



GRAND RAPIDS ECONOMIC DEVELOPMENT AUTHORITY

Thursday, May 14, 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, May 14, 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 April 23, 2020 regular and the April 27, 2020 special meetings.
5. Consider approval of claims
6. Consider approval of Emergency Working Capital Loans and authorize their payment
7. Updates:
8. 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 – 3/1/19

**GRAND RAPIDS ECONOMIC DEVELOPMENT AUTHORITY
REGULAR MEETING
THURSDAY, APRIL 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, April 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. Absent: Mike Przytarski, Cory Jackson, John O’Leary.

SETTING OF REGULAR AGENDA:

MOTION BY COMMISSIONER CONNELLY, SECOND BY COMMISSIONER KORTE TO APPROVE THE AGENDA AS PRESENTED. The following roll call vote was taken: Yea: Christy, Connelly, Korte, Blake. Nay: None, passed unanimously.

Commissioner Jackson joined the meeting at 4:05 pm.

APPROVAL OF CLAIMS:

MOTION BY COMMISSIONER CHRISY, SECOND BY COMMISSIONER CONNELLY TO APPROVE CLAIMS IN THE AMOUNT OF \$90,078.49.

Brewed Awakenings	\$15,000.00	Chad B Sterle	\$426.25
Itasca County Treasurer	\$13,022.00	Klockow Brewing Company Inc.	\$15,000.00
Minnesota Energy Resources	\$114.33	MN DEED	\$1000.00
Northern Star Cooperative Service	\$301.90	P.U.C.	\$214.01
Red Willow LLC	\$15,000.00	Thousand Lakes Sporting Goods	\$15,000.00
William & Teri Haig	\$15,000.00		

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

Conduct a public hearing to consider approval of a Purchase and Development Contract involving conveyance of Parcel Number 91-033-1202 property to Unique Opportunities, LLC.

Community Development Director Mattei provided a power point presentation. The developer is proposing to build a 48 unit three-story apartment building with an estimated cost of \$4.95 million. The project is proposed to begin in the summer of 2020 and be completed in the spring of 2021. The City’s fiscal consultant Ehlers analyzed and evaluated the developer’s updated project budget and pro forma based upon industry standards and market ranges for rate of return, as well as development costs and revenues. The analysis determined that TIF assistance to bridge the financial gap, in the amount of \$372,000 over the first 15 years of the allowable term of a housing district, is required to achieve a reasonable average cash-on-cash return on investment of 8% for this project.

MOTION BY COMMISSIONER CONNELLY, SECOND BY COMMISSIONER KORTE TO OPEN THE PUBLIC HEARING. The following roll call vote was taken: Yea: O’Leary, Korte, Jackson, Connelly, Christy, Blake. Nay: None, motion passed unanimously.

There was a two minute recess to allow for any input from the public. There was no public input.

MOTION BY COMMISSIONER O’LEARY, SECOND BY COMMISSIONER CONNELLY TO CLOSE THE PUBLIC HEARING. The following roll call vote was taken: Yea: Christy, Connelly, Jackson, Korte, O’Leary, Blake. Nay: None, passed unanimously.

Consider adopting a resolution approving a Purchase and Development Contract between the City of Grand Rapids, the Grand Rapids Economic Development Authority and Unique Opportunities, LLC and approving the sale of land contained therein.

MOTION BY COMMISSIONER JACKSON, SECOND BY COMMISSIONER CHRISTY TO ADOPT A RESOLUTION APPROVING A PURCHASE AND DEVELOPMENT CONTRACT BETWEEN THE CITY OF GRAND RAPIDS, THE GRAND RAPIDS ECONOMIC DEVELOPMENT AUTHORITY AND UNIQUE OPPORTUNITIES, LLC AND APPROVING THE SALE OF LAND CONTAINED THEREIN. The following roll call vote was taken: Yea: O’Leary, Korte, Jackson, Connelly, Christy, Blake. Nay: None, motion passed unanimously.

Consider approval of a temporary deferment of Central School rents.

After discussion a suggestion that staff communicate with tenants and that an action to defer Central School rents for a period of two months and that tenants would be responsible to make up the deferred rent payments the following year be placed on the agenda.

MOTION BY COMMISSIONER CONNELLY, SECOND BY COMMISSIONER KORTE TO APPROVE TEMPORARY DEFERMENT OF CENTRAL SCHOOL RENT FOR TWO MONTHS. The following roll call vote was taken: Yea: Christy, Connelly, Jackson, Korte, O’Leary, Blake. Nay: None, passed unanimously.

Consider approval of a temporary deferment of GREDA Hangar rent.

Staff received a letter for Steve Serfling, COO/EVP Product Development of ONE Aviation. The COVID 19 pandemic has impacted their business at this time, as the Company is beginning their court approved transition out of Chapter 11 bankruptcy. ONE Aviation is requesting a two month deferment of rent, beginning with their April 20,2020 payment, and commits to making up the deferred payment over the following year.

MOTION BY COMMISSIONER O’LEARY, SECOND BY COMMISSIONER CHRISTY TO APPROVE A TEMPORARY DEFERMENT OF GREDA HANGAR RENT. The following roll call vote was taken: Yea: O’Leary, Korte, Jackson, Connelly, Christy, Blake. Nay: None, motion passed unanimously.

Consider an amendment to the Emergency Capital Loan policy to establish a timeframe for loan recipient document submittal.

The Commissioners agreed a notice will be sent via email to the recipients stating they have 14 calendar days to submit the required documents for the disbursement of the funds, if they do not respond within the 14 day time period the GREDA may rescind approval of the loan.

MOTION BY COMMISSIONER O’LEARY, SECOND BY COMMISSIONER JACKSON TO APPROVE AN AMENDMENT TO THE EMERGENCY CAPITAL LOAN POLICY TO ESTABLISH A TIMEFRAME FOR LOAN RECIPIENT DOCUMENT SUBMITTAL. The following roll call vote was taken: Yea: Christy, Connelly, Jackson, Korte, O’Leary, Blake. Nay: None, motion passed unanimously.

Updates:

There will be a Special GREDA Meeting on Monday, April 27th at 10 a.m. to approve more emergency loan applications.

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

Respectfully submitted:

Aurimy Groom, Recorder

DRAFT

**GRAND RAPIDS ECONOMIC DEVELOPMENT AUTHORITY
SPECIAL MEETING
MONDAY, APRIL 27, 2020
10:00 A.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 Monday, April 27, 2020 at 10:00 a.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, Mike Korte. Absent: Dale Christy.

APPROVAL OF MINUTES:

MOTION BY COMMISSIONER O’LEARY, SECOND BY COMMISSIONER CONNELLY TO APPROVE THE MINUTES OF THE APRIL 20, 2020 SPECIAL MEETING. The following roll call vote was taken: Yea: O’Leary, Korte, Blake, Connelly, Jackson, Przytarski. Nay: None, passed unanimously.

Commissioner Christy joined the meeting at 10:05 am.

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

In the third week following GREDA approval of their Emergency Working Capital Loan Program 7 applications were 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, Blake and Korte, and the Executive Director met by phone on Friday, April 24 to discuss their review and reach a consensus on their recommendation. With the exception of Be In Touch Massage Therapy, all of the applications submitted requested the full amount of \$15,000. The unanimous recommendation of the task force is to approve the following loans: Be In Touch Massage Therapy, Grand Dental Center, Itasca County Farm Co-op, Paddlehoppers, Rapids Brewing, True North Salon & Spa.

MOTION BY COMMISSIONER CONNELLY SECOND BY COMMISSIONER KORTE TO APPROVE AN EMERGENCY WORKING CAPITAL LOAN TO BE IN TOUCH MASSAGE THERAPY AND AUTHORIZE PAYMENT IN THE AMOUNT OF \$11,000. The following roll call vote was taken: Yea: Christy, Connelly, Przytarski, Jackson, O’Leary, Korte, Blake. Nay: None, passed unanimously.

MOTION BY COMMISSIONER O'LEARY SECOND BY COMMISSIONER CHRISTY TO APPROVE AN EMERGENCY WORKING CAPITAL LOAN TO GRAND DENTAL CENTER 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 CONNELLY TO APPROVE AN EMERGENCY WORKING CAPITAL LOAN TO ITASCA COUNTY FARM CO-OP AND AUTHORIZE PAYMENT IN THE AMOUNT OF \$15,000. The following roll call vote was taken: Yea: Christy, Connelly, Przytarski, Jackson, O'Leary, Korte, Blake. Nay: None, passed unanimously.

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

MOTION BY COMMISSIONER CHRISTY SECOND BY COMMISSIONER JACKSON TO APPROVE AN EMERGENCY WORKING CAPITAL LOAN TO RAPIDS BREWING AND AUTHORIZE PAYMENT IN THE AMOUNT OF \$15,000. The following roll call vote was taken: Yea: Christy, Connelly, Jackson, Korte, O'Leary. Nay: None, Przytarski and Blake abstained, motion passed.

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

There being no further business the meeting adjourned at 10:17 am.

Respectfully submitted:

Aurimy Groom, Recorder



REQUEST FOR GRAND RAPIDS EDA ACTION

Agenda Item #6

Meeting Date: 5/14/20

Statement of Issue:

Consider approval of Emergency Working Capital Loans and authorize their payment

Background:

In the fourth and fifth weeks following GREDA approval of their Emergency Working Capital Loan Program 4 applications were 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, Blake and Connelly, and the Executive Director met by phone on Monday, May 11th to discuss their review and reach a consensus on their recommendation. With the exception of Carlson Muffler, the unanimous recommendation of the task force is to approve the following loans and their payment in the following amounts:

El Potro Restaurant	\$15,000
Carlson’s Muffler	\$5,000
Moose Club	\$10,000
Lake & Co.	\$15,000
Total:	\$45,000
Current Fund Balance:	\$149,000
Fund Balance After this Disbursement:	\$104,000

With the exception of the Carlson’s Muffler application, all loans were recommended by the Review Taskforce at the requested amount. The loan to Carlson’s Muffler was reduced from the requested amount of \$15,000 to \$5,000, due the business remaining open and debt service capacity.

With approval of these loans, the program has provided 28 loans to Grand Rapids businesses totaling \$396,000.

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

Bixby’s	Additional Information Needed
Davis Chiropractic	Still operating – less urgency
Speak Easy-Mental Health	Still operating – less urgency
Victoria Beck-Mental Health	Still operating – less urgency

Recommendation:	
Required Action:	Pass an individual motion approving each loan and authorizing payment in the amount of each loan.
Attachments:	