

**2F. Consideration of adopting Resolution 2022-97 approving Minnesota Investment Fund (MIF) Grant Contract Agreement No. CDAP-22-0010-H-FY23 with the Minnesota Department of Employment and Economic Development (MN-DEED) for funding in the amount of \$220,000 supporting Willi Hahn Corporation’s dba Wiha Tools warehouse and assembly facility development**

<b>Prepared by:</b> Economic Development Manager	<b>Meeting Date:</b> 9/12/2022	<input checked="" type="checkbox"/> <b>Consent Agenda Item</b> <input type="checkbox"/> <b>Regular Agenda Item</b>
<b>Reviewed by:</b> Community Development Director, City Clerk	<b>Approved by:</b> City Administrator	

**ACTION REQUESTED**

Motion to adopt Resolution 2022-97 approving a Minnesota Investment Fund (MIF) Grant Contract Agreement (CDAP-22-0010-H-FY23) with MN-DEED for funding in the amount of \$220,000 supporting Willi Hahn Corporation’s dba Wiha Tools warehouse and assembly facility Development.

**REFERENCE AND BACKGROUND**

A MIF Grant is being awarded to the City to provide economic development financing assistance to Wiha Tools for its new 78,400 square foot development project. In exchange for the funding assistance, Wiha Tools will create 31 new full time equivalent (FTE) jobs within two years of the development’s completion. The MIF funding will be provided to the City as a grant. The funding to Wiha Tools will be in the form of a fully secured, forgivable loan to purchase new equipment for the facility. The “forgivable” format of the MIF funding will be contingent on Wiha Tools completing the development project and its performance in creating 31 new FTE jobs.

Staff will present a loan agreement between the City and Wiha Tools for consideration at a future City Council meeting. The \$220,000 of MIF funding is a relatively minor component of the total funding (approximately 1.70 percent of the total dollars) for the overall development project financing package. The City Council recently approved a Business Subsidy Agreement for Wiha Tools related to the TIF assistance in the amount of \$1,151,000 along with the \$220,000 of MIF Grant funding. The complete sources and uses financing package is shown below.

**Wiha Tools Development Project Funding Sources and Uses**

<b><u>Sources of Funds</u></b>		<b><u>Uses of Funds</u></b>	
Owner Equity Cash	\$ 5,719,000	Land Purchase	\$ 799,000
Internal Corporate Loan	\$ 5,000,000	Site Prep-Improvement	\$ 1,201,000
Tax Increment Financing	\$ 1,151,000	New Construction	\$ 9,000,000
JCF – MN-DEED (PFP Grant)	\$ 660,000	Machinery & Equipment	\$ 2,000,000
<b><i>MIF – MN-DEED (FL)</i></b>	<b>\$ 220,000</b>	<b>Total</b>	<b>\$13,000,000</b>
GMEF Loan	\$ 250,000		
<b>Total</b>	<b>\$13,000,000</b>		

- I. **Budget Impact:** The budget impact from considering the MIF Grant Contract Agreement supporting Wiha Tools’ proposed expansion project is relatively modest. The incurred legal costs will be covered through the developer funded TIF Escrow account.
  
- II. **Staff Workload Impact:** The staff workload related to processing the approval of the MIF Grant Contract Agreement is minimal. The EDA attorney and Northland Securities staff as well as the Economic Development Manager, Community Economic Development Coordinator and Community Development Director have time allocated to the approval process.
  
- III. **Comprehensive Plan Impact:** Continuing to support Monticello industrial firms who meet the City’s goals for employment and tax base is consistent with the Monticello 2040 Value Statement of “A diversified and strong local economy competitive at regional, state and national levels.” The Monticello 2040 + Plan’s Economic Development Chapter includes numerous statements aligning with this proposed expansion, including those for business retention, reinvestment, tax base expansion and workforce development.

**STAFF RECOMMENDED ACTION**

Staff recommends that the City Council approve entering into the MIF Grant Contract Agreement as the \$220,000 of funding is a key part of the entire financing package for Wiha Tools’ expansion project. In exchange for the funding, Wiha Tools will need to complete development of the 78,400 square foot warehouse facility and create 31 new FTE jobs within two years of the issuance of a certificate of occupancy of the new building.

**SUPPORTING DATA**

- A. Resolution No. 2022-97
- B. MIF Grant Contract Agreement

**CITY OF MONTICELLO  
COUNTY OF WRIGHT  
STATE OF MINNESOTA**

**RESOLUTION NO. 2022-97**

**RESOLUTION APPROVING A MINNESOTA INVESTMENT FUND GRANT FOR  
THE PURPOSE OF PROVIDING A LOAN TO WILLI HAHN CORPORATION**

Section 1. Recitals.

1.01. Willi Hahn Corporation, a Minnesota corporation (the “Borrower”), desires to finance the purchase of machinery and equipment (the “Equipment”) to be installed in connection with the construction an approximately 78,400 square foot facility for manufacturing (the “Facility”) on real property located in the City of Monticello, Minnesota (the “City”), and the Borrower has requested financial assistance from the City to purchase the Equipment.

1.02. The City applied for and received a Minnesota Investment Fund (“MIF”) grant (the “Grant”) and has received and reviewed a Grant Agreement (the “Grant Agreement”) with the Minnesota Department of Employment and Economic Development in connection with the grant of MIF funds in the amount of \$220,000, which will be loaned to the Borrower to finance a portion of the Equipment.

1.03. On June 27, 2022, the City Council of the City (the “City Council”) conducted a duly noticed public hearing on the Grant at which all interested parties were given an opportunity to provide comments.

Section 2. Approval of Grant Agreement and Related Documents.

2.01. The City Council hereby finds, determines and declares that it is in the public interest of the residents of the City that the project as described in the Grant Agreement be undertaken in the City.

2.02. The Grant Agreement as presented to the City Council is hereby in all respects approved, in substantially the form submitted, together with any related documents necessary in connection therewith (collectively, the “Grant Documents”), and the Mayor and City Administrator are hereby authorized and directed to execute the Grant Documents on behalf of the City and to carry out, on behalf of the City, the City’s obligations thereunder.

2.03. The approval hereby given to the Grant Documents includes approval of such additional details therein as may be necessary and appropriate and such modifications thereof, deletions therefrom and additions thereto as may be necessary and appropriate and approved by legal counsel to the City and by the Mayor and City Administrator prior to executing said documents; and said officers are hereby authorized to approve said changes on behalf of the City. The execution of any instrument by the Mayor and City Administrator shall be conclusive evidence of the approval of such document in accordance with the terms hereof. In the event of absence or

disability of said officers, any of the documents authorized by this resolution to be executed may be executed without further act or authorization of the Council by any duly designated acting official, or by such other officer or officers of the Council as, in the opinion of the City Attorney, may act in their behalf.

Approved by the City Council of the City of Monticello this 12th day of September, 2022.

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Mayor

ATTEST:

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City Clerk

**STATE OF MINNESOTA**  
**GRANT CONTRACT AGREEMENT NO. CDAP-22-0010-H-FY23**

This grant contract agreement is between the State of Minnesota, acting through the Department of Employment and Economic Development ("State") and City of Monticello, 505 Walnut Street, Ste. 1, Monticello, MN 55362 ("Grantee").

**Recitals**

1. Under Minn. Stat. §§ 116J.993 through 116J.995 which established the guidelines for providing business subsidies, and 116J.8731, which established the Minnesota Investment Fund, the State is empowered to enter into this grant contract agreement.
2. The State is in need of local government to administer financial assistance to eligible projects in accordance with Minn. Stat. § 116J.8731 Minnesota Investment Fund; Minnesota Rules Chapter 4300; and policies and procedures developed by the State.
3. The work anticipated to be performed for the Borrower's Project is not geographically dependent. It therefore could have been located at any number of locations either within or outside of the State of Minnesota. The subsidy has been provided to enhance the financial attractiveness and financial feasibility of locating or retaining the Borrower's operations in the Jurisdiction, rather than at some other location.
4. The Grantee represents that it is duly qualified and agrees to perform all services described in this grant contract agreement to the satisfaction of the State. Pursuant to [Minn. Stat. §16B.98](#), Subd.1, the Grantee agrees to minimize administrative costs as a condition of this grant contract agreement.
5. The Grantee and State are entering into this grant contract agreement for public purposes that include the creation or retention of jobs that pay quality wages, the enhancement of economic growth in the State of Minnesota and the expansion of the tax base of the local community where the business will locate or expand.

**Defined Terms**

Defined terms. As used in this grant contract agreement, the following terms shall have the meanings set out respectively after such term (the meanings to be equally applicable to both the singular and plural forms of the terms defined), unless the context specifically indicates otherwise:

"Application" means the Grantee's application to the State for a Minnesota Investment Fund award for the purpose of providing a loan to Willi Hahn Corporation dba Wiha Tools USA ("Borrower").

"Benefit Date" means the date equipment financed through a Minnesota Investment Fund loan is fully operational as defined in Section 1.2 of the **Term of Agreement** on page two of this grant contract agreement.

"Compliance Date" is the date two years from the Benefit Date at which job creation and wage goals by the Borrower must be completed.

"Full-Time Equivalent (FTE)" is one or more people working a sum of 2,080 hours in a calendar year.

"Loan Agreement" is a document between the Grantee and Borrower defining the terms and conditions of the Loan.

# Grant Contract Agreement

## 1 Term of Grant Contract Agreement

### 1.1 Effective Date:

August 10, 2022, or the date the State obtains all required signatures under [Minn. Stat. §16B.98](#), Subd. 5, whichever is later. Per [Minn. Stat. §16B.98](#), Subd. 5, the Grantee must not begin work until this grant contract agreement is fully executed and the State's Authorized Representative has notified the Grantee that work may commence. Per [Minn. Stat. §16B.98](#) Subd. 7, no payments will be made to the Grantee until this grant contract agreement is fully executed.

### 1.2 Benefit Date:

December 01, 2023

### 1.3 Compliance Date:

December 01, 2025 (two years from Benefit Date)

### 1.4 Expiration Date:

March 01, 2026 (three months from Compliance Date) or until all obligations have been satisfactorily fulfilled, whichever occurs first.

### 1.5 Survival of Terms.

The following clauses survive the expiration or termination of this grant contract agreement: 9. Liability; 10. State Audits; 11. Government Data Practices and Intellectual Property Rights; 13. Publicity and Endorsement; 14. Governing Law, Jurisdiction and Venue; and 16. Data Disclosure.

## 2 Grantee's Duties

The Grantee, who is not a state employee, will:

Comply with required grants management policies and procedures set forth through [Minn. Stat. §16B.97](#), Subd. 4 (a) (1).

**2.1** Perform the duties specified in Exhibit A which is attached and incorporated into this grant contract agreement.

### 2.2 *Provisions for Contracts and Sub-grants*

**(a) Contract Provisions.** The Grantee must include in any contract and sub-grant, including the Loan Agreement with the Borrower, in addition to provisions that define a sound and complete agreement, such provisions that require contractors and sub-grantees to comply with applicable state and federal laws. Along with such provisions, the Grantee must require that contractors performing work covered by this grant be in compliance with all applicable OSHA regulations, especially the federal Hazardous Waste Operations and Emergency Response Standards (29 CFR 1910.120 and 29 CFR 1926.65).

**(b) Job Listing Agreements.** Minn. Stat. § 116L.66, subd.1, requires a business or private enterprise to list any vacant or new positions with the state workforce center if it receives \$200,000 or more a year in grants from the State. If applicable, the business or private enterprise shall list any job vacancy in its personnel complement with MinnesotaWorks.net at [www.minnesotaworks.net](http://www.minnesotaworks.net) as soon as it occurs.

**(c) Payment of Contractors and Subcontractors.** The Grantee must ensure that all contractors and subcontractors performing work covered by this grant are paid for their work that is satisfactorily completed. The Grantee's sole obligation pursuant to this provision relates to contractors or subcontractors directly hired by the Grantee, such as the City's municipal advisor. The Grantee has no obligation or duty under this Section 2.2(c) relating to contractors or subcontractors hired directly or performing work on behalf of the Borrower.

**2.3** The Grantee shall make all reasonable efforts to collect and shall bear all costs associated with monitoring, servicing, reporting and enforcing the terms of the Loan Agreement.

### **3 Time**

The Grantee must comply with all the time requirements described in this grant contract agreement. In the performance of this grant contract agreement, time is of the essence.

### **4 Consideration and Payment**

#### **4.1 Consideration**

The State will pay for all services performed by the Grantee under this grant contract agreement as follows:

##### **(a) Compensation**

The Grantee will be reimbursed according to the approved Budget contained in Exhibit B, which is attached and incorporated into this grant contract agreement.

##### **(b) Travel Expenses**

Reimbursement for travel and subsistence expenses actually and necessarily incurred by the Grantee as a result of this grant contract agreement will not exceed \$0.00; provided that the Grantee will be reimbursed for travel and subsistence expenses in the same manner and in no greater amount than provided in the current "Commissioner's Plan" promulgated by the Commissioner of Minnesota Management and Budget (MMB). The Grantee will not be reimbursed for travel and subsistence expenses incurred outside Minnesota unless it has received the State's prior written approval for out of state travel. Minnesota will be considered the home state for determining whether travel is out of state.

##### **(c) Total Obligation**

The total obligation of the State for all compensation and reimbursements to the Grantee under this grant contract agreement will not exceed \$220,000.00.

#### **4.2 Payment**

##### **(a) Payment Requests for Reimbursement**

The State will disburse funds to the Grantee pursuant to this grant contract agreement, based upon payment requests for reimbursement submitted by the Grantee and reviewed and approved by the State. All funds must be disbursed within a twelve-month period of the Initial Disbursement Date as defined in the Loan Agreement with a maximum of three disbursements. Payment requests for reimbursement must be accompanied by supporting invoices that relate to the activities in the approved budget and the documentation detailed in Section 4.4 of this grant contract agreement. The State will provide payment request forms for reimbursement.

If the Grantee has received invoices from the Borrower for expenditures made after Effective Date of this grant contract agreement but before the Grant is closed or until all funds are disbursed, whichever is earlier, the Grantee shall submit those invoices to the State for review and approval no later than 25 days after the end date of the state fiscal year of June 30<sup>th</sup>. To ensure that all funds are drawn down by the Expiration Date of the grant contract agreement, all Grantee payment requests for reimbursement must be received by the State at least 30 days prior to the Expiration Date.

##### **(b) Unexpended Funds**

The Grantee must promptly return to the State any portion of funds that have not been accounted for annually in a financial report to the State due at grant closeout.

#### **4.3 Contracting and Bidding Requirements**

Per [Minn. Stat. §471.345](#), grantees that are municipalities as defined in Subd. 1 must follow the law.

- (a) For projects that include construction work of \$25,000 or more, prevailing wage rules apply per; [Minn. Stat. §§177.41](#) through [177.44](#), consequently, the bid request must state the project is subject to *prevailing wage*. These rules require that the wages of laborers and workers should be comparable to wages paid for similar work in the community as a whole. A prevailing wage form should accompany these bid submittals.

The provisions of this Section 4.3(a) shall apply only to contracts for supplies, materials, equipment, or the rental thereof, or the construction, alteration, repair or maintenance of real or personal property entered into directly by the Grantee. This Section is not applicable to contracts for supplies, materials, equipment or the rental thereof, or the construction, alteration, repair or maintenance of real or personal property entered into by the Borrower.

- (b) The grantee must not contract with vendors who are suspended or debarred in MN: <http://www.mmd.admin.state.mn.us/debarredreport.asp>

#### **4.4 Documentation**

The following information must be submitted and approved by the State before funds will be released:

(a) **Loan Documents**

Minnesota Investment Fund Loan Agreement. If funds are drawn prior to the Compliance Date a promissory note, Security agreement, corporate guaranty, collateral and evidence of security filings will be required.

(b) **Lender Documents**

Documentation that participating lenders and or equity injections have closed on their financing:

1. Evidence of equity injection in the amount of \$6,628,966.00.
2. TIF agreement for \$1,151,034.00 from city of Monticello.
3. Note for \$5,000,000.00 from the parent company.

(c) **Invoices**

Invoices or other documentation as approved by DEED Loan Officer for \$220,000.00 MIF reimbursement costs and \$220,000.00 in matching costs. Third party verification of additional leverage costs for project expenses identified in Exhibit B in the amount of \$12,560,000.00 will be required at or prior to the Compliance Date.

(d) **Eligible Costs**

Eligible costs include the costs identified in Exhibit B of this grant contract agreement that are incurred during the grant contract agreement period for equipment or real estate in the corporate boundaries of the Grantee.

#### **5 Conditions of Payment**

All services provided by the Grantee under this grant contract agreement must be performed to the State's satisfaction, as determined at the sole discretion of the State's Authorized Representative and in accordance with all applicable federal, state and local laws, ordinances, rules and regulations. The Grantee will not receive payment for work found by the State to be unsatisfactory or performed in violation of federal, state or local law.

The State will not authorize disbursement of funds if there has been any adverse change in the Borrower's financial condition, organization, operations, or their ability to repay the project financing. Funds must be disbursed to the Borrower within 21 days of receipt of funds from the State.



## **6 Monitoring and Corrective Action**

Grantee agrees to permit monitoring by the State to determine grant contract agreement performance and compliance with grant contract agreement provisions. Grantee further agrees to cooperate with the State in performing and completing such monitoring activities and Grantee agrees to implement and comply with such remedial action as is proposed by the State. Grantee must provide any financial records, timesheets or other supporting documentation, upon the request of the State.

## **7 Authorized Representative**

The State's Authorized Representative is Muhubo Malin, Loan Officer, 1<sup>st</sup> National Bank Building, 332 Minnesota Street, Suite E200, St Paul, MN 55101, 651-259-7426, or her successor, and has the responsibility to monitor the Grantee's performance and the authority to accept the services provided under this grant contract agreement. If the services are satisfactory, the State's Authorized Representative will certify acceptance on each invoice submitted for payment.

The Grantee's Authorized Representative is Jim Thares, Economic Development Manager, City of Monticello, 505 Walnut Street, Ste. 1, Monticello, MN 55362; 763-271-3254, jim.thares@ci.monticello.mn.us. If the Grantee's Authorized Representative changes at any time during this grant contract agreement, the Grantee must immediately notify the State.

## **8 Assignment, Amendments, Waiver and Grant Contract Agreement Complete**

### **8.1 Assignment**

The Grantee shall neither assign nor transfer any rights or obligations under this grant contract agreement without the prior written consent of the State, approved by the same parties who executed and approved this grant contract agreement or their successors in office.

### **8.2 Amendments**

Any amendments to this grant contract agreement must be in writing and will not be effective until it has been executed and approved by the same parties who executed and approved the original grant contract agreement or their successors in office.

### **8.3 Waiver**

If the State fails to enforce any provision of this grant contract agreement, that failure does not waive the provision or the State's right to enforce it.

### **8.4 Grant Contract Agreement Complete**

This grant contract agreement contains all negotiations and agreements between the State and the Grantee. No other understanding regarding this grant contract agreement, whether written or oral, may be used to bind either party.

## **9 Liability**

The Grantee must indemnify, save and hold the State, its agents and employees harmless from any claims or causes of action, including attorney's fees incurred by the State, arising from the performance of this grant contract agreement by the Grantee or the Grantee's agents, employees or independent contractors. This clause will not be construed to bar any legal remedies the Grantee may have for the State's failure to fulfill its obligations under this grant contract agreement.

## **10 State Audits**

Under [Minn. Stat. § 16B.98](#), Subd.8, the Grantee's books, records, documents and accounting procedures and practices of the Grantee or other party relevant to this grant contract agreement or transaction are subject to examination by the State and/or the State Auditor or Legislative Auditor, as appropriate, for a minimum of six years from the end of this grant contract agreement, receipt and approval of all final reports, or the required period of time to satisfy all state and program retention requirements, whichever is later.

## **11 Government Data Practices and Intellectual Property Rights**

### **11.1 Government Data Practices**

The Grantee and State must comply with the Minnesota Government Data Practices Act, [Minn. Stat. Ch. 13](#), as it applies to all data provided by the State under this grant contract agreement, and as it applies to all data created, collected, received, stored, used, maintained or disseminated by the Grantee under this grant contract agreement. The civil remedies of [Minn. Stat. §13.08](#) apply to the release of the data referred to in this clause by either the Grantee or the State. If the Grantee receives a request to release the data referred to in this Clause, the Grantee must immediately notify the State. The State will give the Grantee instructions concerning the release of the data to the requesting party before the data is released. The Grantee's response to the request shall comply with applicable law.

### **11.2 Intellectual Property Rights**

The Grantee represents and warrants that Grantee's intellectual property used in the performance of this grant contract agreement does not and will not infringe upon any intellectual property rights of other persons or entities. Notwithstanding Clause 10, the Grantee will indemnify; defend, to the extent permitted by the Attorney General; and hold harmless the State, at the Grantee's expense, from any action or claim brought against the State to the extent that it is based on a claim that all or part of Grantee's intellectual property used in the performance of this grant contract agreement infringe upon the intellectual property rights of others. The Grantee will be responsible for payment of any and all such claims, demands, obligations, liabilities, costs and damages, including but not limited to, attorney fees. If such a claim or action arises, or in the Grantee's or the State's opinion is likely to arise, the Grantee must, at the State's discretion, either procure for the State the right or license to use the intellectual property rights at issue or replace or modify the allegedly infringing intellectual property as necessary and appropriate to obviate the infringement claim. This remedy of the State will be in addition to and not exclusive of other remedies provided by law.

## **12 Workers Compensation**

The Grantee certifies that it is in compliance with [Minn. Stat. §176.181](#), Subd. 2, pertaining to workers' compensation insurance coverage. The Grantee's employees and agents will not be considered State employees. Any claims that may arise under the Minnesota Workers' Compensation Act on behalf of these employees and any claims made by any third party as a consequence of any act or omission on the part of these employees are in no way the State's obligation or responsibility.

## **13 Publicity and Endorsement**

### **13.1 Publicity**

Any publicity regarding the subject matter of this grant contract agreement must identify the State as the sponsoring agency and must not be released without prior written approval from the State's Authorized Representative. For purposes of this provision, publicity includes notices, informational pamphlets, press releases, research, reports, signs and similar public notices prepared by or for the Grantee individually or jointly with others, or any subcontractors, with respect to the program, publications or services provided resulting from this grant contract agreement. All projects primarily funded by state grant appropriations must publicly credit the State of Minnesota, including on the grantee's website when practicable.

### **13.2 Endorsement**

The Grantee must not claim that the State endorses its products or services.

## **14 Governing Law, Jurisdiction and Venue**

Minnesota law, without regard to its choice-of-law provisions, governs this grant contract agreement. Venue for all legal proceedings out of this grant contract agreement, or its breach, must be in the appropriate state or federal court with competent jurisdiction in Ramsey County, Minnesota.

## **15 Termination**

### **15.1 Termination by the State**

The State may immediately terminate this grant contract agreement with or without cause, upon 30 days' written notice to the Grantee. Upon termination, the Grantee will be entitled to payment, determined on a pro rata basis, for approved costs incurred.

### **15.2 Termination for Cause**

The State may immediately terminate this grant contract agreement if the State finds that there has been a failure to comply with the provisions of this grant contract agreement, that reasonable progress has not been made or that the purposes for which the funds were granted have not been or will not be fulfilled. The State may take action to protect the interests of the State of Minnesota, including the refusal to disburse additional funds and requiring the return of all or part of the funds already disbursed.

### **15.3 Termination for Insufficient Funding**

The State may immediately terminate this grant contract agreement if:

- (a)** It does not obtain funding from the Minnesota Legislature;
- (b)** Or, if funding cannot be continued at a level sufficient to allow for the payment of the approved costs covered here. Termination must be by written or fax notice to the Grantee. The State is not obligated to pay for any services that are provided after notice and effective date of termination. However, the Grantee will be entitled to payment, determined on a pro rata basis, for services satisfactorily performed to the extent that funds are available. The State will not be assessed any penalty if the contract is terminated because of the decision of the Minnesota Legislature or other funding source, not to appropriate funds. The State must provide the Grantee notice of the lack of funding within a reasonable time of the State's receiving that notice.

## **16 Data Disclosure**

Under [Minn. Stat. § 270C.65](#), Subd. 3, and other applicable law, the Grantee consents to disclosure of its social security number, federal employer tax identification number, and/or Minnesota tax identification number, already provided to the State, to federal and state tax agencies and state personnel involved in the payment of state obligations. These identification numbers may be used in the enforcement of federal and state tax laws which could result in action requiring the Grantee to file state tax returns and pay delinquent state tax liabilities, if any.

## **17 Conflicts of Interest**

The State will take steps to prevent individual and organizational conflicts of interest in reference to Grantees per [Minn.Stat. §16B.98](#) and Department of Administration, Office of Grants Management, Policy Number 08-01 [Conflict of Interest Policy for State Grant-Making](#) (Current Policies tab). When a conflict of interest concerning State grant-making is suspected, disclosed or discovered, transparency shall be the guiding principle in addressing it.

In cases where a potential or actual individual or organizational conflict of interest is suspected, disclosed, or discovered by the Grantee throughout the life of the grant contract agreement, they must immediately notify the State for appropriate action steps to be taken, as defined above.

The Grantee must complete a Conflict-of-Interest Disclosure Form.

## **18 Successors and Assignees**

This grant contract agreement shall be binding upon any successors or assignees of the parties.

## **19 Minnesota Business Subsidy Law**

This grant contract agreement must comply with the Minnesota Business Subsidy Law, Minn. Stat. §§ 116J.993 through 116J.995 as applicable.

1. STATE ENCUMBRANCE VERIFICATION

Individual certifies that funds have been encumbered as required by Minn. Stat. § 16A.15.

Signed: Robin Culbertson

Date: 9/7/22

SWIFT Contract/PO No(s): 218645 PR 73065 PO 3-484878

2. GRANTEE

The Grantee certifies that the appropriate person(s) has executed the grant contract agreement on behalf of the Grantee as required by applicable articles, bylaws, resolutions, or ordinances.

By: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

By: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

3. STATE OF MINNESOTA: DEPARTMENT OF EMPLOYMENT AND ECONOMIC DEVELOPMENT

By: \_\_\_\_\_  
(WITH DELEGATED AUTHORITY)

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Distribution:  
Agency  
Grantee  
State's Authorized Representative

# EXHIBIT A

## GRANTEE DUTIES

The Grantee, who is not a State employee, will:

- 1 Administer the project in accordance with the requirements of the Minnesota Investment Fund Program, Minn. Stat. § 116J.8731; Minn. Rules, Chapter 4300; and policies and procedures developed by the State.
- 2 Enter into a Loan Agreement with the Borrower for \$220,000.00, (“LOAN”) and assure the following conditions are included in such Loan Agreement:

### **2.1 Conditions**

- (a) Loan Term: 5 years
- (b) Interest Rate: 0%
- (c) Collateral will be required if funds are requested prior to the Compliance Date. Details will be determined prior to disbursement of funds.
- (d) The corporate guaranty of Wiha Werkzeuge Gmbh will be required if funds are requested prior to the Compliance Date.

### **2.2 Job Creation and Wages**

- (a) As of the project award date, the Borrower identified 68 full time equivalent (FTE) base jobs that must be maintained through the Compliance Date. If necessary, base job number will be amended following the Effective Date to account for fluctuation during grant contract agreement processing periods.
- (b) The Borrower will create an additional forty one (41) permanent non-contract FTE jobs between the Effective Date and the Compliance Date. Each job created may be included in only one “wage bracket” as stated below:
  - (i) Twenty two (22) paying at least \$14 per hour in cash wages, exclusive of Benefits. The Borrower is entitled to forgivable loan proceeds in the amount of \$4,853 per job created in this wage bracket not to exceed \$106,765 in total;
  - (ii) Twelve (12) paying at least \$17 per hour in cash wages, exclusive of Benefits. The Borrower is entitled to forgivable loan proceeds in the amount of \$5,662 per job created in this wage bracket not to exceed \$67,941 in total;
  - (iii) Seven (7) paying at least \$25 per hour in cash wages, exclusive of Benefits. The Borrower is entitled to forgivable loan proceeds in the amount of \$6,741 per job created in this wage bracket not to exceed \$45,294 in total;
  - (iv) In no case shall the total amount of the loan exceed the total obligation listed in Section 4.1(c) of the grant contract agreement.
- (c) All jobs created through the Compliance Date must pay at least \$14.68 per hour, including Benefits, on the Compliance Date. Benefits are defined as one or more of the following: health, dental, life and disability insurance, retirement program and profit sharing paid by the Borrower.
- (d) If the Borrower fails to meet the job creation and wage goal level commitments on the Compliance Date, the Grantee may, after approval by the State and after holding a public

hearing, extend the Compliance Date for up to one year. If the Borrower fails to meet the job creation goal and wage level commitment by the revised Compliance Date, the award amount shall be reduced proportionally on a per job basis, and the Borrower will be required to repay the Grantee all or a proportional share of the Loan funds on an accelerated term. If the Borrower is required to repay a proportional share, the amount shall be determined based upon the “wage bracket” values defined in Section 2.2(b). Forgivable loan proceeds are required to be repaid first. The Grantee will then also be required to return to the State all or a proportional share of the Loan funds. The interest rate on the “accelerated” portion of the loan shall increase as defined in the Promissory Note.

- (e) In the event that no jobs are created by the Borrower by the revised Compliance Date, or all jobs created do not meet the commitment noted in 2.2(c), the Grantee will be required to return all loan funds to the State on an accelerated basis.

### **2.3 Payment of Prevailing Wages to Contractors**

Minn. Stat. §116J.871 applies if a business receives \$500,000 or more in State loan funds and the State funds are used for construction, installation (including equipment), remodeling and repairs.

### **2.4 Loan Forgiveness**

If the job creation goals and wage level commitments detailed in Sections 2.2 in Exhibit A of this grant contract agreement are met on the Compliance Date, \$220,000.00 of the Loan will be forgiven. Of the total amount forgiven \$88,000.00 will be from Grantee’s funds that would otherwise be repaid under Section 4 of this Exhibit A. If job creation goals and wage level commitments are partially met, forgiveness will be prorated.

- 3 Require the Grantee’s attorney to review the loan agreement, promissory note, security agreement, mortgage, guaranty and/or other documents, if any, considered necessary to secure the loan to ensure they are valid, binding, and enforceable.
- 4 If applicable, retain 40% of each principal and interest payment made by the Borrower, up to \$100,000. Repay to the State 60% of each principal and interest payment made by the Borrower until the Grantee has received \$100,000 in repayments. Once the Grantee has received \$100,000 in repayments, the Grantee will repay the State 100% of every payment on the loan until paid in full. In the event the loan is not paid in full or job and wage goals in Section 2.2 are not met, principal and interest the Grantee retains will be reduced proportionally and returned to the State.
- 5 For any portion of the loan which is repayable under the Loan Agreement or which becomes repayable pursuant to Section 2.2(d) or (e) of this Exhibit A, the Grantee shall make all reasonable effort, in consultation with the State, to collect the repayable portion of the loan. If, after all reasonable effort has been made to collect, the Borrower continues to owe any repayable portion of the loan, the Grantee will have no obligation to repay the loan to the State from the Grantee’s own funds, notwithstanding any funds owing under Section 4 of this Exhibit A. The Grantee shall continue to be obligated to remit to the State any loan funds that may be recovered from the Borrower in the future.
- 6 The Grantee will establish and maintain a revolving loan fund (RLF) consistent with Minn. Stat. §116J.8731 Minnesota Investment Fund; Minnesota Rules Chapter 4300; and policies and procedures developed by the State and the State RLF Guidelines published by DEED. The Grantee must retain financial control and decision-making authority regarding the use of repayments from the loan. Upon approval by the State, the Grantee may loan or grant money from its RLF to a regional development

commission, or other regional entity, or statewide community capital fund to capitalize or to provide the local match required for capitalization of a regional or statewide RLF.

## **7 Reporting Requirements**

### **7.1 Minnesota Investment Fund Annual Progress Reports**

- (a) Submit to the State annual progress reports on forms provided by the State until the project goals have been met or until the Compliance Date, whichever is later. These reports must be submitted January 25<sup>th</sup> of each year for the period ending December 31, for as long as the project remains open. A final Progress Report is required within 25 days of the Compliance Date.
- (i) January 25, 2023 for the period ending December 31, 2022;
  - (ii) January 25, 2024 for the period ending December 31, 2023;
  - (iii) January 25, 2025 for the period ending December 31, 2024;
  - (iv) Twenty-five days after the Compliance Date.
- (b) Funds will not be disbursed on any Grant with past due progress reports per OGM Policy 08-09.
- (c) The final report must be submitted no later than 25 days after the Compliance Date.
- (d) The State, at its discretion, may require the submittal of additional progress reports.
- (e) Information required in these reports may include, but is not limited to the following:
- Permanent jobs created
  - Hourly base wage
  - Date of hire
  - Job titles
  - Hourly value of benefits
  - Benefits provided
  - Project expenditures
  - Status of project
  - Status of payments
  - Payroll report

### **7.2 Minnesota Business Assistance Form (MBAF) Reports**

Submit to the MN Department of Employment and Economic Development, Office of Economic Analysis, no later than April 1<sup>st</sup> of each year until the project goals have been met, but not less than two years.

- 8** Keep financial records, including properly executed contracts, invoices, receipts, vouchers and other documents sufficient to evidence in proper detail the nature and propriety of the expenditures made pursuant to this grant contract agreement for a period of six years. Accounting methods must be in accordance with generally accepted accounting principles.
- 9** Complete the project in accordance with the approved budget within the time frames specified in this grant contract agreement.
- 10** Promptly notify the State of any proposed material change in the scope of the project, budget, or completion date, which must be approved by the State, prior to implementation.
- 11** Have on file the necessary documentations to show that all project funds have been used for the items stated in the application.

Exhibit B  
Approved Budget

Use of Funds	MIF	Bank	Equity	City	Parent Co. Revolver	Total
Property Acquisition				\$799,000		\$799,000
Site Improvement			\$848,966	\$352,034		\$1,201,000
New Construction			\$4,000,000		\$5,000,000	\$9,000,000
Reno of existing bldg						\$0
Machinery & Equip.	\$220,000		\$1,780,000			\$2,000,000
Roads						\$0
Water						\$0
Sewer (Sanitation)						\$0
Other						\$0
<b>Total</b>	<b>\$220,000</b>	<b>\$0</b>	<b>\$6,628,966</b>	<b>\$1,151,034</b>	<b>\$5,000,000</b>	<b>\$13,000,000</b>