financial books, records, accounts and reports of HEDA shall be prepared, presented and retained by the Chief Financial Officer of the City, which office shall have the responsibility for administering the finances of HEDA as he/she does the finances of the City; provided that City may require reasonable reimbursement by the Board to the City for costs associated with the provision of such financial services.



10. City officials and staff are hereby authorized and directed to execute such assignments, requisitions, directives and agreements as may be necessary and appropriate to carry out the terms, conditions and intentions of this Resolution.

11. Each Commissioner shall be paid for attending regular and special meetings and reimbursed for expenses in accordance with the provisions of Minnesota Statute 469.095, subdivision 4, and as the same be made from time to time amended.

12. The Board may request the City Council levy a tax in the City for the benefit of HEDA as specifically set forth in Minnesota Statutes Section 469.107.

13. Nothing shall prevent the City Council from modifying this Resolution to impose, restrict or expand limits on the powers of HEDA or provide for other matters as authorized by law.

14. HEDA shall not exercise the power of eminent domain without the prior approval of the City Council.

15. This Resolution shall be referred to as the 2025 HEDA Enabling Resolution.

Councilor Hjelle introduced the foregoing resolution and moved its adoption.

The motion for the adoption of such resolution was seconded by Councilor Peterson and, upon a vote being taken thereon, the following voted in favor thereof:

Councilors Hjelle, Geissler, LeBlanc, Peterson, and Mayor Boucher, aye.

and the following voted in opposition thereto:

None.

WHEREUPON, such resolution was declared duly passed and adopted on August 4, 2025.

|                           |                                               |               |                                                                                     |
|---------------------------|-----------------------------------------------|---------------|-------------------------------------------------------------------------------------|
| <b>HEDA MEETING DATE:</b> |                                               | July 16, 2026 |  |
| <b>TO:</b>                | HEDA Commissioners                            |               |                                                                                     |
| <b>FROM:</b>              | Chad Ronchetti, Economic Development Director |               |                                                                                     |
| <b>SUBJECT:</b>           | Audit Report                                  |               |                                                                                     |

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☐ **RESOLUTION:**                      ☐ **WORK SESSION**                      ☒ **OTHER:** Motion

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### **REQUESTED ACTION**

Consider and approve an audit to submit to the City Council pursuant to Section 4.17.

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### **BACKGROUND**

**Section 3.1.6.** Consider and approve an audit to submit to the City Council pursuant to Section 4.17.

Section 4. 17 of the bylaws states,

“The financial statements of HEDA must be prepared, audited, filed and published or posted in the manner required for the financial statements of the City. The financial statements must permit comparison and reconciliation with the City’s accounts and financial reports. The audit shall be considered by the Board at the annual meeting and approve for submission to the City Council. The audit shall be filed with the State Auditor in accordance with applicable law.”

The financial statements of HEDA are prepared by the City’s Finance Department and are audited as part of the overall City Audit.

The City Audit is available on the City of Hermantown website.

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### **SOURCE OF FUNDS (if applicable)**

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### **ATTACHMENTS**

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Hermantown Economic Development Authority

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HEDA’s mission is to intentionally lead economic growth, creating a vibrant and prosperous community.

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