



GRAND RAPIDS ECONOMIC DEVELOPMENT AUTHORITY

Thursday, September 10, 2020
4:00pm
Grand Rapids City Hall

NOTICE IS HEREBY GIVEN, that a regular meeting of the Grand Rapids Economic Development Authority will be held in Conference Room 2A in the Grand Rapids City Hall, 420 North Pokegama Avenue, in Grand Rapids, Minnesota on Thursday, September 10, 2020 at 4:00pm, some or all of the Commissioners may be participating by telephone or other electronic means.

AGENDA

1. Call to Order
2. Call of Roll
3. Setting of the Regular Agenda - *This is an opportunity to approve the regular agenda as presented or add/delete by a majority vote of the Commissioners present an agenda item.*
4. Consider approval of minutes from the August 13, 2020 regular meeting.
5. Consider approval of claims
6. Consider ratifying the GREDA President's execution of Amendment #1 to the Grant Contract with MN IRRR for \$200,000 of Taconite Area Community Relief program funds
7. Consider approval of a Second Amendment to the Blandin Foundation Program Related Investment Agreement for the Emergency Working Capital Loan Program and authorize the Executive Director to execute.
8. Consider approval of a Commercial Building Improvement Loan of \$40,000 to Grand Rapids Hotel Properties, LLC.
9. Updates:
 - a. Federal Economic Development Administration Grant Application
 - b. Emergency Working Capital Loan and Coronavirus Relief Fund Small Business Grant Program.
10. Adjourn

GREDA Commissioners/terms:

Dale Christy – 12/31/2020 (with council term)
Tasha Connelly– 12/31/2020 (with council term)
Mike Przytarski – 3/1/21
Cory Jackson – 3/1/23
Mike Korte – 3/1/22
John O'Leary – 3/1/25
Sholom Blake – 3/1/25

**GRAND RAPIDS ECONOMIC DEVELOPMENT AUTHORITY
REGULAR MEETING
THURSDAY, AUGUST 13, 2020
4:00 P.M.
GRAND RAPIDS CITY HALL – CONFERENCE ROOM 2A
420 NORTH POKEGAMA AVE., GRAND RAPIDS, MINNESOTA**

CALL TO ORDER: Pursuant to due notice and call thereof, a Regular Meeting of the Grand Rapids Economic Development Authority (GREDA) was called to order telephonically on Thursday, August 13, 2020 at 4:00 p.m. in Conference Room 2A of City Hall, 420 North Pokegama Avenue, Grand Rapids, Minnesota.

CALL OF ROLL: On a Call of Roll the following members were present: Commissioners: Sholom Blake, Tasha Connelly, John O’Leary, Mike Przytarski, Cory Jackson. Absent: Mike Korte, Dale Christy.

SETTING OF REGULAR AGENDA: **Approved without addition.**

APPROVAL OF MINUTES:

MOTION BY COMMISSIONER O’LEARY, SECOND BY COMMISSIONER JACKSON TO APPROVE THE MINUTES OF THE JULY 23, 2020 REGULAR MEETING. The following roll call vote was taken: Yea: Connelly, Przytarski, Jackson, O’Leary, Blake. Nay: None, passed unanimously.

APPROVAL OF CLAIMS:

MOTION BY COMMISSIONER JACKSON, SECOND BY COMMISSIONER PRZYTARSKI TO APPROVE CLAIMS IN THE AMOUNT OF \$26,125.15.

Glen’s Army Navy Store	\$15,000.00	Michael A Talbot	\$10,000.00
Minnesota Energy Resources	\$45.00	MN DEED	\$1,000.00
P.U.C	\$80.15		

The following roll call vote was taken: Yea: O’Leary, Jackson, Przytarski, Connelly, Blake. Nay: None, passed unanimously.

Consider approval of a recommended 2021 GREDA Operating Budget and levy request.

Mr. Mattei provided a revenue/expense history for the GREDA Operating Fund and GREDA Capital Project Fund. The recommendation is to approve the 2021 Operating Budget and a levy request of \$60,000 and direct the Finance Department to transfer \$30,000 of the levy request into the GREDA Operating Fund.

MOTION BY COMMISSIONER CONNELLY, SECOND BY COMMISSIONER O’LEARY TO APPROVE THE 2021 GREDA OPERATING BUDGET A LEVY REQUEST OF \$60,000.00 AND DIRECT THE FINANCE DEPARTMENT TO TRANSFER \$30,000 OF THE 2021 LEVY INTO THE GREDA OPERATING FUND. The following roll call vote was taken: Yea: Connelly, Przytarski, Jackson, O’Leary, Blake. Nay: None, passed unanimously.

Consider approval of an addendum to Blandin Foundation Program Related Investment Agreement for the Emergency Working Loan Fund and authorize the Executive Director's signature.

The GREDA would like to transfer \$150,000.00 from the Redevelopment Fund to the Working Capital Loan Fund to use those funds to continue to make emergency working capital loans to local businesses. This would increase the Working Capital Loan Fund to \$650,000.00.

MOTION BY COMMISSIONER PRZYTARSKI, SECOND BY COMMISSIONER CONNELLY TO APPROVE THE ADDENDUM TO THE BLANDIN FOUNDATION PROGRAM RELATED INVESTMENT AGREEMENT FOR THE EMERGENCY WORKING LOAN FUND AND AUTHORIZED THE EXECUTIVE DIRECTOR'S SIGNATURE. The following roll call vote was taken: Yea: O'Leary, Jackson, Przytarski, Connelly, Blake. Nay: None, passed unanimously.

Consider approval of an addendum to Blandin Foundation Program Related Investment Agreement for the Redevelopment Loan Fund and authorize the Executive Director's signature.

With the transfer of funds to the Working Capital Loan Fund the new balance of the Redevelopment Loan Fund is \$450,000.00.

MOTION BY COMMISSIONER O'LEARY, SECOND BY COMMISSIONER JACKSON TO APPROVE AN ADDENDUM TO BLANDIN FOUNDATION PROGRAM RELATED INVESTMENT AGREEMENT FOR THE REDEVELOPMENT LOAN FUND AND AUTHORIZE THE EXECUTIVE DIRECTOR'S SIGNATURE. The following roll call vote was taken: Connelly, Przytarski, Jackson, O'Leary, Blake. Nay: None, passed unanimously.

Consider approval of a Coronavirus Relief Fund Small Business Grant Program and its Policy.

Based upon a per capital formula, the City of Grand Rapids received \$858,276.00. The City has considered its needs for the allowable use of the funds, and has adopted a resolution allocating up to \$411,000.00 to GREDA to provide additional economic relief to small businesses. Mr. Mattei reviewed qualifying costs, eligible applicants, eligible grant activities, the GREDA budget for the program, conflict of interest grant conditions, application requirements and grant monitoring and reporting.

Commissioner Jackson left the meeting at 4:32 p.m.

MOTION BY COMMISSIONER O'LEARY, SECOND BY COMMISSIONER PRZYTARSKI TO APPROVE A CORONAVIRUS RELIEF FUND SMALL BUSINESS GRANT PROGRAM AND ITS POLICY. The following roll call vote was taken: O'Leary, Przytarski, Connelly, Blake. Nay: None, passed unanimously.

Consider approval of an amended policy for the Emergency Working Capital Loan Program.

The edits to the current policy include allocating an additional \$350,000.00 available through a \$200,000.00 MN IRRR grant and an additional \$ 150,000.00 PRI from the Blandin Foundation,

if a registered business is a non-profit it must derive a majority of its income from sources other than private donations, excluding grants, and fit the social enterprise model and loan recipients will be eligible for a matching grant in accordance with the Grand Rapids Economic Development Authority Coronavirus Relief Fund Small Business Grant Program Policy.

MOTION BY COMMISSIONER CONNELLY, SECOND BY COMMISSIONER PRAYTARSKI TO APPROVE AN AMENDED POLICY FOR THE EMERGENCY WORKING CAPITAL LOAN PROGRAM. The following roll call vote was taken: Yea: Connelly, Przytarski, O’Leary, Blake. Nay: None, passed unanimously.

Consider approval of an amended application form for the Emergency Working Capital Loan Program.

Mr. Mattei provided a copy of the amended application for the Commissioners review.

MOTION BY COMMISSIONER O’LEARY, SECOND BY COMMISSIONER CONNELLY TO APPROVE AN AMENDED APPLICATION FORM FOR THE EMERGENCY WORKING CAPITAL LOAN PROGRAM. The following roll call vote was taken: Yea: O’Leary, Przytarski, Connelly, Blake. Nay: None, passed unanimously.

Consider approval of a residential lease agreement with ICS Consulting for 3202 Airport Road.

This will be a year lease with the same terms as the previous lease which will expire October 1st of this year.

MOTION BY COMMISSIONER O’LEARY, SECOND BY COMMISSIONER PRZYTARSKI TO APPROVE A RESIDENTIAL LEASE AGREEMENT WITH ICS CONSULTING FOR 3202 AIRPORT RD. The following roll call vote was taken: Yea: Connelly, Przytarski, O’Leary, Blake. Nay: None, passed unanimously.

Consider a request to terminate the Lease Agreement with Embrace Mental Health, effective August 31st, 2020.

Due to the current pandemic the tenant won’t be using the space and would like to terminate the lease if possible.

MOTION BY COMMISSIONER PRZYTARSKI, SECOND BY COMMISSIONER CONNELLY TO TERMINATE THE LEASE AGREEMENT WITH EMBRACE MENTAL HEALTH, EFFECTIVE AUGUST 31st, 2020. The following roll call vote was taken: Yea: O’Leary, Przytarski, Connelly, Blake. Nay: None, passed unanimously.

Updates:

Ainsworth Site- Mr. Mattei and Mr. Solberg met with the potential tenant for the site.

There being no further business the meeting adjourned at 5:01 p.m.

Respectfully submitted:

Aurimy Groom, Recorder

**STATE OF MINNESOTA
GRANT CONTRACT AGREEMENT Amendment # 1**

PO ID 3000007987	PO Date July 28, 2020		Fiscal Year 2021	Grant Award \$200,000.00
Vendor ID 0000195352	Fund 2380	Fin Dept ID B4336400	Approp ID B43N6AS	Account 441352

Grant Contract Agreement Start Date: July 30, 2020	Total Grant Contract Agreement Amount: \$200,000.00
Original Grant Contract Agreement Expiration Date: June 30, 2021	Original Grant Contract Agreement Amount: \$200,000.00
Current Grant Contract Agreement Expiration Date: June 30, 2021	Previous Amendment(s) Total: \$0.00
Requested Contract Expiration Date: June 30, 2021	This Amendment: \$0.00

This amendment is by and between the State of Minnesota, through its Commissioner of Department of Iron Range Resources and Rehabilitation and Grand Rapids City of - 420 North Pokegama Avenue, Grand Rapids, Minnesota, 55744 (“Grantee”).

Recitals

1. Under Minnesota Statutes Section , and pursuant to Department of Iron Range Resources and Rehabilitation Resolution No. 20-031, the Department of Iron Range Resources and Rehabilitation is empowered to enter into this amended grant contract agreement.
2. n/a – IRRR change to exhibit
3. The State and the Grantee are willing to amend the Original Grant Contract Agreement, as stated below.

Grant Contract Amendment

REVISION 1. Clause 4.1.(C) “Total Obligation” is deleted in its entirety and replaced with the following:

(c) Total Obligation.

The total obligation of the State for all compensation and reimbursements to the Grantee under this grant contract will not exceed \$200,000.00 and be in accordance with the breakdown of costs contained in Exhibit B1 which is attached hereto and incorporated into this grant contract agreement.

IN WITNESS WHEREOF, the parties have caused this grant to be duly executed, intending to be bound thereby.

APPROVED:

1. **Iron Range Resources and Rehabilitation FISCAL AGENT:**

By: Bob Scuffy

Title: Accounting Director
Date: August 27, 2020

2. GRANTEE:

(If a corporation, two corporate officers must execute.)

By:
Title:
Date:

By:
Title:
Date:

3. STATE AGENCY OR DEPARTMENT:

By: Mark R Phillips
Title: Commissioner
Date: September 1, 2020

EXHIBIT B 1: PAYMENTS

The total obligation of the State for all compensation and reimbursements to the Grantee under this grant contract will not exceed \$200,000.00. The Department of Iron Range Resources and Rehabilitation will promptly pay the Grantee after the Grantee submits a letter requesting agency grant funds and provides documentation from authorized representative confirming local match.

Expense Description	Budget		Total Funding
	Agency Grant	Applicant Match	
Local Business Relief Program: Emergency Working Capital Loan Program	\$200,000.00	\$150,000.00	\$350,000.00

SECOND ADDENDUM - PROGRAM RELATED INVESTMENT AGREEMENT

This Second Addendum – Program Related Investment Agreement (“Second Addendum”) is made and executed this ___ day of September, 2020 by and between Charles K. Blandin Foundation (“Blandin”) and Grand Rapids Economic Development Authority (the “Authority”).

WHEREAS, Blandin and the Authority previously entered unto that certain Program Related Investment Agreement dated as of April 1, 2020, as previously amended by an Addendum thereto dated as of August 1, 2020 (as so amended, the “PRI Agreement”), pursuant to which Blandin agreed to make a program related investment (“PRI” or “Loan”) to the Authority in the maximum amount of \$650,000 and the Authority agreed to accept such loan to fund its GREDA Emergency Working Capital Loan program as described in the PRI Agreement (the “Loan Program”); and

WHEREAS, the source of funds for the PRI is \$100,000 transferred from the Commercial Building Improvement Loan (CBIL) Fund as established under the Program Related Investment Agreement between the parties dated as of September 15, 2019, and \$550,000 transferred from the Authority’s Redevelopment Fund as established under the Program Related Investment Agreement between the parties dated January 2, 2020; and

WHEREAS, the City of Grand Rapids, Minnesota (“City”) has received Coronavirus Relief Funds (“CRF Funds”) from the State of Minnesota, as authorized by Congress pursuant to the Coronavirus Aid, Relief, and Economic Security Act (“CARES Act”), and has allocated a portion of the CRF Funds to the Authority to provide additional assistance to small businesses in the City; and

WHEREAS, on August 13, 2020 the Authority created its CRF Small Business Grant Program (the “Grant Program”) using the CRF Funds allocated by the City, and approved guidelines for the Grant Program as well approving revised guidelines for the Loan Program, which increases the maximum loan amount to \$30,000; and

WHEREAS, the revised Loan Program policy and the Grant Program policy authorizes small businesses that are awarded a loan under the Loan Program to receive additional assistance in the form of a grant, and further authorizing small businesses that previously received a loan under the Loan Program to request a new loan in a principal amount of up to \$30,000, upon repayment of their existing loan; and

WHEREAS, the Authority has received or expects to receive a total aggregate amount of \$195,000 in repayment of loans under the Loan Program from businesses seeking loans in an increased amount, and has requested an amendment to the PRI Agreement to maximize the positive impact of the Loan Program and Grant Program through the date of termination of the Grant Program on November 15, 2020 (the “Termination Date”), by authorizing the Authority to recapitalize such repayments of loans under the Loan Program in order to approve additional loans through the Termination Date.

NOW, THEREFORE, the parties agree as follows:

1. The Authority hereby agrees to use the funds solely for the purposes described in the original PRI Agreement.

2. The Authority is hereby authorized to collect repayments of initial loans made pursuant to the Loan Program and to designate such repayments to fund additional loans pursuant to the Loan Program, provided that such authorization shall terminate on the Termination Date.
3. Except as amended by this Second Addendum, the PRI Agreement shall remain in full force and effect.

CHARLES K. BLANDIN FOUNDATION

By: Tuleah Palmer
Its: President and CEO

Dated

GRAND RAPIDS ECONOMIC DEVELOPMENT AUTHORITY

By: Rob Mattei
Its: Director of Community Development

Dated



Commercial Building Improvement Loan Application

Grand Rapids Economic Development Authority
 c/o Community Development Department
 420 North Pokegama Ave.
 Grand Rapids, MN 55744
 Tel. (218) 326-7601 Fax (218) 326-7621
 www.grandrapidsmn.org

Community Development Office Use Only	
Date Received	_____
GREDA Review Date	_____
GREDA Approval	_____

Applicant Information:

The undersigned do hereby respectfully request the Grand Rapids Economic Development Authority's consideration of a Commercial Building Improvement Loan: *(If the applicant is not the property owner, the property owner must, also, sign the application.)*

Grand Rapids Hotel Properties, LLC Name of Applicant <i>(print)</i>	_____	Same Name of Owner <i>(print)</i>	_____
520 1st Ave. NE Address	_____	Address	_____
Grand Rapids MN 55744 City State Zip	_____	City State Zip	_____
612-240-8705; skoester@reboundenterprises.com Telephone/ E-Mail	_____	Telephone/E-Mail	_____

Doing business as: _____

What is your interest in the building/property? (check one)

- Own the Business Lease the building
 Purchasing the building on contract for deed Other: _____

Project Information:

Tax Parcel # 91-676-0110 Existing Zoning: General Business

Existing Use: Vacant Land Proposed Use: Best Western Plus hotel

Property Address / Location: 2309 SW 1st. Avenue, Grand Rapids, MN

Legal Description: Lot 1 Block 1 Rebound Commercial Addition
(attach additional sheet if necessary)

Description of your proposed commercial building improvement project: Construction of 82 room Best Western Plus
(attach additional sheet if necessary)

Are you coordinating your project with any neighboring businesses? Yes No

If yes, please provide their name(s) and the nature of their project(s): _____

When would you like to begin your project? Fall 2020

How much time will be needed to complete the project? 12 Months

If your project is located in the CBD (Central Business District), please explain how it furthers the objectives stated within the *Downtown Redevelopment Master Plan*. *(if applicable)*

(attach additional sheet if necessary)

Project Cost/Financing:

The GREDA Commercial Building Improvement Loan Program may finance up to 75% or \$40,000 of eligible project costs, whichever is less.

Please provide a breakdown of this estimated cost by construction category (*attach copies of quotes*):

Construction Item/Category	Estimated Cost (Quote)
See attached	
Total Estimated Cost:	

(attach additional sheet if necessary)

Please provide a list of proposed/secured financing sources:

Source	Secured (yes/no)	Amount
GREDA Commercial Bldg. Improvement Loan (requested amount)	no	40,000
Bank	no	8,840,000
Cash	Yes	1,900,000
Other (specify) <u>Subordinated Debt</u>	Yes	900,000
Other (specify) <u>TBD</u>	no	958,225
	Total \$	12,638,225

Required Submittals with Application:

- Application Fee - \$150.00
- Building/Site Photos
- Concept Plan
- Copies of Tax Returns (past 3 years)
- Cash Flow Projections (3 years)*
- Estim. Income Statements (3 years)*
- Business Plan
- Letters of Commitment
- Credit Report
- Evidence of ownership in the form of title insurance, title opinion, or copy of deed
- Marketing Information

* MN Small Business Development Center at Itasca Economic Development Corp. can assist with this, free of charge.

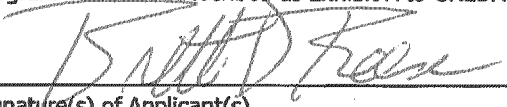
If Loan is Approved, Additional Submittals Required Prior to Disbursement of Funds:

- Verification that building is insured at a level equal to its value, with the GREDA listed as an additional insured.
- Ownership and encumbrance report
- Copies of receipts for project expenses.
- Verification from the City Building Official that the project is complete.
- Security: Personal guarantee in the form of a Promissory Note (*form provided by City*) and a mortgage.

INCOMPLETE APPLICATIONS WILL NOT BE ACCEPTED

More information may be requested by the Grand Rapid Economic Development Authority, if deemed necessary, to properly evaluate your request.

I certify that, to the best of my knowledge, information, and belief, all of the information presented by me in this application is accurate and complete and includes all required information and submittals, and that I consent to entry upon the subject property by public officers, employees, and agents of the City of Grand Rapids wishing to view the site for purposes of processing, evaluating, and deciding upon this application. Further, I have read and fully understand the CBIL Program Guidelines described as Exhibit A to GREDA Resolution 08-03.


Signature(s) of Applicant(s)

8/31/20
Date