



GRAND RAPIDS ECONOMIC DEVELOPMENT AUTHORITY

Thursday, August 13, 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, August 13, 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 July 23, 2020 regular meeting.
5. Consider approval of claims
6. Consider approval of a recommended 2021 GREDA Operating Budget and levy request.
7. Consider approval of an addendum to Blandin Foundation Program Related Investment Agreement for the Emergency Working Capital Loan Fund and authorize the Executive Director's signature.
8. Consider approval of an addendum to Blandin Foundation Program Related Investment Agreement for the Redevelopment Loan Fund and authorize the Executive Director's signature.
9. Consider approval of a Coronavirus Relief Fund Small Business Grant Program and its Policy.
10. Consider approval of an amended policy for the Emergency Working Capital Loan Program.
11. Consider approval of an amended application form for the Emergency Working Capital Loan Program.
12. Consider approval a residential lease agreement with ICS Consulting for 3202 Airport Road.
13. Consider a request to terminate the Lease Agreement with Embrace Mental Health, effective August 31, 2020.
14. Updates:
15. 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, JULY 23, 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, July 23, 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: Dale Christy, Sholom Blake, Tasha Connelly, John O’Leary Mike Korte, Mike Przytarski, Cory Jackson. Absent: None.

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

APPROVAL OF MINUTES:

MOTION BY COMMISSIONER CONNELLY, SECOND BY COMMISSIONER PRZYTARSKI TO APPROVE THE MINUTES OF THE JULY 16, 2020 SPECIAL MEETING. The following roll call vote was taken: Yea: Jackson, Connelly, O’ Leary, Christy, Korte, Przytarski, Blake. Opposed: None, passed unanimously.

APPROVAL OF CLAIMS:

MOTION BY COMMISSIONER O’LEARY, SECOND BY COMMISSIONER KORTE TO APPROVE CLAIMS IN THE AMOUNT OF \$52,307.28.

Blandin Foundation	\$17,500.00	Itasca County H.R.A.	\$32,744.90
P.U.C	\$62.38	The Northspan Group	\$1,500.00
Wellson Group Inc	\$500.00		

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

Consider adopting a resolution accepting a grant from the MN IRRR Taconite Area Community Assistance Program.

The GREDA has been awarded a \$200,000.00 grant which will be used for the Emergency Working Capital Loan Program.

MOTION BY COMMISSIONER CHRISTY, SECOND BY COMMISSIONER CONNELLY TO ADOPT RESOLUTION 20-04 ACCEPTING A \$200,000.00 GRANT FROM THE MINNESOTA DEPARTMENT OF IRON RANGE RESOURCES AND REHABILITATION TACONITE AREA COMMUNITY RELIEF PROGRAM FOR RECAPITALIZATION OF THE EMERGENCY WORKING CAPITAL LOAN PROGRAM. The following roll call vote was taken: Yea: Jackson, Connelly, O’ Leary, Christy, Korte, Przytarski, Blake. Opposed: None, passed unanimously.

Consider entering into an Acquisition of Services Agreement with Wellson Group, Inc.

Wellson shall work as the facilitator in the negotiation and purchasing of parcels 91-410-1840 and 91-410-1850 for a fee not to exceed \$10,000.00.

MOTION BY COMMISSIONER PRZYTARSKI, SECOND BY COMMISSIONER O'LEARY TO ENTER INTO AN ACQUISITION OF SERVICES AGREEMENT WITH WELLSON GROUP, INC. The following roll call vote was taken: Yea: Christy, Korte, Connelly, Przytarski, Jackson, O'Leary, Blake. Opposed: None, passed unanimously.

Consider approval of a Subordination Agreement with American Bank of the North regarding the Rapids Brewing CBIL Program loan.

Rapids Brewing will be closing on their permanent financing package and needs the GREDA to approve Subordination Agreements with American Bank and SPEDCO.

MOTION BY COMMISSIONER O'LEARY, SECOND BY COMMISSIONER KORTE TO APPROVE THE SUBORDINATION AGREEMENT WITH AMERICAN BANK OF THE NORTH AND WAIVE THE REQUIREMENT FOR A NEW APPRAISAL. The following roll call vote was taken: O'Leary, Korte, Jackson, Connelly, Christy, Blake. Opposed: None, Przytarski abstained, motion passed.

Consider approval of a Subordination Agreement with SPEDCO regarding the Rapids Brewing CBIL Program Loan.

MOTION BY COMMISSIONER CHRISTY, SECOND BY COMMISSIONER CONNELLY TO APPROVE THE SUBORDINATION AGREEMENT WITH SPEDCO AND WAIVE THE REQUIRMENT FOR A NEW APPRAISAL. The following roll call vote was taken: Yea: Christy, Korte, Connelly, Jackson, O'Leary, Blake. Opposed: None, Przytarski abstained, motion passed.

Consider approval of Emergency Working Capital Loans and authorize their payment.

MOTION BY COMMISSIONER KORTE, SECOND BY COMMISSIONER O'LEARY TO APPROVE AN EMERGENCY WORKING CAPITAL LOAN TO GLEN'S ARMY NAVY AND AUTHORIZE PAYMENT IN THE AMOUNT OF \$15,000. The following roll call vote was taken: Yea: Christy, Connelly, Korte, Przytarski, Jackson, O'Leary, Blake. Nay: None, passed unanimously.

MOTION BY COMMISSIONER JACKSON, SECOND BY COMMISSIONER PRZYTARSKI TO APPROVE AN EMERGENCY WORKING CAPITAL LOAN TO HIGH NRG ENTERTAINMENT AND AUTHORIZE PAYMENT IN THE AMOUNT OF \$10,000. The following roll call vote was taken: Yea: Christy, Connelly, Korte, Przytarski, Jackson, O'Leary, Blake. Nay: None, passed unanimously.

There being no further business the meeting adjourned at 4:47 p.m.

Respectfully submitted:

Aurimy Groom, Recorder

DRAFT



REQUEST FOR GRAND RAPIDS EDA ACTION

Agenda Item #6

Meeting Date: 8/13/20

Statement of Issue:

Review and consider recommendations for draft 2021 GREDA Operations Budget and levy for Capital Projects Fund

Background:

The Finance Department is requesting GREDA's recommended Operating Budget for 2021. I have attached a marked up operating budget worksheet for your review. The worksheet shows the actual line item expenditures in 2016-2019, as well as the 2020 adopted budget and a 2021 proposed budget, under which I have entered my suggestions. As you can see from the worksheet and the graph showing the Operating Fund history, GREDA will need to transfer funds into the Operating Fund to maintain a positive balance at the end of 2021. The budget recommendation is for a transfer of \$30,000, which will provide for a positive balance over the next two years.

As provided for under §5469.107, the GREDA has over the last several years has requested the City levy for additional monies to begin to sustain a balance in the GREDA Capital Projects Fund. For the last few years, GREDA has requested and received a levy of \$60,000. Under this proposed budget, however, half of the requested levy would be transferred to the Operating Fund and the other half would be directed to the Capital Projects Fund.

Recommendation:

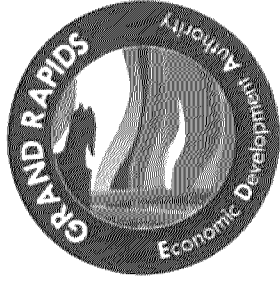
Review the proposed 2021 Operating Budget, consider any amendments and pass on a recommended budget to the City Council.

Required Action:

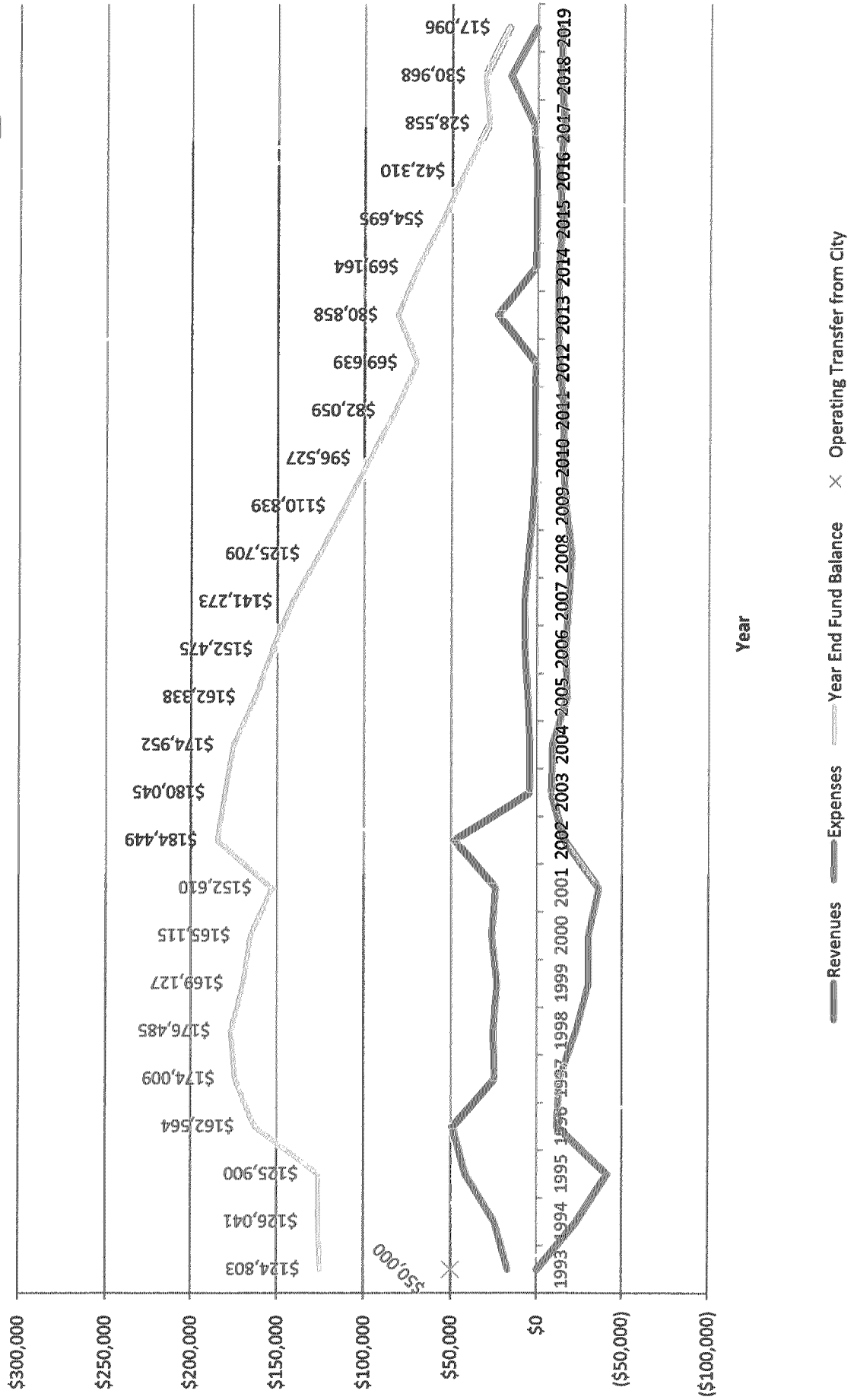
Pass a motion adopting a recommended 2021 Operating Budget, a levy request of \$60,000 and direction to the Finance Department to transfer \$30,000 of the 2021 levy for GREDA into the Operating Fund.

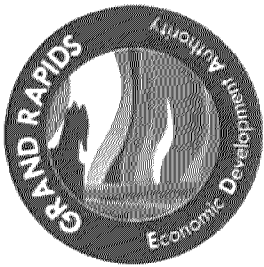
Attachments:

Budget Worksheet
GREDA Capital Projects Fund History Graph
GREDA Operating Fund History Graph

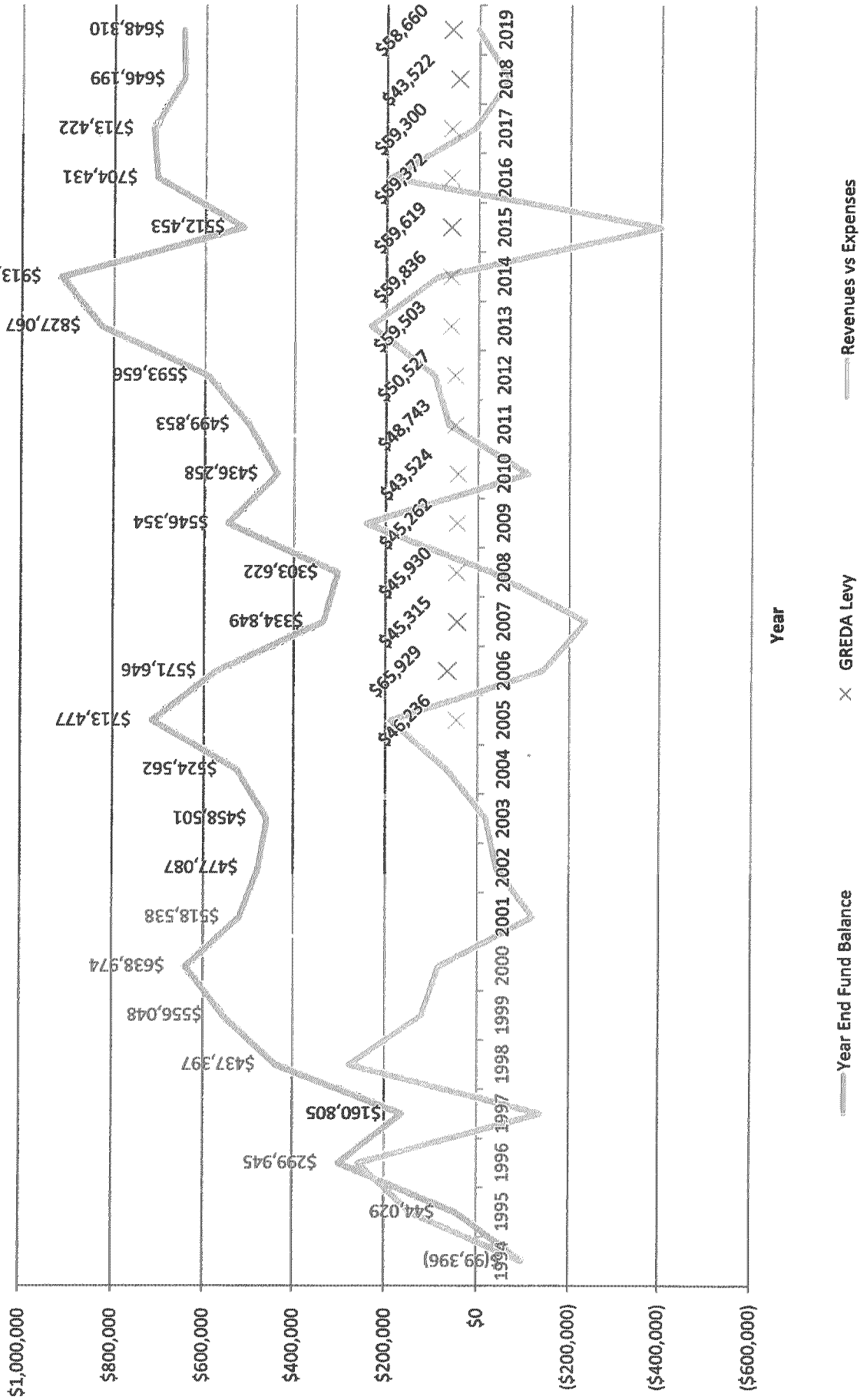


GREDA Operating Fund Revenue/Expense History 1993-2019





GREDA Capital Project Fund Fund Balance, Revenue/Expense History 1994-2019



CITY OF GRAND RAPIDS
ECONOMIC DEVELOPMENT AUTHORITY
Actual 2016-2019 Expenditures, 2020 Budget And Proposed 2021 Budget

	2016 ACTUAL	2017 ACTUAL	2018 ACTUAL	2019 ACTUAL	2020 BUDGET	PROPOSED 2021 BUDGET
Fund Balance 1/1/XX:	54,695	42,310	28,558	30,968	17,097	1,697
REVENUES:						
Taxes						
Current	-		15,000	-	-	30,000
Fiscal Disparities	-		-	-	-	
Total Taxes	-	-	15,000	-	-	30,000
Intergovernmental						
Supplemental Aid	-		-	-	-	
Total Intergovernmental	-	-	-	-	-	-
Miscellaneous Revenue						
Miscellaneous Revenue	-	1,995	779	-		
Interest - Investments	394	310	345	427	400	400
Total Miscellaneous	394	2,305	1,124	427	400	400
Other Sources						
Fund Balance Usage	-	-	-	-		
TOTAL REVENUES	394	2,305	16,124	427	400	30,400
EXPENDITURES:						
Supplies/Materials	29	7	31	23	50	50
Professional Services	272	138	153	229	350	400
Accounting/Auditing Services	2,250	3,013	2,360	3,183	3,100	3,200
Legal	-	2,432	779	752	1,500	1,500
Consulting	10,000	10,000	10,000	10,000	10,000	10,000
Seminars/Meetings	-	-	-	-	250	250
General Insurance	15	22	17	17	50	50
Other Charges & Services	213	446	374	94	500	500
TOTAL EXPENDITURES	12,779	16,057	13,714	14,298	15,800	15,950
REVENUES > EXPENDITURES	(12,385)	(13,753)	2,410	(13,871)	(15,400)	14,450
FUND BALANCE 12/31/XX	\$ 42,310	\$ 28,558	\$ 30,968	\$ 17,097	\$ 1,697	\$ 16,147

**ADDENDUM TO PROGRAM RELATED INVESTMENT AGREEMENT
WORKING CAPITAL LOAN FUND**

This Agreement is made and executed effective as of August 1, 2020 by and between the Charles K. Blandin Foundation (“Blandin”) and the Grand Rapids Economic Development Authority (the “Authority”), as an Addendum to a Program Related Investment Agreement (the “PRI Agreement”) made by the parties on April 1, 2020.

WHEREAS, on April 1, 2020 Blandin and the Authority signed and executed a program related investment in the form of a loan to the Authority in an amount of up to \$500,000 to establish the Emergency Working Capital Loan Fund, on terms set out in the PRI Agreement and accompanying Promissory Note (the “Promissory Note”); and

WHEREAS, the Authority desires to transfer \$150,000 from the Redevelopment Fund, pursuant to a Program Related Investment dated January 2, 2020 (amended on April 1, 2020 and August 1, 2020), to the Working Capital Loan Fund, in order to use such funds to continue to make emergency working capital loans to local businesses negatively impacted by the COVID-19 pandemic;

NOW, THEREFORE, the parties agree that the PRI Agreement and Promissory Note shall be amended to increase the maximum aggregate Emergency Working Capital Loan Fund to \$650,000. The remaining terms of the PRI Agreement and Promissory Note are hereby affirmed and ratified.

IN WITNESS WHEREOF, the parties have set their hands as of the date set forth above.

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

**ADDENDUM II TO PROGRAM RELATED INVESTMENT AGREEMENT
REDEVELOPMENT FUND**

This Agreement is made and executed effective as of August 1, 2020 by and between the Charles K. Blandin Foundation (“Blandin”) and the Grand Rapids Economic Development Authority (the “Authority”), as the Second Addendum to a Program Related Investment Agreement (the “PRI Agreement”) made by the parties on January 2, 2020.

WHEREAS, on January 2, 2020, Blandin and the Authority signed and executed a program related investment in the form of a loan to the Authority in an amount of up to \$1,000,000 for the Redevelopment Fund, on terms set out in the PRI Agreement and accompanying Promissory Note (the “Promissory Note”); and

WHEREAS, on April 1, 2020 the Authority desired to transfer \$400,000 of the maximum aggregate loan amount to a separate fund to be called the Emergency Working Capital Loan Fund, pursuant to a Program Related Investment Agreement dated April 1, 2020, in order to use such funds to make emergency working capital loans to local businesses negatively impacted by the COVID-19 pandemic; and

WHEREAS, on April 1, 2020 the parties agreed that the PRI Agreement and Promissory note were officially amended to decrease the maximum aggregate Redevelopment Fund amount to \$600,000; and

WHEREAS, on August 1, 2020 the Authority desires to further transfer \$150,000 from the Redevelopment Fund to the Emergency Working Capital Loan Fund, also pursuant to the Program Related Investment Agreement dated April 1, 2020, in order to continue to make emergency working capital loans to local businesses negatively impacted by the COVID-19 pandemic,

NOW, THEREFORE, the parties agree that the PRI Agreement and Promissory Note shall be amended one final time to decrease the maximum aggregate Redevelopment Fund amount to \$450,000. The remaining terms of the PRI Agreement and Promissory Note are hereby affirmed and ratified.

IN WITNESS WHEREOF, the parties have set their hands as of the date set forth above.

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



Grand Rapids Economic Development Authority Coronavirus Relief Fund Small Business Grant Program Policy

Adopted by the Grand Rapids Economic Development Authority on 8/13/2020

Consistent with its mission to advance measures that support and grow the economy, the Grand Rapids Economic Development Authority (GREDA) has taken action to establish a grant program to provide economic support to small businesses in Grand Rapids that have suffered from business interruptions due to COVID-19-related business closures.

1. Program Funding Source - CARES Act Coronavirus Relief Fund

- Section 5001 of the CARES Act established the \$150 billion Coronavirus Relief Fund (CRF), providing payments to State, Local, and Tribal governments navigating the impact of the COVID-19 outbreak. The CARES Act sets criteria that expenses must meet to be eligible for CRF funding.
- On June 25, 2020, Governor Walz announced a plan to distribute \$853 million in relief to communities across the state impacted by the COVID-19 pandemic. \$841 million will be distributed to Minnesota counties, cities, and towns to support local government coronavirus relief efforts. \$12 million will be allocated toward food shelves and food banks to help combat hunger across Minnesota. The funding was authorized under the federal Coronavirus Aid, Relief, and Economic Security (CARES) Act.
- Based upon a per capita formula, the City of Grand Rapids received \$858,276. The City has considered its needs for the allowable use of the funds, and has adopted Resolution 20- allocating up to \$425,000 to GREDA to provide additional economic relief to Grand Rapids small businesses, as permitted by CRF.

2. Qualifying Costs – CARES Act Coronavirus Relief Fund - The CARES Act provides that payment from the CRF may only be used to cover costs that are:

- **Necessary Expenditures incurred due to the public health emergency with respect to COVID-19**
 - NECESSARY- expenditure is reasonably necessary for its intended use in the reasonable judgement of the government officials responsible for spending Fund Payments.
 - DUE TO – Expenditures must be used for actions taken to respond to the public health emergency; including expenditures incurred to respond directly to the emergency, as well as expenditures incurred to respond to second-order effects, such as by providing economic support to those suffering from employment or business interruptions due to COVID-19 related business closures.
- **Unaccounted-for Expenses – Costs not accounted for in the budget most recently approved as of March 27, 2020.**
 - “NOT ACCOUNTED FOR”: (a) the COST CANNOT LAWFULLY BE FUNDED using a line item, allotment, or allocation within that budget; or (b) the cost is for a SUBSTANTIALLY DIFFERENT use from any expected use of funds in such a line item, allotment, or allocation.
 - “MOST RECENTLY APPROVED” budget: the enacted budget for the relevant fiscal period for the particular government, without taking into account subsequent supplemental

appropriations enacted or other budgetary adjustments made by that government in response to the COVID-19 public health emergency.

- **Costs incurred during covered period**
 - "INCURRED" - performance or delivery must occur during the covered period but payment of funds need not be made during that time (though it is generally expected that this will take place within 90 days of a cost being incurred.)
 - "COVERED PERIOD" for cities and townships: March 1, 2020 – November 15, 2020.

3. Eligible Uses (Economic Support) - CARES Act Coronavirus Relief Fund

- The U.S. Department of Treasury published *Coronavirus Relief Fund Guidance for State, Territorial, Local and Tribal Governments*, updated 6/30/2020, (Guidance) provides a list of non-exclusive examples of eligible CRF expenditures.
- Listed within the Guidance as an example of an eligible CRF expenditure is:
 - Expenses associated with the provision of economic support in connection with the COVID-19 public health emergency, such as: Expenditures related to the provision of grants to small businesses to reimburse the costs of business interruption caused by required closures.
 - This may also include grants to small businesses that close voluntarily to promote social distancing measures or that are affected by decreased customer demand as a result of the COVID-19 public health emergency.
- The GREDA Coronavirus Relief Fund Small Business Grant Program, described herein, is designed to adhere to the Guidance and address the specific eligible expenditure described above.

4. Goals and Objectives - GREDA Coronavirus Relief Fund Small Business Grant Program

- Provide grants to small businesses located in the City of Grand Rapids to reimburse costs of business interruption caused by required closures and those that close voluntarily to promote social distancing measures or that are affected by decreased customer demand resulting from the COVID-19 public health emergency.
 - Grants will be provided as a match to GREDA Emergency Working Capital Loan (EWCL) Recipients.
- To maximize the use and effectiveness of both this Program and the GREDA EWCL Program.
- Facilitate business survival, especially small businesses, during the pandemic.
- To the greatest extent possible, enhance the retention and re-establishment of jobs in the City.
- To the greatest extent possible, direct the funds to those businesses most severely impacted by this pandemic in an unbiased, equitable manner.

5. Eligible Applicants - GREDA Coronavirus Relief Fund Small Business Grant Program

- Any business located in the City limits of Grand Rapid that has been impacted by the social and economic disturbance resulting from closures and interruptions caused by the COVID-19 public health emergency; and
- Has applied for and been awarded a GREDA EWCL Program loan; and
- Is registered with the Minnesota Secretary of State as a Minnesota based business as of December 1, 2019; and

- If a registered business is a non-profit corporation, it must derive a majority of its income from sources other than private donations, excluding grants, and fit the social enterprise model.
- Is current with their local property taxes, if applicable.
- Applicants that have been awarded an EWCL Program loan prior to the creation of this Program must attest to their need for additional economic support in a request to GREDA for grant funds administered under this Program.

6. Eligible Grant Activities - GREDA Coronavirus Relief Fund Small Business Grant Program

- Reimbursement of small business costs caused by business interruption resulting from the COVID-19 public health emergency.
- Other activities as determined by the GREDA Board of Commissioners to be qualified under any updates to the U.S. Department of Treasury published *Coronavirus Relief Fund Guidance for State, Territorial, Local and Tribal Governments*.

7. Other Considerations - GREDA Coronavirus Relief Fund Small Business Grant Program

- Compliance with all government regulations.
- GREDA Coronavirus Relief Fund Small Business Grant funds will be available for as long as a positive fund balance for this Program exists during the Covered Period described in Section 2 of this Policy.
- GREDA reserves the right to limit the amount of funds available for this program at any time.
- Notice of grant approval and a grant agreement, in a form provided by GREDA, will be sent via email to the address provided in the associated EWCL application form. If, after 14 calendar days and 2 additional attempts to contact the recipient, a signed grant agreement has not been received by GREDA, GREDA may rescind its approval of the grant.

8. Budget for GREDA Coronavirus Relief Fund Small Business Grant Program

- GREDA has introduced a second round of EWCL funding comprised of:
 - IRRR Grant \$200,000
 - Blandin Foundation PRI \$150,000
 - Remaining Balance of first round of EWCL \$11,000
 - \$361,000**

- GREDA has previously provided \$489,000 of EWCL to 36 businesses, in the first round.

Grants for Existing EWCL Recipients	\$489,000 * 50%	\$244,500
Grants for EWCL Round 2 Recipients	\$361,000 @ 50%, 62.5%, 70% and 75%	<u>\$166,500</u>
		\$411,000

9. Conflict of Interest - GREDA Coronavirus Relief Fund Small Business Grant Program

- Any GREDA Commissioner that may indirectly or directly gain financially from grant transactions shall immediately inform the Board of any potential conflict of interest.
- If a potential conflict of interest exists, all necessary steps will be taken to ensure that the application is processed in full accordance with GREDA policies, and local and State regulations.

10. Grant Conditions - GREDA Coronavirus Relief Fund Small Business Grant Program

- Maximum grant amount is equal to 50% of the past or presently approved EWCL Loan Amounts equal to or less than \$15,000.
- Maximum grant amount is equal to 62.5% of approved EWCL Loan Amounts equal to \$20,000.
- Maximum grant amount is equal to 70% of approved EWCL Loan Amounts equal to \$25,000.
- Maximum grant amount is equal to 75% of approved EWCL Loan Amounts equal to \$30,000.
- GREDA reserves the right to award less than the maximum grant amount.
- Applicant must certify that grant funds will be used only for eligible expenditures, and that the applicant has not received assistance from any other source to pay the expenditures submitted for grant assistance.

11. Application Requirements

- Completed "Emergency Working Capital Loan" application and its required submittals
- Applications will be reviewed by a minimum of two GREDA Commissioners and the Executive Director and will be acted upon by the full Board of GREDA Commissioners.

12. Grant Agreement

- Grant recipients are required to execute a grant agreement with GREDA, in the form provided by GREDA, prior to the disbursement of grant funds to the recipient.

13. Grant Monitoring by GREDA

- If a local government has transferred funds to another entity, the Treasury Department would seek to recoup any funds used in a manner not consistent with the CARES Act from the government entity that received the CRF Fund payment directly from the State.
- GREDA's award of grants to business entities, through this program, requires that GREDA ensure the business entities, as a subrecipient, follow the same federal requirements GREDA and the City are subject to.
- GREDA is responsible for subrecipient monitoring regulations under [Uniform Grant Guidance](#).
- In accepting the grant funds from GREDA, business entities are required to provide all information necessary to allow GREDA to perform the required monitoring.

14. Reporting by Grant Recipients

- At 6 months and one year following grant disbursement, loan recipients will be required to report on their use of the grant funds and the impact of the grant in areas such as jobs retained and jobs created.

CRF Small Business Grant Amounts

<u>EWCL Loan Amounts</u>	<u>\$15,000.00</u>	<u>\$20,000.00</u>	<u>\$25,000.00</u>	<u>\$30,000.00</u>
50% Grant	\$7,500.00	\$10,000.00	\$12,500.00	\$15,000.00
Net Liability	\$7,500.00	\$10,000.00	\$12,500.00	\$15,000.00
62.5% Grant	\$9,375.00	\$12,500.00	\$15,625.00	\$18,750.00
Net Liability	\$5,625.00	\$7,500.00	\$9,375.00	\$11,250.00
70% Grant	\$10,500.00	\$14,000.00	\$17,500.00	\$21,000.00
Net Liability	\$4,500.00	\$6,000.00	\$7,500.00	\$9,000.00
75% Grant	\$11,250.00	\$15,000.00	\$18,750.00	\$22,500.00
Net Liability	\$3,750.00	\$5,000.00	\$6,250.00	\$7,500.00

Under this scenario we would offer loans up to \$15,000 matched by a grant = 50%

The next loan amount available would be \$20,000 matched by a grant = 62.5%

The next loan amount available would be \$25,000 matched by a grant = 70%

The next loan amount available would be \$30,000 matched by a grant = 75%



Grand Rapids Economic Development Authority Emergency Working Capital Loan Policy

Adopted by the Grand Rapids Economic Development Authority on 3/30/2020
Amended on 4/23/2020
Amended on 8/13/2020

Consistent with their mission to advance measures that support and grow the economy, the Grand Rapids Economic Development Authority (GREDA) has taken action to establish an emergency working capital loan program to assist and help sustain our community businesses during these uncertain and stressful economic conditions associated with the current COVID-19 pandemic.

1. Goals and Objectives

- Provide emergency financing for businesses located in the City of Grand Rapids experiencing financial hardships, due to the executive orders issued by Governor Waltz related to the COVID-19 Pandemic.
- Allocate \$500,000 in GREDA resources available through Program Related Investments from the Blandin Foundation.
- Allocate an additional \$350,000 in GREDA resources available through a \$200,000 MN Iron Range Resources and Rehabilitation grant and an additional \$150,000 Program Related Investment from the Blandin Foundation.
- To maximize the use and effectiveness of both this Program and the GREDA Coronavirus Relief Fund Small Business Grant program.
- Facilitate business survival, especially small businesses, during this pandemic.
- To the greatest extent possible, enhance the retention and re-establishment of jobs in the City.
- To the greatest extent possible, direct the funds to those businesses most severely impacted by this pandemic.

2. Eligible Applicants

- All businesses, located in the City limits of Grand Rapids that have been impacted by the social and economic disturbance resulting from the COVID-19 Pandemic. Those business categories referenced in Governor Waltz's Executive Orders 20-04 and 20-08 may be given preference.
- All eligible applicants must be registered with the Minnesota Secretary of State as a Minnesota based business as of December 1, 2019.
 - If a registered business is a non-profit corporation, it must derive a majority of its income from sources other than private donations, excluding grants, and fit the social enterprise model.
- All eligible applications must be current with their local property taxes, if applicable.

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3. Eligible Loan Activities

- Operating capital to assist the business with sustaining itself, such as; debt service payments, accounts payable, operating expenses, accruals, and inventory necessary to resume or re-structure operations of the business.

- Other activities having sufficient merit as determined by the GREDA Board of Commissioners on a case-by-case basis.

4. Other Considerations

- Compliance with all government regulations.
- Emergency Working Capital Loan funds will be available for as long as GREDA determines prudent, and GREDA reserves the right to limit the amount of funds available for this program at any time.
- Notice of loan approval, a promissory note and a W-9 form will be sent via email to the address provided in the application. If, after 14 calendar days and two additional attempts to contact the recipient, a signed promissory note has not been received by GREDA, GREDA may rescind their approval of the loan.
- 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

5. Conflict of Interest

- Any GREDA Commissioner that may indirectly or directly gain financially from loan transactions shall immediately inform the Board of any potential conflict of interest.
- If a potential conflict of interest exists, all necessary steps will be taken to ensure that the loan application is processed in full accordance with GREDA policies, and local and State regulations.

6. Loan Conditions

- Maximum loan amount is ~~\$150,000.00~~ \$1,530,000.00
- Minimum loan amount is \$1,000.00
- Interest rate will be zero percent
- Loans will be fully amortized over their 60 months term, beginning with the first required payment.
- Loan repayments will be deferred for 6 months following loan disbursement
- There will be no penalty for early repayment.
- Upon default of loan, or the permanent closure or sale of the business, the loan immediately becomes due and payable in full
- Loans are not transferable unless the transfer is approved by GREDA
- Loans will be serviced by the City of Grand Rapids Finance Department.
- Loan payment method will be automatic withdrawal ("ACH")

7. Application Requirements

- Completed "Emergency Working Capital Loan" application and its required submittals
- Applications will be reviewed by a minimum of two GREDA Commissioners and the Executive Director and will be acted upon by the full Board of GREDA Commissioners.

8. Collateral

- Loans will be secured with a Promissory Note, the form of which will be provided by GREDA.

9. Reporting

- At 6 months and one year following loan disbursement, loan recipients will be required to report on the impact of the loan in areas such as; jobs retained and jobs created.



Emergency Working Capital 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.grandrapidseda.com

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

The Grand Rapids Economic Development Authority (GEDA), in partnership with the Blandin Foundation, recognizes the difficult times our local businesses are facing during the COVID-19 Pandemic. To assist those businesses most impacted, GEDA is offering Working Capital Loans of up to \$15,000. These loans will carry a 0% interest rate with repayment through 60 equal monthly installments beginning the seventh month after disbursement. A Promissory Note will secure all loans. All loans made under the Emergency Working Capital Loan Program will be subject to the terms and conditions of this application and GEDA's Emergency Working Capital Loan Policy, which is accessible at www.grandrapidseda.com

Applicant Information:

The undersigned do hereby respectfully request the Grand Rapids Economic Development Authority's consideration of an Emergency Working Capital Loan:

Name of Applicant/Business Owner (<i>print</i>) _____			Name of Co-Applicant (<i>print</i>) _____		
Address _____			Address _____		
City _____	State _____	Zip _____	City _____	State _____	Zip _____
Telephone/ E-Mail _____			Telephone/E-Mail _____		
Doing business as: _____			Requested Loan Amount: \$ <input type="text"/>		

Business Information:

Business Address: _____ No of years in business: _____

Briefly describe the business and customers served: _____

Has your business been ordered or elected to suspend or cut back activity during the COVID-19 Pandemic? _____

Was it included under Governor Walz's Executive Orders 20-04 and 20-08? _____

On a separate attachment, please describe the timing and circumstances of any closure of your business, either by Executive Order, to promote social distancing or as a result of decreased customer demand resulting from the COVID-19 public health emergency.

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On a separate attachment, please describe and illustrate the level of customer demand, compared to last year, your business has experienced during the pandemic and the economic impact to your business.

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How many full time equivalent (FTE) positions did you employ prior to the Pandemic? _____ How many FTE positions have you laid off as a result of the Pandemic's impact to your business? _____

Is your business servicing long-term debt? _____

Is your business experiencing a negative cash flow that is a direct result of the Pandemic? _____

Please estimate your ((Current Cash + Marketable Securities + Accounts Receivable) ÷ Current Liabilities) _____

Please estimate your working capital needs over the next six months, using this formula: (Accounts Receivable + Inventory - Accounts Payable - Accruals) (please provide documentation to support your estimate) \$ _____

Do you have an untapped revolving credit line that you can use to fund a portion of your working capital need? _____

Are you or will you be accessing other sources of funds for your working capital needs, such as SBA Disaster Loans, PFEF Small Business Emergency Loans or emergency loans being offered by Inasa Economic Development Corporation? _____

Are you, will you or have you accessed other sources of funds for your working capital needs, such as SBA Disaster Loans, DEED Small Business Emergency Loans or emergency loans being offered by Itasca Economic Development Corporation.

If so, please describe which ones you have or will be accessing _____

Required Submittals with Application:

- Application Fee - \$0.00 _____
- Attachments referenced on Page 1 of the Application.
- Copies of Tax Returns (past 1 year) _____
- Personal Credit Report

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

Required Submittals with Application:

- Application Fee - \$0.00 _____
- Copies of Tax Returns (past 1 year) _____
- Personal Credit Report

I certify that, to the best of my knowledge, information, and belief, all of the information presented by me in this application is true, accurate and complete and includes all required information and submittals.

Signature(s) of Applicant(s)

Date

**Grand Rapids Economic Development Authority
Emergency Working Capital Loan Application**

TENESSEN WARNING: DATA PRIVACY STATEMENT

The information provided in the application materials or to be obtained separately as a part of the application process will be used by the lender to determine whether you qualify as a prospective borrower for the Grand Rapids Economic Development Authority (GREDA) Emergency Working Capital Loan program. The information provided in the application and information authorized above for assistance will become a matter of public record with the exception of those items protected under Minnesota Statutes Chapter 13, *Minnesota Government Data Practices Act*.

The groups or individuals with whom this private data information may be shared includes:

1. The GREDA Loan Review Committee and GREDA; and
2. Staff who are involved in program administration; and
3. Auditors who perform required audits of the program; and
4. Authorized personnel from other County, State, Federal or Regional Agencies providing funding assistance to you; and
5. Those other persons who you authorize to see the information; and
6. Law Enforcement personnel in the case of suspected fraud

Unless otherwise authorized by MN Statutes or Federal Law, other government agencies using the private data must also handle the data as private. You may wish to exercise your rights as contained in the MN Government Data Practices Act. Those rights include:

1. The right to see and obtain copies of the data maintained on you; and
2. Be told the contents and meaning of the data; and
3. Challenge the accuracy and completeness of the data

To exercise these rights, contact the Grand Rapids Economic Development Authority Executive Director at (218) 326.7622 or 420 Pokegama Avenue North, Grand Rapids, MN 55744.

Rob Mattei

From: Dana Butler <dana@embracemh.net>
Sent: Monday, August 3, 2020 9:16 AM
To: Rob Mattei
Subject: Lease

Follow Up Flag: Follow up
Flag Status: Flagged

Hi Rob,

I need to chat with you about my lease and options for moving my space. When I signed my lease in March I was fully expecting to have schools and life in general back to some sort of normal. However, as you know we are nowhere near that. This has put my family in a very tough spot. It looks like I am going to need to be home this fall in order to care for our children. I am so sad to think about NOT being in Old Central School and moving out is not my first choice. However, we are stuck in a really tough position balancing health, school, finances, insurance, etc. It's been about 6 months since my year long lease started. I'm hoping we can work something out so I can meet the needs of my family.

I look forward to hearing back from you.

Thank you,
Dana

--

Dana Butler, LMFT (She/Her)
Embrace Mental Health, LLC
10 NW 5th St
Suite 3
Grand Rapids MN 55744
(P) 218-297-0055
(F) 218-326-7932
Facebook: Embrace Mental Health, LLC

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RESIDENTIAL LEASE

I. IDENTIFICATION OF PARTIES, PREMISES AND LEASE TERM

A. Parties and Premises

GRAND RAPIDS ECONOMIC DEVELOPMENT AUTHORITY (“Landlord”) hereby leases the Property at 3002 Airport Road, Grand Rapids, as legally described on Exhibit A attached hereto, Itasca County, Minnesota (the “Premises”), under the terms and conditions stated herein, to ICS Consulting, a Minnesota Corporation (“Tenant”).

B. Term

This Lease will begin on October 1, 2020 and end on the earlier of October 1, 2021 or when terminated pursuant to the provisions of Section VIII.B. hereof, unless extended pursuant to Section VIII.A. hereof.

II. PAYMENTS DUE UNDER THE LEASE

A. Rent

\$1,500 per month. Tenant is responsible for utilities, property taxes, insurance and maintenance (i.e. plowing, mowing, etc.)

B. Security Deposit

One month’s rent plus additional amounts called for through the Pet Addendum, if applicable.

C. Condition of Dwelling

By signing the Lease, Tenant acknowledges that the Premises are safe, clean and in good condition, and that all appliances and equipment in the Premises are in good working order. Landlord shall be responsible, at its sole expense, to keep all appliances (washer, dryer, refrigerator, stove, garbage disposal, dishwasher, etc., if any) and equipment (including without limitation the furnace, air conditioner, water heater and water softener, if any) in a state of good repair at all times during the term of this Lease. The Premises are provided unfurnished.

D. Utilities

Tenant is responsible for payment of all utilities and services that are furnished to the Premises as a result of Tenant’s occupancy of the Premises, including but not limited to the following: heat, gas, electricity, hot water, sewer, water, trash removal, recycling, telecommunications, and telephone. The accounts will remain with the Landlord and the Landlord will invoice the Tenant for reimbursement of those expenses on a monthly basis.

E. Good Working Order

Tenant is responsible to maintain in good safe working order and condition electrical, plumbing, sanitary, heating, ventilating and other facilities and appliances on the Premises. Tenant shall notify Landlord promptly if repairs are needed.

F. Maintenance and Service Charges

Tenant shall notify Landlord promptly of required repairs to structural elements of the Premises, and of unsafe conditions in the areas surrounding the Premises. Landlord shall be responsible for repair and maintenance of structural elements, such as the roof, walls, windows, and doors. Tenant agrees to pay reasonable charges for the repair of damage to the structural elements of the Premises and the areas surrounding the Premises caused by the Tenant, household members, guests or pets. Tenant also agrees to pay reasonable charges for repair of damages caused by the failure of the Tenant to report the need for repairs.

Notice of charges billed to Tenant for repairs or services under this section shall specify the items or damages involved, correctional action taken, and the charges shall be due and payable in full two (2) weeks after written notice is issued. Failure to pay for maintenance and service charges in a timely manner is a violation of this Lease and will be grounds for termination of the Lease pursuant to Section VIII.

G. Late Fees and Returned Check Fee

If Landlord does not receive payment by the fifth day of the month Tenant shall incur a \$20 late fee for each occurrence as additional rent. Tenant shall also pay \$20 for any check returned due to insufficient funds.

III. OCCUPANCY OF THE DWELLING UNIT

A. Proper Uses

Tenant shall not assign this Lease, nor sublet or transfer possession of the Premises, nor give accommodation to boarders or lodgers other than employees of Tenant. Tenant shall not use or permit the use of the dwelling unit for any purpose other than as a private dwelling unit solely for the Tenant's employees. All residents of the Premises must be approved and listed on the Lease or in a subsequent notice to Landlord. This provision does not exclude reasonable accommodation of Tenant's guests or visitors who may stay in the unit up to ten (10) days per guest per month, unless otherwise authorized by Landlord in writing.

B. Conduct on Premises

Tenant shall conduct itself and cause guests and other persons who are on the Premises with Tenant's consent to conduct themselves in a manner which will not disturb a neighbor's peaceful enjoyment of their accommodations and will be conducive to maintaining the Premises in a decent, safe, and sanitary manner and shall refrain from illegal or other activity which impairs

the physical or social environment of the Premises. Tenant shall not use or store on or near the Premises any flammable, toxic, hazardous or explosive substances.

Tenant shall refrain from, and cause employees and guests to refrain from destroying, defacing, damaging, or removing any part of the Premises.

C. Observations of Laws and Occupancy Rules

Tenant shall observe all requirements and obligations imposed by local, state or federal laws, applicable building and housing codes and by this Lease relating to the use of the Premises.

D. Pets

Tenant shall not be allowed to keep domesticated pets on the Premises except as may be permitted in accordance with any Pet Addendum that may be attached to this Agreement.

E. Smoking

Tenant shall not allow smoking on the premises.

IV. OBLIGATIONS AND RESPONSIBILITIES OF LANDLORD

A. Maintenance and Repairs; Abatement

Landlord shall be responsible for maintaining the structural elements of the buildings on the Premises, such as the roof, walls, windows, and doors in a safe condition in conformity with the requirements of building codes. Landlord shall make all necessary repairs, alterations, and improvements to the structural elements, such as the roof, walls, windows, and doors with reasonable promptness at its own cost and expense, unless the damages were caused by intentional conduct of Tenant or Tenant's guests.

B. Insurance.

Landlord shall maintain hazard insurance on the Property at all times.

C. No Responsibility for Tenant's Property

Landlord is not responsible for any damages and/or losses to Tenant's furniture or other personal belongings. Landlord's insurance will not cover the Tenant's personal property. Tenant understands and agrees that it shall be Tenant's responsibility to insure personal property on the Premises.

D. Taxes and Special Assessments.

It shall be Tenant's responsibility to reimburse Landlord for all real estate taxes attributable to the Premises as a result of this Lease. The parties are aware that private use of publicly owned

property, such as the Premises, in one calendar year may result in taxes payable in a following calendar year.

V. OBLIGATIONS AND RESPONSIBILITIES OF TENANT

A. Care of the Premises

Tenant shall keep the Premises in such condition as to prevent health, safety or sanitation problems from arising on the Premises and/or cause damage to the Premises.

B. Trash

Tenant shall dispose of all ashes, garbage, rubbish and other waste from the Premises in a safe and sanitary manner.

C. No Disorderly Conduct or Harassment

Tenant shall not permit any objectionable, threatening or disorderly conduct, offensive language, noise, or create a nuisance that will disturb or interfere with the Tenant's neighbors or Landlord personnel. Tenant shall also act in a cooperative manner with neighbors and Landlord personnel.

D. Alterations

Tenant may not make alterations or changes to the interior (i.e. painting or wallpapering) or exterior of the Premises or to equipment on the Premises, or install additional equipment or appliances on the Premises.

E. No Lock Changes

No additional or new locks shall be installed on any doors without prior written approval from Landlord.

F. Unlawful Activity

Tenant, employees, guests or other person's under Tenant's control shall not:

a. engage in any criminal activity that threatens the health, safety, or right of peaceful enjoyment of other residents, neighbors or Landlord personnel; or

b. engage in any drug-related criminal activity on or off the Premises (The term "drug-related criminal activity" means the illegal manufacture, sale, distribution, use or possession with intent to manufacture, sell, distribute or use a controlled substance or drug paraphernalia.)

The occurrence of any activity identified herein shall constitute good cause for the termination of the tenancy and immediate eviction of the Tenant from the Premises.

G. Tenant Cooperation

Tenant shall respond and comply with all reasonable requests of Landlord relating to the implementation of this Lease, including but not limited to responding to requests for information, allowing entry into the Premises by Landlord, returning required leasing documents to Landlord and cooperating with Landlord's maintenance employees. Tenant shall not interfere with the operation of the rental property by Landlord or engage in any activity or allow any condition that would cause a cancellation, restriction or increase in premium in Landlord's insurance.

VI. ENTRY OF PREMISES DURING TENANCY

Tenant agrees that any authorized agent, employee, or representative of Landlord may, upon advance notice to Tenant, be permitted to enter the Premises during reasonable business hours for the purpose of conducting routine inspections and maintenance, or for making improvements and repairs. Landlord will provide Tenant with at least two days' written notice of its intention of entering the Premises; provided, however, that Landlord shall have the right to enter the Premises at any time without advance written notification to Tenant, if Landlord reasonably believes that an emergency exists that requires such entrance or if Tenant has requested a service call or otherwise consented to Landlord's entry without prior notice. In the event that Tenant and all employee-occupants of Tenant are absent from the Premises at the time of entry, Landlord's agent, employee, or representative shall leave in the dwelling unit a written statement specifying the date, time, and purpose of entry.

VII. NOTICES

Notice by Landlord: Any notice from Landlord shall be in writing and either personally delivered to the Tenant residing in the Premises, or sent to the Tenant by Certified Mail, return receipt requested, properly addressed, and postage prepaid and addressed to: ICS Consulting, Inc., 3890 Pheasant Ridge Drive NE #180, Blaine, MN 55449, Attn: Chief Executive Officer.

Notice by Tenant: Any notice to Landlord, as owner of the Premises and managing agent of the Premises authorized to accept service of process, must be in writing and either personally delivered to Landlord at its office, or sent to Landlord by first-class mail, postage prepaid and addressed to: Grand Rapids Economic Development Authority, 420 N. Pokegama Avenue, Grand Rapids MN 55744-2658, Attn: Executive Director.

VIII. DURATION OF THE LEASE

A. Term of Lease.

This Lease shall be effective for one calendar year from its effective date. At the option of both parties, this Lease shall be extendable for additional one-year periods. Tenant must request any

extension of this Lease in writing, no later than 60 days prior to termination of this Lease, by notice delivered to Landlord as provided in Section VII. hereof. At the option of both parties, this lease may be terminated with 60 days' notice.

B. Landlord Termination.

Landlord may terminate the Lease for any of the following:

- Violation of Section I.A. of this Lease.
- Violation of Section II.F. of this Lease.
- Violation of Section V.F. of this Lease.
- Upon abandonment of the Premises by Tenant. The Premises are deemed to have been abandoned if during a continuous six-month period, Tenant has not resided at the Premises.

Landlord shall provide 30 days' advance written notice to Tenant of any termination under this Section and shall specify the cause for termination in the notice.

If Landlord terminates the Lease but Tenant does not move out voluntarily, Landlord may bring an eviction action. Under Minnesota law, seizure from any Premises of any illegal object or substance, including drugs, constitutes unlawful possession of the Premises by the Tenant, and is grounds for an automatic eviction.

C. Condition of Premises

Tenant agrees to leave the Premises in a clean and good condition, reasonable wear and tear excepted, to furnish a forwarding address, and to return all keys to Landlord when Tenant vacates. If Tenant abandons or vacates the Premises with personal property remaining in the Premises, Landlord shall store and dispose of the property in compliance with Minnesota law at the Tenant's expense.

IX. MODIFICATIONS

This Lease evidences the entire agreement between Landlord and Tenant. No change herein shall be made except in writing, signed, and dated by the parties.

X. SEVERABILITY CLAUSE

If any provisions of this Lease or portion of such provision or the application thereof to any person or circumstance is held to be invalid or unenforceable, the remainder of the lease or the remainder of such provision and the application thereof to other persons or circumstances shall not be affected thereby.

XI. NON-WAIVER OF LEASE VIOLATIONS

Landlord's failure to terminate the Lease upon the occurrence of any Lease violation shall not be considered a waiver of Landlord's right to terminate the Lease on the basis of any other violation of the Lease.

IN WITNESS WHEREOF, the parties have executed this Residential Lease this _____ day of _____, 2019, at _____, Minnesota.

GRAND RAPIDS ECONOMIC DEVELOPMENT
AUTHORITY, as Landlord

By _____
Its President

By _____
Its Executive Director

ICS CONSULTING, INC., as Tenant

By _____
Its _____

EXHIBIT A

Premises

Parcel 1 – 91-033-4402; 3002 Airport Rd, Grand Rapids, MN (Torrens)

The North two hundred eight feet (N. 208') of the East four hundred sixteen feet (E. 416') of the West six hundred fifty-seven feet (W. 657') of the Southeast Quarter of the Southeast Quarter (SE ¼ of SE1/4) of Section Thirty-three (33), Township Fifty-five (55) North, Range Twenty –five (25) West of the Fourth Principal Meridian, situated in the County of Itasca, State of Minnesota, according to the United States Government Survey thereof; and

Parcel 2 – 91-033-4401; 3002 Airport Rd, Grand Rapids, MN (Torrens)

The North Half of the Southeast Quarter of the Southeast Quarter (N. ½ of SE ¼ of SE 1/4), Section Thirty-three (33), Township Fifty-five (55) North, Range Twenty –five (25) West of the Fourth Principal Meridian, LESS the following:

The North two hundred eight feet (N. 208') of the East four hundred sixteen feet (E. 416') of the West six hundred fifty-seven feet (W. 657') of the Southeast Quarter of the Southeast Quarter (SE ¼ of SE1/4) of Section Thirty-three (33), Township Fifty-five (55) North, Range Twenty –five (25) West of the Fourth Principal Meridian

All in Itasca County, Minnesota.