



GRAND RAPIDS ECONOMIC DEVELOPMENT AUTHORITY

Thursday, February 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, February 13, 2020 at 4:00pm.

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 January 23, 2020 regular meeting.
5. Consider approval of claims
6. Consider authorizing the Executive Director's approve of a Program Related Investment Agreement and Non-Recourse Promissory Note with the Blandin Foundation
7. Consider approval of the 2020 GREDA Work Plan
8. Updates:
9. 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, JANUARY 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 on Thursday, January 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, John O’Leary, Mike Korte, Cory Jackson, Tasha Connelly. Absent: Mike Przytarski.

SETTING OF REGULAR AGENDA: **Approved with addition.**

- **Approve leases with Wildland Fabrics and True North Salon and Spa.**

APPROVAL OF MINUTES:

MOTION BY COMMISSIONER JACKSON, SECOND BY COMMISSIONER KORTE TO APPROVE THE MINUTES OF THE DECEMBER 12, 2019 REGULAR MEETING. The following voted in favor thereof: Jackson, Blake, Connelly, O’ Leary, Christy, Korte. Opposed: None, passed unanimously.

APPROVAL OF CLAIMS:

MOTION BY COMMISSIONER O’LEARY, SECOND BY COMMISSIONER CONNELLY TO APPROVE CLAIMS IN THE AMOUNT OF \$16,365.61.

City of Grand Rapids	\$2,415.36	Dakota Supply Group	\$191.00
Itasca County Recorder	\$46.00	IRRRB	\$9,645.63
Kennedy & Graven	\$2,474.25	Minnesota Energy Resources	\$260.03
MN DEED	\$1,000.00	Northern Air Plumbing	\$110.00
P.U.C	\$223.34		

The following voted in favor thereof: Jackson, O’Leary, Christy, Blake, Korte, Connelly. Opposed: None, passed unanimously.

Consider approval of 2020 Central School Leases for: Lea Friesen/Aaron Squadroni, Embrace Mental Health, MacRostie Art Center, Free Range Food Co-op, Speak Easy, Visit Grand Rapids, Wildland Fabrics and True North Salon and Spa.

MOTION BY COMMISSIONER CHRISTY, SECOND BY COMMISSIONER CONNELLY TO APPROVE THE 2020 CENTRAL SCHOOL LEASES. The following voted in favor thereof: Connelly, Korte, Jackson, Blake, Christy, O’Leary. Opposed: None, passed unanimously.

2020 Work Plan development session.

The Commissioners discussed the 2020 goal ranking worksheet provided by Mr. Mattei. When reviewing the action items they agreed to remove number eleven from the list because it has been completed. The Commissioners discussed forming a sub-committee to review the development regulations. Commissioners Korte, Blake and President Blake volunteered to serve on the committee. Mr. Mattei will take the changes to the goal ranking sheet and prepare the 2020 GREDA Work Plan for review at the next meeting.

Consider the election of a Vice President to replace departing Commissioner Rick Blake.

Commissioner O'Leary nominated Commissioner Christy for Vice President.

MOTION BY COMMISSIONER O'LEARY, SECOND BY COMMISSIONER KORTE TO ELECT COMMISSIONER CHRISTY AS VICE PRESIDENT. The following voted in favor thereof: Blake, O'Leary, Jackson, Connelly, Korte. Opposed: None, Christy abstained, motion passed.

Commissioner Christy nominated Commissioner Jackson for Secretary/Treasurer.

MOTION BY COMMISSIONER CHRISTY, SECOND BY COMMISSIONER O'LEARY TO ELECT COMMISSIONER JACKSON AS SECRETARY/TREASURER. The following voted in favor thereof: Blake, O'Leary, Jackson, Korte, Connelly. Opposed: None, passed unanimously.

Updates:

Oppidan- The TIF is moving forward on this project and they are hoping to commence construction in the spring.

MOTION BY COMMISSIONER CHRISTY, SECOND BY COMMISSIONER CONNELLY TO ADJOURN THE MEETING AT 4:41 P.M. The following voted in favor thereof: Connelly, Korte, Jackson, Blake, Christy, O'Leary. Opposed: None, passed unanimously.

Respectfully submitted:

Jackie Heinrich, Recorder

EDA BILL LIST - FEBRUARY 13, 2020

DATE: 02/10/2020
 TIME: 07:46:04
 ID: AP443GR0.WOW

CITY OF GRAND RAPIDS
 DEPARTMENT SUMMARY REPORT

PAGE: 1

INVOICES DUE ON/BEFORE 02/13/2020

VENDOR #	NAME	AMOUNT DUE

EDA - CAPITAL PROJECTS		
	BLANDIN FNDN REDEVELOP LOAN	
0212129	BLANDIN FOUNDATION	22,971.16
	TOTAL BLANDIN FNDN REDEVELOP LOAN	22,971.16
	TOTAL UNPAID TO BE APPROVED IN THE SUM OF:	\$ 22,971.16
CHECKS ISSUED-PRIOR APPROVAL		
PRIOR APPROVAL		
0205640	LEAGUE OF MN CITIES INS TRUST	5,957.00
0718010	CITY OF GRAND RAPIDS	101.11
1309170	MN DEED	1,000.00
1309199	MINNESOTA ENERGY RESOURCES	184.70
1415511	NORTHERN STAR COOPERATIVE SERV	1,230.30
1615450	KEITH POLISTER	150.00
1621130	P.U.C.	705.65
	TOTAL PRIOR APPROVAL ALLOWED IN THE SUM OF:	\$ 9,328.76
	TOTAL ALL DEPARTMENTS	32,299.92



REQUEST FOR GRAND RAPIDS EDA ACTION

Agenda Item #6	Meeting Date: 2/13/20
Statement of Issue:	Consider authorizing the Executive Director's approve of a Program Related Investment Agreement and Non-Recourse Promissory Note with the Blandin Foundation
Background:	<p>In 2007, the Blandin Foundation awarded a Program Related Investment (PRI) of \$1,000,000 to GREDA, which set up a fund for GREDA's use in providing short-term bridge loans to private redevelopment projects in the Downtown. Historically the fund was used to provide an 18-month loan for the redevelopment of Block 37 (block south of Central School) and a draw for soil remediation on Block 20/21.</p> <p>The original PRI was amended twice to: extend the term until 2019, reduce the minimum interest rate, allow for expanded use outside of the Downtown and for use as a gap funding in conjunction with private financing.</p> <p>At their meeting 2019 fall meeting, the Foundation Board approved GREDA's request to re-establish the PRI, in the same amount, with some new revisions. The Redevelopment Fund will be available for a period of 10 years with GREDA draws permitting in the first five years and repayment complete by the end of 2029. The Redevelopment Fund can extend loans to GREDA subject to review and approval by the Foundation CEO, Vice President and Director of Finance, collectively. The interest rate on these loans will range between 0% and 0.25% above Prime Rate, depending of the specific use of the Fund.</p> <p><u>The attached PRI Agreement and Promissory Note are in draft form. GREDA's attorney is reviewing these documents and may be presented in a revised form by the meeting.</u></p>
Recommendation:	
Required Action:	Pass a motion authorizing the Executive Director's approve of a Program Related Investment Agreement and Non-Recourse Promissory Note with the Blandin Foundation
Attachments:	PRI Agreement Non-Recourse Promissory Note

PROGRAM RELATED INVESTMENT AGREEMENT

This Agreement is made and executed this 2 day of January, 2020 by and between Charles K. Blandin Foundation and Grand Rapids Economic Development Authority.

Blandin Foundation agrees to make a program related investment (“PRI” or “Loan”) in the maximum amount of \$1,000,000 and Grand Rapids Economic Development Authority agrees to accept such loan, in accordance with the terms and conditions set forth below and the terms of payment detailed in the Promissory Note dated January 2, 2020 accompanying this Agreement.

Terms and Conditions of the Loan

1. You hereby agree to use the funds solely for the purposes described in the original application submitted to Blandin and approved by the Board of Trustees. You are required to provide immediate notification if you are unable to expend the funds for the purpose described. In addition, any portion of the funds not requested by you by December 30, 2024 shall be retained by the Foundation.
2. You hereby agree not to use any of the funds to:
 - a. Carry on propaganda activities, or otherwise attempt to influence legislation within the meaning of Section 4945 (d) (1); or
 - b. To influence the outcome of any specific public election, or to carry on, directly or indirectly, any voter registration drives (within the meaning of Section 4945 (d) (2)).
3. You agree to provide Blandin Foundation with full and complete annual reports regarding the current status of the PRI funds and activities. These reports are due until the Loan has been fully repaid to the Foundation. The main goal set forth by you to be reported on includes:
 - a. Redevelopment of and removal of blighted or substandard buildings and creation of new or improved commercial or residential development.

Please include in your reporting and any other measures of this project’s impact on rural communities that you believe are meaningful and relevant.

4. Other terms of this Loan include:
 - a. The PRI shall be named “Redevelopment Fund”
 - b. The Redevelopment Fund benefits properties in any zoning district within the City of Grand Rapids
 - c. The Redevelopment Fund may be used in conjunction with private financing as a second mortgage for a term of five years with a 20-year amortization.
 - d. The Redevelopment Fund shall be made available from January 1, 2020 through December 31, 2029 and will provide draws for the first five years, until December 31, 2024. All PRIs shall be repaid within five years.

- e. The Redevelopment Fund shall extend loans, subject to review and approval by Blandin CEO, Vice President, and Director of Finance collectively, ranging from 0% interest to 0.25% interest above Prime Rate, in accordance with all terms as described herein.
- 5. You will maintain a separate PRI account in order to accurately record the financial transactions related to the PRI. Such records will be maintained for at least four (4) years after the completion of this PRI. You further agree to permit the Blandin Foundation, at its request, to have reasonable access to the financial records for the purpose of making financial audits, verifications or program evaluations as it deems appropriate concerning this investment.
- 6. Your tax-exempt status is still valid. You agree to inform the Blandin Foundation immediately of any actual or proposed change to or revocation of your tax-exempt status.

Any violation of the conditions set forth above may require refunding to the Blandin Foundation of any amounts subject to the violation. The Blandin Foundation reserves the right to discontinue, modify or withhold any payments due under this PRI, or to require a refund of any unexpended investment of Loan funds, if, in its judgment, such action is necessary to comply with the requirements of any law or regulations set forth by the Internal Revenue Code. This Agreement is made in conformance with the Loan Notification Letter accompanying this form dated October 10, 2019. The signature of a duly elected officer of the recipient organization signifies acceptance of the terms and conditions of this Agreement.

Dated: _____

Dated: _____

By: _____

By: _____

Robert Mattei, Director of Community Development
Grand Rapids Economic Development Authority

Kathleen R. Annette, President/CEO
Charles K. Blandin Foundation

NON-RECOURSE PROMISSORY NOTE

\$1,000,000
0.0% to 0.25% over Prime Rate

January 2, 2020

FOR VALUE RECEIVED, Grand Rapids Economic Development Authority (the “**Authority**”) hereby promises to pay to the order of Charles K. Blandin Foundation (“**Blandin**”), or its successors or assigns as the case may be, at Blandin’s principal place of business, or such other place as may be specified in writing by Blandin, the principal sum of \$1,000,000 or so much thereof as may be advanced under this Note, with interest as hereinafter provided. The terms governing repayment of the principal shall be as described below. All payments shall be due and payable in lawful money of the United States of America.

This Note is issued under the terms and conditions of that certain Program Related Investment (PRI) Agreement between the Authority and Blandin dated January 2, 2020 (the “**PRI Agreement**”). The holder thereof is entitled to all of the benefits and subject to all of the obligations provided for in said PRI Agreement, or referred to in said PRI Agreement, to which reference is made for a statement of the terms and conditions under which this indebtedness was incurred and the events of default under which the due date of this Note may be accelerated. The provisions of the PRI Agreement are incorporated by reference herein with the same force and effect as if fully set forth herein.

Draws on this Note will be transferred to the Authority within 30 days after written draw requests by the Authority dated after the date of execution of the PRI Agreement and this Note. Draw requests in an aggregate amount not exceeding \$1,000,000 will be processed until December 30, 2024. Any amounts not advanced under this Note by such date will be retained by Blandin.

This Note matures ten (10) years from the date of this Note and the accompanying PRI Agreement are signed (the “**Maturity Date**”). Repayment of this Note will consist of a single balloon payment of the unpaid principal, plus any interest accrued and unpaid, on the Maturity Date of this Note. Principal of and accrued interest on this Note may be fully or partially prepaid at any time without premium or penalty.

During the term of this Note, simple interest at a rate of zero percent (0.0%) or a quarter percent (0.25%) over Prime Rate shall accrue on each draw from the date of disbursement of such draw by Blandin to the Authority pursuant to each draw request until this Note is paid in full. Payments of interest on amounts disbursed under this Note shall commence on January 15, 2021 and continue on each January 15 thereafter until the Maturity Date. No interest shall be payable on any amounts retained by Blandin and not disbursed to the Authority.

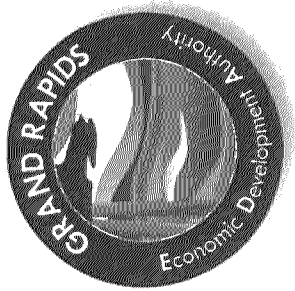
Maker waives presentment, dishonor, protest, demand, diligence, notice of protest, notice of demand, notice of dishonor, notice of nonpayment, and any other notice of any kind otherwise required by law in connection with the delivery, acceptance, performance, default, enforcement, or collection of this Note and expressly agrees that this Note, or any payment hereunder, may be extended or subordinated (by forbearance or otherwise) at any time, without in any way affecting the liability of the Authority.

This Note may not be amended or modified, nor shall any waiver of any provision hereof be effective, except only by an instrument in writing signed by the party against whom the enforcement of any amendment, modification, or waiver is sought.

This Note shall be governed by and construed according to the laws of the State of Minnesota without regard to conflict of laws principles.

IN WITNESS WHEREOF, the Authority has executed this note as of the date first above written.
Dated this ____ day of _____, 2019

By: _____
Robert Mattei, Director of Community Development
Grand Rapids Economic Development Authority



Grand Rapids Economic Development Authority 2020 Work Plan

* Results of Issue Identification and Ranking		* Desired Outcomes/Work Approach/Schedule			
Issue/Task/Work Item	Role	Q1	Q2	Q3	Q4
Support the growth and stability of existing businesses/entrepreneurs	Lead	<ul style="list-style-type: none"> Respond to private development interest, review and consider any requests for public financing, such as TIF and Tax Abatement, sponsor MN Dept. of IRRR commercial redevelopment (demolition) or site development grant requests. Participate in the development of a revised BRE program together with IEDC and others. 	<ul style="list-style-type: none"> Participate in five BRE site visits to existing industrial businesses to hear about their needs, and inform them of programs that can assist them with any plans for expansion, financing of equipment and customized training. Follow up on action items/leads. 	<ul style="list-style-type: none"> Investigate the need, potential advantages and risks of expanding the GREDA CBIL program to provide loans for business technology upgrades. Look at opportunities to provide assistance to the private development of a co-working environment. 	
Collaborate with local, regional and state EDOS.	Partner	<ul style="list-style-type: none"> Work with IEDC on Federal EDA Economic Adjustment grant funded activities. Maintain a positive and productive working relationship with IRRR and DEED. 			
Assist in redevelopment of strategic commercial sites, such as; former Ray's Sport and Marine, Kremers block, Block 29 and former K-Mart	Lead	<ul style="list-style-type: none"> Work with owners and developers to access state and local business assistance programs to close financing gaps. 			

* Results of Issue Identification and Ranking		* Desired Outcomes/Work Approach/Schedule		
Issue/Task/Work Item	Role	Q1	Q2	Q3
Address the lack of industrial building inventory	Lead	<ul style="list-style-type: none"> Consider completing a demand analysis for industrial space. Consider creating "paper spec" industrial building options. 	<ul style="list-style-type: none"> Consider completing a demand analysis for industrial space. Consider creating "paper spec" industrial building options. 	<ul style="list-style-type: none">
	Lead	<ul style="list-style-type: none"> Provide as needed support for private redevelopment projects in the Downtown. Work with County officials on options for Courthouse/Jail expansion onto Block 29 	<ul style="list-style-type: none"> Continue to market and promote the development of GREDA Block 5 and Block 20/21 sites. Speak with Central Square Mall owners to determine if GREDA can assist. 	<ul style="list-style-type: none"> Prepare an updated Downtown Redevelopment Master Plan.
Support continual investment in medical technology, training, and marketing to enhance Grand Rapids position as the regional center for medical services	Lead	<ul style="list-style-type: none"> Visit with local medical officials to gather input on actions that can support further growth. 	<ul style="list-style-type: none"> Follow up 	<ul style="list-style-type: none">
Support the re-establishment of industry at the former Ainsworth site	Partner	<ul style="list-style-type: none"> Continue to work with EDOs to promote the site to new industry, particularly those focused on emerging markets that would further diversify our economic base. 	<ul style="list-style-type: none"> Assist development proposals by sponsoring grant applications for infrastructure extension and redevelopment costs, and consider the need for use of TIF and/or Abatement 	<ul style="list-style-type: none">
Support the development of a variety of new housing options and investment in maintaining existing housing stock	Lead	<ul style="list-style-type: none"> Continue to market for sale GREDA sites, including Great River Acres. Evaluate requests for business assistance associated with housing. 	<ul style="list-style-type: none"> 	<ul style="list-style-type: none"> Complete the implementation of the Small Cities Development Program housing rehabilitation projects.
Promote retail growth and new development	Lead	<ul style="list-style-type: none"> Identify retail gaps and increase active recruitment of businesses that can meet market needs/opportunities 	<ul style="list-style-type: none"> 	<ul style="list-style-type: none"> Consider a collaboration with VGR to commission a study to assess demand for additional hotel and meeting space.

* Results of Issue Identification and Ranking		* Desired Outcomes/Work Approach/Schedule			
Issue/Task/Work Item	Role	Q1	Q2	Q3	Q4
<p>Work with county and regional partners to advocate for options that sustain tax base and address the long-term needs of important industrial power consumers in our region, provided by the Clay Boswell MP site.</p>	Partner	<ul style="list-style-type: none"> Collaborate with the County, City of Cohasset, regional industries, the Coalition of Utility Cities and MN Power. 	<ul style="list-style-type: none"> 	<ul style="list-style-type: none"> 	<ul style="list-style-type: none">
<p>Conduct a review of development regulations</p>	Lead	<ul style="list-style-type: none"> Form a subcommittee to research this topic and report findings to the full GREDA. 	<ul style="list-style-type: none"> 	<ul style="list-style-type: none"> 	<ul style="list-style-type: none">