



GRAND RAPIDS ECONOMIC DEVELOPMENT AUTHORITY

Thursday, July 23, 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, July 23, 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 16, 2020 special meeting.
5. Consider approval of claims
6. Consider adopting a resolution accepting a grant from the MN IRRR Taconite Area Community Assistance Program.
7. Consider entering into an Acquisition of Services Agreement with Wellson Group, Inc.
8. Consider approval of a Subordination Agreement with American Bank of the North regarding the Rapids Brewing CBIL Program loan.
9. Consider approval of a Subordination Agreement with SPEDCO regarding the Rapids Brewing CBIL Program loan.
10. Consider approval of Emergency Working Capital Loans and authorize their payment
11. Updates:
12. 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
SPECIAL MEETING
THURSDAY, JULY, 2020
4:35 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 Special Meeting of the Grand Rapids Economic Development Authority (GREDA) was called to order telephonically on Thursday, July 16, 2020 at 4:35 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, John O’Leary Mike Korte, Mike Przytarski, Cory Jackson, Tasha Connelly. Absent: None

APPROVAL OF MINUTES:

MOTION BY COMMISSIONER PRZYTARSKI, SECOND BY COMMISSIONER KORTE TO APPROVE THE MINUTES OF THE JUNE 25, 2020 REGULAR MEETING. The following roll call vote was taken: Yea: Jackson, O’ Leary, Christy, Korte, Jackson, Przytarski, Connelly, Blake. Opposed: None, passed unanimously.

APPROVAL OF CLAIMS:

MOTION BY COMMISSIONER CONNELLY, SECOND BY COMMISSIONER JACKSON TO APPROVE CLAIMS IN THE AMOUNT OF \$29,006.29.

IRRRB	\$9,645.63	Itasca County Recorder	\$46.00
Minnesota Energy Resources	\$47.51	MN DEED	\$1,000.00
P.U.C	\$66.15	S.E.H	\$3,201.00
Unwined Up North	\$15,000.00		

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

Consider authorizing staff to submit a request to the Blandin Foundation for a draw of up to \$150,000.00 from the Redevelopment Fund Program Related Investment for a second round of Emergency Working Capital Loan Program funding.

Due to continued need from businesses affected by the COVID-19 pandemic staff would like to request more funds for the Emergency Working Capital Loan Program.

MOTION BY COMMISSIONER CHRISTY, SECOND BY COMMISSIONER O’LEARY TO AUTHORIZE STAFF TO SUBMIT A REQUEST TO THE BLANDIN FOUNDATION FOR A DRAW OF UP TO \$150,000.00 FROM THE REDEVELOPMENT FUND PROGRAM RELATED INVESTMENT FOR A SECOND ROUND OF EMERGENCY WORKING CAPITAL LOAN PROGRAM FUNDING. The following roll call vote was taken: Yea: Jackson, O’ Leary, Christy, Korte, Jackson, Przytarski, Connelly, Blake. Opposed: None, passed unanimously.

Consider approval of a professional service agreement with Loren Solberg Consulting, LLC.

As we have discussed in general terms, staff has been working with a potential wood pellet manufacturing business interest in the former Ainsworth Site. The prospect is considering a Bemidji and Grand Rapids location and has been actively pursuing state legislation to establish a production incentive for this category of product.

During the first Special Session, this proposed legislation was reintroduced as HF38 and SF 111. Passage of this proposed legislation was not accomplished in the first Special Session, and it is not yet certain if it will be reintroduced or accomplished in the second Special Session.

Staff and President Blake have had a discussion with Loren Solberg about his professional assistance as a registered lobbyist in our support of this production incentive, either through state legislation or through the MN IRRRB Minnesota Minerals 21st Century Fund.

Mr. Solberg is representing the City on other interests. This contract with GREDA would be six months in duration at a fee of \$1,200/month, plus expenses.

**MOTION BY COMMISSIONER O'LEARY, SECOND BY COMMISSIONER CONNELLY TO APPROVE A PROFESSIONAL SERVICE AGREEMENT WITH LOREN SOLBERG CONSULTING, LLC. The following roll call vote was taken:
Yea: Jackson, O' Leary, Christy, Korte, Jackson, Przytarski, Connelly, Blake.
Opposed: None, passed unanimously.**

Updates:

CARES Act Local Government Funding- The City should be receiving around \$800,000.00 in funding. City staff has been discussing the eligible expenditures that have been incurred by the City. The money could potentially be used for a grant program to help businesses affected by the COVID-19 pandemic.

There being no further business the meeting adjourned at 4:52 p.m.

Respectfully submitted:

Aurimy Groom, Recorder

EDA BILL LIST - JULY 23, 2020

DATE: 07/20/2020
 TIME: 11:24:37
 ID: AP443GR0.WOW

CITY OF GRAND RAPIDS
 DEPARTMENT SUMMARY REPORT

PAGE: 1

INVOICES DUE ON/BEFORE 07/23/2020

VENDOR #	NAME	AMOUNT DUE
EDA - CAPITAL PROJECTS		
MISCELLANEOUS PROJECT		
2305451	WELLSON GROUP INC	500.00
TOTAL MISCELLANEOUS PROJECT		500.00
AIRPORT SOUTH INDUSTRIAL PARKS		
0212129	BLANDIN FOUNDATION	17,500.00
1415583	THE NORTHSPAN GROUP INC	1,500.00
TOTAL AIRPORT SOUTH INDUSTRIAL PARKS		19,000.00
TOTAL UNPAID TO BE APPROVED IN THE SUM OF:		\$ 19,500.00
CHECKS ISSUED-PRIOR APPROVAL		
PRIOR APPROVAL		
0920051	ITASCA COUNTY H.R.A.	32,744.90
1621130	P.U.C.	62.38
TOTAL PRIOR APPROVAL ALLOWED IN THE SUM OF:		\$ 32,807.28
TOTAL ALL DEPARTMENTS		52,307.28

Commissioner _____ introduced the following resolution and moved for its adoption:

GRAND RAPIDS ECONOMIC DEVELOPMENT AUTHORITY
RESOLUTION NO. 20-

A RESOLUTION ACCEPTING A \$200,000.00 GRANT FROM THE MINNESOTA DEPARTMENT OF IRON RANGE RESOURCES AND REHABILITATION (IRRR) TACONITE AREA COMMUNITY RELIEF PROGRAM FOR RECAPITALIZATION OF THE EMERGENCY WORKING CAPITAL LOAN PROGRAM

WHEREAS, Minnesota State Statutes 469.101, states that an economic development authority may accept land, money, or other assistance, whether by gift, loan or otherwise, in any form from the federal or state government or an agency of either, or a local subdivision of state government to carry out sections 469.090 to 469.108 and to acquire and develop an economic development district and its facilities; and

WHEREAS, the Grand Rapids Economic Development Authority's (GREDA) acceptance of a \$200,000 grant from IRRR Taconite Area Community Relief Program for use in recapitalizing the GREDA Emergency Working Capital Loan Program is consistent with that authority.

NOW THEREFORE, BE IT RESOLVED, that the Grand Rapids Economic Development Authority hereby accepts the \$200,000.00 Taconite Area Community Relief grant award from the IRRR for the recapitalization of the GREDA Emergency Working Capital Loan Program; and

BE IT FURTHER RESOLVED that the President and Executive Director are hereby authorized to execute the necessary grant agreement on behalf of the Grand Rapids Economic Development Authority.

Adopted this 23rd day of July, 2020.

Sholom Blake, President

Attest:

Robert Mattei, Executive Director

Commissioner _____ seconded the foregoing resolution and the following voted in favor thereof: _____; and the following voted against same: _____, whereby the resolution was declared duly passed and adopted.

ACQUISITION OF SERVICES AGREEMENT

THIS AGREEMENT, is made and entered into by and between the **Grand Rapids Economic Development Authority** ("GREDA") , and **Wellson Group, Inc.** ("Wellson") as of the 23rd day of July, 2020.

RECITALS

A. GREDA desires to obtain the services of Wellson to provide acquisition facilitator and consulting services as described in Section 2.1 below:

B. Wellson is willing to provide said services under certain terms and conditions.

AGREEMENT

Article 1 - Mutual Consideration

1.1 Consideration Given. The Parties agree that the terms and conditions of this Agreement constitute valid and binding mutual covenants and agreements.

Article 2 - Purchased Services

2.1 Services To Be Purchased. Wellson shall provide acquisition facilitator and consulting services as to parcels PID# 91-410-1840 and 91-410-1850 located at NW 4th Street, Grand Rapids, MN. Wellson will use its reasonable efforts and professional knowledge and skill to assist GREDA in negotiation and purchasing the desired properties. In addition, Wellson will provide to GREDA all information about the identified property, including information relating to the site selection due diligence, present all offers and counteroffers in a timely manner, work with GREDA and appropriate attorneys in preparation of letters of intent, purchase agreements and other purchase documents, and will assist GREDA in completing transactions related to the property.

2.2 Wellson Discretion. It is understood that Wellson, as an independent contractor and not an employee of GREDA, shall use its best judgment and discretion in providing purchased services hereunder.

Article 3 - Fee for Services, Payment

3.1 Fee for Services. Wellson shall be paid a fee for services as follows:
THE COMPENSATION FOR THE PURCHASE, LEASE, RENTAL, OR MANAGEMENT OF REAL PROPERTY SHALL BE DETERMINED BETWEEN EACH INDIVIDUAL BROKER AND THE BROKERS CLIENT.

a) GREDA will pay to Wellson a retainer fee of \$0.00, to be applied fees earned as described below.

- b) GREDA will pay to Wellson \$125.00 per hour, to be billed on a monthly basis, which hourly amount shall include incidental out-of-pocket expenses including telephone and mailing costs, ordinary copy costs, travel and lodging expenses, but which will be exclusive of fees paid to attorneys or other professionals, costs of title insurance or title work and any closing costs. Monthly billings shall include a description of services performed. Fee can be paid at closing of described properties.
- c) Fees to be paid to Wellson shall not exceed \$10,000.00 unless by separate written agreement between the parties.
- d) If a cooperating broker fee is attained at closing, all fees will be credited to the GREDA Invoice on the closing statement.

3.2 Fringe Benefits, Expenses. There are no fringe benefits payable to Wellson under this Agreement, and any obligations of GREDA to Wellson to provide other consideration pursuant to this Agreement shall not be deemed employee fringe benefits. Wellson shall be responsible for payment of all income taxes, social security taxes, liability insurance, unemployment insurance and worker's compensation insurance for Wellson and any employees of Wellson.

3.3 Overtime. Wellson is not entitled to compensation in addition to that set forth in Paragraph 3.1 above for overtime, insofar as Wellson is not an employee of GREDA, and Wellson's duties qualify for the professional exemption under the Fair Labor Standards Act.

Article 4 - Term, Cancellation

4.1 Term. The term of this Agreement shall be from July 18, 2020, through December 31, 2020. The parties, by simple writing such as a letter agreement, renew and continue the terms of this Agreement.

4.2 Cancellation. This Agreement may be canceled by GREDA or Wellson without cause upon 60 days written notice to the other.

Article 5 - Subcontracting, Assignment

5.1 Subcontracting, Assignment. Wellson shall not subcontract or assign any portion of its obligations under this Agreement without the prior written consent of GREDA. In the event GREDA approves any such subcontract or assignment, Wellson shall remain fully responsible for all obligations under this Agreement. No such subcontract or assignment shall result in GREDA of incurring any obligation to any party other than Contract. Wellson shall make all conditions of this Agreement known to all parties to such subcontracts or assignments as a condition of the GREDA approval to subcontract or assign.

Article 6 - License

6.1 License. Wellson at all time shall be qualified, professionally competent and duly licensed for any obligation under this contract requiring any license.

Article 7 - Miscellaneous Provisions

7.1 Insurance. Wellson shall at all times during the term of this Agreement carry real estate professional liability insurance in at least the sum of \$1,000,000 and general commercial liability insurance in at least the sum of \$2,000,000, and shall, upon the request of the GREDA, provide certificates of insurance to GREDA verifying the existence of such insurance coverage.

7.2 Independent Contractor. In the performance of the work, duties and obligations devolving upon Wellson under this Agreement, it is understood and agreed that Wellson is at all times acting and performing as an independent contractor. GREDA shall not have nor exercise any control or direction over the methods by which Wellson shall perform its work and functions. The sole interest and responsibility of the GREDA s is to ensure that the services offered pursuant to this Agreement shall be performed and rendered in a competent, efficient and satisfactory manner. The provisions of Sections 2 and 3 of this Agreement shall not be interpreted to conflict with the intent of the parties and the legal status of Wellson shall at all times be that of an independent contractor.

7.2 No Co-Partnership. Nothing contained herein is intended nor shall be construed as in any manner creating or establishing a relationship or co-partners between the parties, or as constituting Wellson as the agent, representative or employee of GREDA s in any manner, whatsoever.

7.3 Construction. This Agreement shall be construed in accordance with the laws of the State of Minnesota.

7.4 Modification Amendment. Any alterations, amendments, deletions or waivers of the provisions of this Agreement shall be valid only when expressed in writing and duly executed by authorized representatives of the parties.

7.5 Entire Agreement. This Agreement constitutes the entire agreement between parties hereto and supersedes any prior agreements, representations or understandings between the parties hereto relating to the subject matter of this Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

Grand Rapids Economic Development Authority

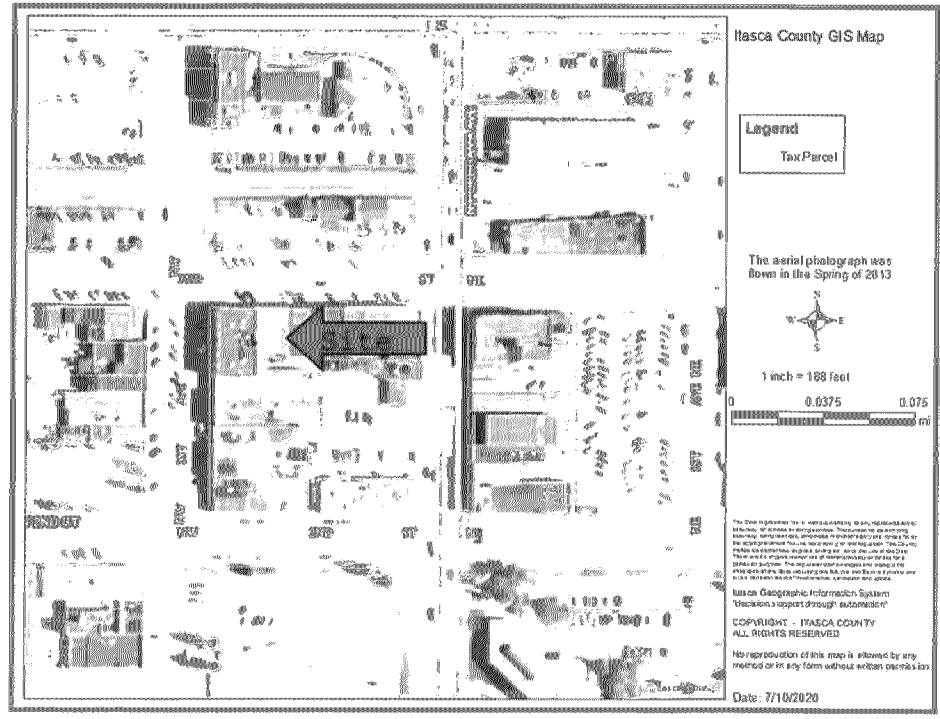
WELLSON GROUP, INC.

BY: _____
Sholom Blake, President

BY: _____
Stephen R. Welliver
STEPHEN R. WELLIVER, President
Broker

Exhibit A

NW 4th Street, Grand Rapids, MN 55744
PID# 91-410-1840, 91-410-1850





REQUEST FOR GRAND RAPIDS EDA ACTION

Agenda Item #10

Meeting Date: 7/23/20

Statement of Issue:

Consider approval of Emergency Working Capital Loans and authorize their payment

Background:

Two Emergency Working Capital Loan applications were recently received. The applications, together with the confidential personal credit information and business tax returns were forwarded to the taskforce of Commissioners Blake, Korte, O'Leary and Connelly (Alternate). The taskforce reviewed the responses to questions asked in the application, the need for working capital, as calculated by the applicant, the impact of the crisis in terms of job layoffs, and evaluated the level of credit risk based upon the financial information.

Commissioners O'leary, Connelly and Korte, and the Executive Director met by phone on Thursday, July 20th to discuss their review and reach a consensus on their recommendation. The unanimous recommendation of the task force is to approve the following loans and their payment in the following amounts:

<u>Glen's Army Navy</u>	<u>\$15,000</u>
<u>High NRG Entertainment</u>	<u>\$10,000</u>
<u>Total:</u>	<u>(\$25,000)</u>
<u>Previous Fund Balance:</u>	<u>\$36,000</u>
<u>Fund Balance After this Disbursement:</u>	<u>\$11,000</u>

All loans were recommended, by the Review Taskforce, at the requested amount.

With approval of these loans, the program has provided 36 loans to Grand Rapids businesses totaling \$489,000.

No further action was recommended with regard to the following applications from the first group that were tabled.

<u>Bixby's</u>	<u>Additional Information Needed</u>
<u>Davis Chiropractic</u>	<u>Still operating – less urgency</u>
<u>Speak Easy-Mental Health</u>	<u>Still operating – less urgency</u>
<u>Victoria Beck-Mental Health</u>	<u>Still operating – less urgency</u>

Recommendation:

Required Action:

Pass an individual motion approving each loan and authorizing payment in the amount of each loan.

Attachments: