



## GRAND RAPIDS ECONOMIC DEVELOPMENT AUTHORITY

Thursday, January 14, 2021

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 the City Council Chambers in the Grand Rapids City Hall, 420 North Pokegama Avenue, in Grand Rapids, Minnesota on Thursday, January 14, 2021 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 December 10, 2020 regular meeting.
5. Consider approval of claims
6. Consider approval of the *GREDA 2021 Work Plan*
7. Consider approval of a professional service contract with Loren Solberg Consulting, LLC.
8. Consider adopting a resolution approving a Reinstatement and First Amendment to Purchase Agreement with Ponti Peterson Post No. 1720 VFW
9. Consider approval of a Subordination Agreement with Huso Property Management, LLC and Woodland Bank.
10. Consider approval of a six-month lease with Wildland Fabrics, LLC for Suite 1 of Central School.
11. Consider approval of a lease with Lea Friesen and Aaron Squadroni for Suite 2 of Central School.
12. Updates:
  - a.
13. Adjourn

#### GREDA Commissioners/terms:

Rick Blake – 12/31/2022 (with council term)  
Tasha Connelly– 12/31/2024 (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, DECEMBER 10, 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, December 10, 2020 at 4:00 p.m. in Conference Room 2A of City Hall, 420 North Pokegama Avenue, Grand Rapids, Minnesota.

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

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

- Approve Lease with True North Salon for suite 112 at Central School.
- Approve Lease with Salmela Photography for suite 204 at Central School.
- Approve 3 month lease with Mary Corwin for suite 202 at Central School.
- Approve a CIAC repayment to the City of Grand Rapids in the amount of \$11,680.50.

Commissioner Christy joined the meeting at 4:03 p.m.

**APPROVAL OF MINUTES:**

**MOTION BY COMMISSIONER O’LEARY, SECOND BY COMMISSIONER KORTE TO APPROVE THE MINUTES OF NOVEMBER 12, 2020 REGULAR MEETING. The following roll call vote was taken: Yea: Christy, Connelly, Przytarski, Jackson, Korte, O’Leary, Blake. Nay: None, passed unanimously.**

**APPROVAL OF CLAIMS:**

**MOTION BY COMMISSIONER CHRISTY, SECOND BY COMMISSIONER CONNELLY TO APPROVE CLAIMS IN THE AMOUNT OF \$34,423.37.**

Itasca County H.R.A	\$22,878.05	IEDC	\$10,000.00
Loren Solberg	\$1,200.00	P.U.C.	\$345.32

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

Approve CIAC repayment to the City of Grand Rapids in the amount of \$11,680.50.

**MOTION BY COMMISSIONER JACKSON, SECOND BY COMMISSIONER O’LEARY TO APPROVE CIAC REPAYMENT TO THE CITY OF GRAND RAPIDS IN THE AMOUNT OF \$11,680.50. The following roll call vote was taken: Yea: Christy, Connelly, Przytarski, Jackson, Korte, O’Leary, Blake. Nay: None, passed unanimously.**

Itasca Economic Development Update-Tamara Lowney.

Ms. Lowney provided a power point presentation highlighting the 2020 goals and accomplishments IEDC achieved.

Consider adopting resolutions approving Contingent Purchase Agreements with VFW Pont Peterson Post 1720 and Jeff and Sherry Rose (Sugar Lake Corporation) and authorize payments equal to the earnest money amounts, purchase prices and closing expenses established within the agreements.

The March 7, 2020 fire that irreparably damaged the adjacent VFW and Rose buildings at 14 and 20 NW 3rd Street, presents an added challenge to the Community's Comprehensive Plan goal of Developing a Thriving Downtown.

After assisting the owners by securing an IRRR Commercial Redevelopment grant to fund the majority of demolition costs not covered by their insurance, GREDA considered their possible role in promoting and securing reinvestment in these sites.

In that consideration, GREDA discussed the narrow configuration of the individual sites and the challenges those features caused to the development of individual new developments on each site. GREDA felt common ownership of both properties would be advantageous, allowing the combined property to be marketed and sold as one development site.

Another aspect that GREDA considered was the importance of the future redevelopment's compatibility with the surrounding downtown architecture and historic development pattern. The City's Zoning Ordinance does not control architectural design. Therefore, the only way to control the design of the redevelopment and ensure its compatibility would be to require it as a condition of the sale. GREDA has previously developed architectural standard for their sales in the Downtown. A copy is attached for reference.

For those primary reasons, GREDA felt a need to take a leadership role in this effort by exploring the possible purchase of both properties. Guided by a Broker's Opinion of Value completed for GREDA by Wellson Group in June, individual purchase agreements, that are contingent upon a simultaneous closing on both sales, were negotiated.

The agreed purchase price for the VFW property is \$65,000 and the agreed purchase price for the Rose property is \$70,000. Individually, the prices are within approximately 4% or less of the Broker's Opinion of Value.

**MOTION BY COMMISSONER CHRISTY, SECOND BY COMMISSIONER JACKSON TO ADOPT RESOLUTION 20-04 APPROVING THE CONTINGENT PURCHASE AGREEMENT WITH JEFF AND SHERRY ROSE (SUGAR LAKE CORPORATION) AND AUTHORIZE PAYMENTS EQUAL TO THE EARNEST MONEY AMOUNTS, PURCHASE PRICES AND CLOSING EXPENSES ESTABLISHED WITHIN THE AGREEMENTS. The following roll call vote was taken: Yea: O'Leary, Korte, Jackson, Przytarski, Connelly, Christy, Blake. Nay: None, passed unanimously.**

**MOTION BY COMMISSONER JACKSON, SECOND BY COMMISSIONER CONNELLY TO ADOPT RESOLUTION 20-05 APPROVING THE CONTINGENT PURCHASE AGREEMENT WITH VFW PONTI PETERSON POST 1720 AND AUTHORIZE PAYMENTS EQUAL TO THE EARNEST MONEY AMOUNTS, PURCHASE PRICES AND CLOSING EXPENSES ESTABLISHED WITHIN THE AGREEMENTS. The following roll call vote was taken: Yea: Christy, Connelly, Przytarski, Jackson, Korte, O’Leary, Blake. Nay: None, passed unanimously.**

Consider adopting a resolution authorizing the issuance of a promissory note to Charles K Blandin Foundation pursuant to Program Related Investment (PRI) for the Redevelopment Fund.

**MOTION BY COMMISSIONER O’LEARY, SECOND BY COMMISSIONER KORTE TO ADOPT RESOLUTION 20-06 AUTHORIZING THE ISSUANCE OF A PROMISSORY NOTE TO CHARLES K BLANDIN FOUNDATION PURSUANT TO PROGRAM RELATED INVESTMENT (PRI) FOR THE REDEVELOPMENT FUND. The following roll call vote was taken: Yea: O’Leary, Korte, Jackson, Przytarski, Connelly, Christy, Blake. Nay: None, passed unanimously.**

Consider a contingent lease termination with Speak Easy LLC for their space in Central School.

Speak Easy LLC occupies Suite 203 of Central School. The monthly rent is \$851.40 and the term of the lease runs until the end of 2021.

Speak Easy is also the recipient of a \$5,000 GREDA Emergency Working Capital Loan and a \$2,500 Coronavirus Relief Fund Small Business Grant. These funds were paid out to Speak Easy on Sept. 21.

On September 30, Speak Easy asked if they could switch spaces in the building, something that was lower cost. I recommended Suite 3, formerly rented by another mental health practitioner. The business owner looked at it and declined. On October 16, staff received a request to get out of the lease. The reasons stated by the owner referenced having to see clients virtually, which she would do from home, and she also expressed concern about safety in the building due to the pandemic.

Because the EWCL carries with it a requirement that the business be located in Grand Rapids, which her home is not, staff made the business owner aware that this would cause a default. Staff consulted with Commissioners Blake and O’Leary, of the EWCL Committee and a proposal was communicated to Speak Easy. The proposal was that a recommendation would be made to consider a lease termination contingent upon her approval of a loan workout agreement that required an accelerated repayment of the loan over one year, rather than immediate, full, repayment due to the default. The business owner declined this proposal.

We’ve been recently informed by the business owner that she is seeking alternative financing to pay off the \$5,000 EWCL Note. Based upon that, I agreed to bring this proposed action forward that would terminate the lease contingent upon repayment of the \$5,000 EWCL.

**MOTION BY COMMISSIONER CHRISTY, SECOND BY COMMISSIONER JACKSON TO APPROVE A CONTINGENT LEASE TERMINATION WITH SPEAK EASY LLC FOR THEIR SPACE IN CENTRAL SCHOOL. The following roll call vote was taken: Yea: Christy, Connelly, Przytarski, Jackson, Korte, O’Leary, Blake. Nay: None, passed unanimously.**



Approve a one year Central School Lease with True North Salon for suite 112 at \$12.31 per sq ft. and Salmela Photography for suite 204 at \$11.88 per sq ft.

**MOTION BY COMMISSIONER CONNELLY, SECOND BY COMMISSIONER KORTE TO APPROVE A ONE YEAR LEASE WITH TRUE NORTH SALON FOR SUITE 112 AND SALMELA PHOTOGRAPY FOR SUITE 204. The following roll call vote was taken: Yea: O’Leary, Korte, Jackson, Przytarski, Connelly, Christy, Blake. Nay: None, passed unanimously.**

Approve a three month lease with Mary Corwin for suite 202 at \$5.95 per sq ft.

Ms. Corwin has shared this space with another tenant who will be moving out the first of the year. She would like to continue leasing the space and has requested renting the space for half of the lease price for three months until she can find another tenant.

**MOTION BY COMMISSIONER O’LEARY, SECOND BY COMMISSIONER CHRISTY TO APPROVE A THREE MONTH LEASE WITH MARY CORWIN FOR SUITE 202. The following roll call vote was taken: Yea: Christy, Connelly, Przytarski, Jackson, Korte, O’Leary, Blake. Nay: None, passed unanimously.**

2020 Work Plan Discussion.

Community Development Director Mattei compiled the goals and their rankings from the Commissioners. President Blake reviewed the goals with the Commissioners and they decided if the GREDA would take a lead, partner or support role on each goal. Mr. Mattei will develop a work approach, based on a quarterly timeline, for each priority issue. The 2021 Work Plan will be presented to the GREDA for final adoption or adoption with additional changes at the first GREDA Meeting in January of 2021.

Updates:

Federal EDA Loan- Mr. Mattei is still waiting to hear on the outcome of the GREDA’s application.

There being no further business the meeting adjourned at 5:41p.m.

Respectfully submitted:

\_\_\_\_\_  
Aurimy Groom, Recorder

EDA BILL LIST - JANUARY 14, 2021

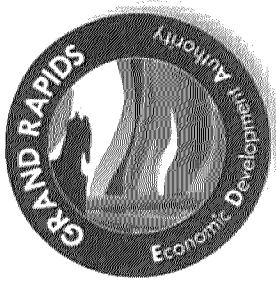
DATE: 01/08/2021  
 TIME: 13:02:15  
 ID: AP443GR0.WOW

CITY OF GRAND RAPIDS  
 DEPARTMENT SUMMARY REPORT

PAGE: 1

INVOICES DUE ON/BEFORE 01/14/2021

VENDOR #	NAME	AMOUNT DUE
ECONOMIC DEVELOPMENT AUTHORITY		
0718010	CITY OF GRAND RAPIDS	600.00
	TOTAL	600.00
EDA - CAPITAL PROJECTS		
DOWNTOWN REDVELPMNT BLK 18-21		
1105530	KENNEDY & GRAVEN	1,504.00
	TOTAL DOWNTOWN REDVELPMNT BLK 18-21	1,504.00
BLANDIN FNDN PRI LOAN		
0212129	BLANDIN FOUNDATION	17,790.74
1105530	KENNEDY & GRAVEN	740.00
	TOTAL BLANDIN FNDN PRI LOAN	18,530.74
AINSWORTH FACILITY REDEVELPMNT		
1215630	LOREN SOLBERG CONSULTING, LLC	1,200.00
	TOTAL AINSWORTH FACILITY REDEVELPMNT	1,200.00
	TOTAL UNPAID TO BE APPROVED IN THE SUM OF:	\$21,834.74
CHECKS ISSUED-PRIOR APPROVAL		
PRIOR APPROVAL		
0718010	CITY OF GRAND RAPIDS	11,680.50
0920055	ITASCA COUNTY RECORDER	3.00
1309170	MN DEED	1,000.00
1309199	MINNESOTA ENERGY RESOURCES	190.54
1415511	NORTHERN STAR COOPERATIVE SERV	353.77
1621130	P.U.C.	210.85
T001171	FIRST AMERICAN TITLE	2,000.00
	TOTAL PRIOR APPROVAL ALLOWED IN THE SUM OF:	\$15,438.66
	TOTAL ALL DEPARTMENTS	\$37,273.40



# Grand Rapids Economic Development Authority 2021 Work Plan

* Results of Issue Identification and Ranking		* Desired Outcomes/Work Approach/Schedule			
Issue/Task/Work Item	Role	Q1	Q2	Q3	Q4
Continue to support businesses during the COVID-19 Pandemic	Lead	<ul style="list-style-type: none"> <li>Consider the most effective use of future relief funding and deploy to those resources efficiently.</li> </ul>		↑	
Market GRED A Services	Lead	<ul style="list-style-type: none"> <li>Continue: civic group presentations, business group presentations, press releases, City Facebook posts, Community Billboard messaging</li> <li>Website updates</li> </ul>	<ul style="list-style-type: none"> <li>Update/replace Industrial Park Development Site Signage.</li> </ul>	↑	
Support the re-establishment of industry at the former Ainsworth site.	Lead	<ul style="list-style-type: none"> <li>Continue to pursue funding for infrastructure extensions from the Federal EDA, IRRR, DEED and the City of Cohasset.</li> <li>Communicate the positive regional impacts of the proposed redevelopment to state and federal legislators.</li> </ul>	<ul style="list-style-type: none"> <li>Support State legislation that establishes a production incentive for wood pellet manufacturing.</li> </ul>	↑	<ul style="list-style-type: none"> <li>Consider the need for local business assistance such as; TIF or Tax Abatement.</li> </ul>

* Results of Issue Identification and Ranking		* Desired Outcomes/Work Approach/Schedule			
Issue/Task/Work Item	Role	Q1	Q2	Q3	Q4
Support continual investment in medical technology, training, and marketing to enhance Grand Rapids position as the regional center for medical services.	Partner	<ul style="list-style-type: none"> <li>▪</li> </ul>	<ul style="list-style-type: none"> <li>▪</li> </ul>	<ul style="list-style-type: none"> <li>▪ Visit with local medical representatives to gather input on actions that can support their growth.</li> </ul>	<ul style="list-style-type: none"> <li>▪</li> </ul>
Maximize the benefit of broadband infrastructure	Lead	<ul style="list-style-type: none"> <li>▪</li> </ul>	<ul style="list-style-type: none"> <li>▪</li> </ul>	<ul style="list-style-type: none"> <li>▪ Promote the area as the preferred place for telecommuting.</li> <li>▪ Investigate competitive opportunities to attract regional or national market, such as; insurance company back office, software maintenance and development services, and sales and consulting operations.</li> </ul>	<ul style="list-style-type: none"> <li>▪</li> </ul>
Support the growth and stability of existing businesses/entrepreneurs.	Partner	<ul style="list-style-type: none"> <li>▪ Participate in three BRE visits.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Participate in cluster analysis study commissioned by IEDC under their Federal EDA grant.</li> <li>▪ Present the Cluster Analysis findings to GREDA.</li> <li>▪ Support the implementation of the IEDC Launch MN grant, if received.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Continue to promote the CBIL program.</li> </ul>	<ul style="list-style-type: none"> <li>▪</li> </ul>
Continue to support the development of a thriving Downtown.	Lead	<ul style="list-style-type: none"> <li>▪ Pursue the redevelopment of the former VFW site.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Continue to market and promote the redevelopment of GREDA Block 5 and Block 20/21 sites.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Prepare an updated Downtown Revitalization Plan that includes the downtown riverfront</li> </ul>	<ul style="list-style-type: none"> <li>▪</li> </ul>

* Results of Issue Identification and Ranking		* Desired Outcomes/Work Approach/Schedule			
Issue/Task/Work Item	Role	Q1	Q2	Q3	Q4
Assist in redevelopment of strategic commercial sites, such as; Rebound (Sawmill), former Ray's Sport and Martine, Kremers block and former K-Mart	Lead	<ul style="list-style-type: none"> <li>Feature these locations in contacts with commercial brokers.</li> <li>Discuss City/GREDA assistance options with listing agents.</li> <li>Ensure the sites are featured on northlandconnection.com</li> </ul>			
Support the development of a variety of new housing options and investment in maintaining existing housing stock	Lead	<ul style="list-style-type: none"> <li>Continue to market and complete sales of GREDA housing sites in Great River Acres.</li> </ul>	<ul style="list-style-type: none"> <li>Complete the SCDP single family owner-occupied housing rehabilitation program.</li> <li>Discuss possible role in the redevelopment of the former Forest Lake School site.</li> </ul>		
Address the lack of industrial building inventory	Lead	<ul style="list-style-type: none"> <li>Complete the industrial space demand analysis with Maxfield Research.</li> <li>Hire an architect to provide an estimate of building cost.</li> <li>Assemble a prototype-funding scenario that would generate a market ROI.</li> </ul>	<ul style="list-style-type: none"> <li>Market the opportunity to private investors/developers.</li> </ul>		
Promote retail growth and development	Lead		<ul style="list-style-type: none"> <li>Identify retail gaps and increase active recruitment of businesses that can meet market needs/opportunities</li> </ul>	<ul style="list-style-type: none"> <li>Consider a collaboration with VGR to commission a study to assess demand for additional hotel and meeting space.</li> </ul>	
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.	Support	<ul style="list-style-type: none"> <li>Continue staff participation in the MP Integrated Resource Plan Stakeholder Process</li> </ul>	<ul style="list-style-type: none"> <li>Collaborate with the County, City of Cohasset, regional industries, the Coalition of Utility Cities and MN Power.</li> </ul>		

* Results of Issue Identification and Ranking		* Desired Outcomes/Work Approach/Schedule			
Issue/Task/Work Item	Role	Q1	Q2	Q3	Q4
Promote the use of the new turf field at GRHS to attract tourism and commerce	Support	<ul style="list-style-type: none"> <li>Work with ISD 318 and other to support and market events.</li> </ul>	<ul style="list-style-type: none"> <li></li> </ul>	<ul style="list-style-type: none"> <li></li> </ul>	<ul style="list-style-type: none"> <li></li> </ul>
Engage with local/regional partners to explore GREDA's possible role in addressing the unmet need for additional childcare services.	Partner	<ul style="list-style-type: none"> <li></li> </ul>	<ul style="list-style-type: none"> <li></li> </ul>	<ul style="list-style-type: none"> <li></li> </ul>	<ul style="list-style-type: none"> <li>Invite appropriate partners to present information and discuss with GREDA the challenges that impact/deter the childcare services sector.</li> </ul>



## REQUEST FOR GRAND RAPIDS EDA ACTION

<b>Agenda Item #7</b>	<b>Meeting Date:</b> 1/14/21
<b>Statement of Issue:</b>	Consider approval of a professional service contract with Loren Solberg Consulting, LLC.
<b>Background:</b>	<p>In July of last year, GREDA entered into a six-month professional services contract with Loren Solberg Consulting, LLC. Since that time, Loren has worked closely with staff and a lobbyist representing a business interest that has acquired the former Ainsworth plant from JM Longyear.</p> <p>We have worked together to arrange meetings and tours of the site to discuss its potential redevelopment with: senior MN IRRR staff, seven state legislators and district representatives from the offices of Senators Klobuchar and Smith, and Congressman Stauber. These meetings have been a valuable means of communicating the impact of the potential redevelopment and exploring ways of supporting the need for public assistance, necessary to establish initial viability.</p> <p>In the 2020 legislative session, action was not taken on proposed legislation to establish a production incentive for wood pellet manufacturing. This legislation will very likely be reintroduced in the current session.</p> <p>Staff is requesting that GREDA approve a new six-month contract with Loren Solberg Consulting to continue our work in supporting this potential redevelopment. The monthly rate of \$1,200, plus approved expenses, is identical to our current contract that expired at the end of 2020.</p>
<b>Recommendation:</b>	Pass a motion approving a professional service contract with Loren Solberg Consulting, LLC.
<b>Required Action:</b>	(Same as Recommendation)
<b>Attachments:</b>	<ul style="list-style-type: none"><li>▪ Draft Contract</li><li>▪ Legislation proposed in 2020 session.</li></ul>

# **Loren Solberg Consulting, LLC**

**32314 Prairie Lake Lane  
Grand Rapids, MN 55744**

This agreement is made and entered into between the Grand Rapids Economic Development Corporation, hereafter referred to as the "GREDA", and Loren Solberg Consulting, LLC, hereafter referred to as "Consultant".

Whereas, the GREDA desires to purchase professional services to assist with State Government Relations and lobbying activities with the legislature, state agencies, and other administratively related matters;

And Whereas, Loren Solberg is a registered lobbyist with the State of Minnesota;

Therefore, the parties agree to contract for professional services which include representing the GREDA interests as designated by the GREDA during a period of January 1, 2021 to June 30, 2021 as follows:

## **GENERAL SERVICES**

- 1) Advocate, develop, and monitor legislation that is requested by, or benefits the goals of GREDA.
- 2) Provide professional lobbying services for the GREDA at the legislature for the period of time identified in this contract.
- 3) Assist the Grand Rapids City staff, GREDA staff and board members in development of any legislative or agency strategies as authorized by the GREDA.
- 4) Coordinate, monitor, and meet with relevant legislators, State Agencies, and potential developers to promote economic development opportunities for the Grand Rapids area.
- 5) Consultant shall work cooperatively with staff and other professional or elected officials of the City and GREDA to promote goals or parameters established by the GREDC.
- 6) To coordinate informational tours or meetings which will promote the policies or interests of the GREDA.
- 7) Facilitate requested meetings with state legislators or agency personnel.
- 8) Report periodically as requested by GREDA on activities either in person, by phone, or in writing to the City Council or their designated representative.
- 9) Meet as requested with the GREDA staff or appropriate City personnel.
- 10) Notify GREDA regarding any potential conflict of interest while representing other clients. Notification shall be to the GREDA Contact Agent. For the purpose of this contract the Agent is the Grand Rapids City Director of Community Development.

Consultant shall at all times be free to exercise initiative, judgment and discretion as to how to best perform or provide services identified herein.



The parties mutually recognize the need to coordinate activities and information associated with legislative initiatives and administrative policies. Therefore, Consultant shall abide by policy, direction and specific assignments as directed by City through the GREDA Director or designated representatives, as long as directive is not in conflict with state law or rules. Failure to do so may be grounds for immediate termination of this Agreement.

#### **INDEPENDENT CONTRACTOR**

At all times and for all purposes hereunder, Consultant shall be an independent contractor and is not an employee of City or GREDA for any purpose. No statement contained in this Agreement shall be construed so as to find Consultant to be an employee of City or GREDA, and Consultant shall not be entitled to any rights, privileges, or benefits of employees of City or GREDA, including, but not limited to, workers' compensation, health/death benefits, and indemnification for third-party personal injury/property damage claims.

Consultant acknowledges and agrees that no withholding or deduction for State and Federal income taxes, FICA, FUTA, or otherwise, will be made from the payments due Consultant and that it is Consultant's sole obligation to comply with the applicable provisions of all Federal and State tax laws.

#### **SUBCONTRACTING, ASSIGNMENT AND INDEMNIFICATION**

Consultant shall not assign any interest in this Agreement and shall not transfer any interest in same, whether by subcontracting, assignment or notation, without the prior written consent.

This provision is not intended to create any cause of action in favor of any third party against Consultant or the City or to enlarge in any way Consultant's liability, but is solely to provide for indemnification of City and GREDA from liability for damages or injuries to third persons or property arising from Consultant or Consultants' agents' performance hereunder.

#### **COMPLIANCE WITH NON-DISCRIMINATION LAWS AND DISCLOSURE OF DATA**

Consultant agrees to maintain and protect data on individuals received, or which Consultant has access, according to the statutory provisions applicable to the data. No private or confidential data developed, maintained or received by Consultant under this Agreement may be released to the public by Consultant or its employees or representatives. The City and GREDA shall prominently mark all data shared with Consultant with the data's classification under the Minnesota Government Data Practices Act.

The Consultant agrees to comply with all federal, state and local laws, resolutions, ordinances, rules, regulations and executive orders pertaining to unlawful discrimination on account of race, color, creed, religion, national origin, sex, marital status, status with regard to public assistance, disability or age. When required by law and requested by GREDA, Consultant shall furnish a written affirmation plan.

The Consultant further agrees to comply with all federal, state and local laws or ordinances and all applicable rules, regulations and standards established by any agency of such governmental units, which are now or hereafter promulgated insofar as they relate to Consultant's performance of the provisions of this Agreement. It shall be the obligation of

Consultant to apply for, pay for and obtain all permits and/or licenses required by any governmental agency for the provision of those services contemplated herein.

**PROFESSIONAL LIABILITY INSURANCE**

Consultant shall obtain a valid policy of insurance covering professional liability, arising from the acts of omission of Consultant, its agent and employees.

**COMPENSATION**

In consideration of Consultant's services to be performed pursuant to this Agreement, GREDA agrees to make payment to Consultant of \$1200 per month, plus approved expenses. Approved expenses include but are not limited to mileage when traveling outside of Itasca County at the approved federal rate, parking, approved meals and approved lodging when outside the county while providing consulting and lobbying services. Consultant is responsible for all expenses related to necessary supplies, equipment, communication costs, incidental office expenses, taxes and FICA.

Consultant shall provide an invoice on a monthly basis, which includes a written statement of services provided. GREDA agrees to pay pursuant to said invoice within thirty (30) days of receipt and approval. GREDA reserves the right to deny payment if sufficient information is not provided.

**TERMINATION**

This contract may be terminated by either party at any time, with or without cause, upon thirty (30) days written notice delivered by mail or in person to the other party, unless termination is by City for failure to follow policy or direction, in which case termination may be immediate and may be verbal. This contract may be renewed and/or extended my mutual agreement.

**MODIFICATIONS/ADDENDA**

This Agreement may be modified by mutual consent and be valid when modifications are in writing and signed by authorized representatives of GREDA and Consultant.

**NOTICE/COMMUNICATIONS**

All notices and demands pursuant to this Agreement shall be directed in writing to:

Consultant  
Loren A. Solberg  
2114 SW 3<sup>rd</sup> Ave.  
Grand Rapids, MN 55744

Grand Rapids Economic Development Authority  
% Rob Mattei, Executive Director  
420 N. Pokegama Ave.  
Grand Rapids, MN 55744

IN WITNESS THEREOF, the parties have set their signature as follows:

CONSULTANT

Grand Rapids Economic Development Authority

By: \_\_\_\_\_  
Loren A. Solberg  
Owner

By: \_\_\_\_\_  
Rob Mattei



## REQUEST FOR GRAND RAPIDS EDA ACTION

<b>Agenda Item #8</b>	<b>Meeting Date:</b> 1/14/21
<b>Statement of Issue:</b>	Consider adopting a resolution approving a Reinstatement and First Amendment to Purchase Agreement with Ponti Peterson Post No. 1720 VFW
<b>Background:</b>	<p>On December 10<sup>th</sup>, GREDA approved entering into a Purchase Agreement with Ponti Peterson Post No. 1720 VFW for property located at 10 NW 3<sup>rd</sup> St. The Purchase Agreement has a closing date of December 31<sup>st</sup>. Closing by this date was achievable had it not been for unforeseen delays in receiving a completed title commitment for our review.</p> <p>The Reinstatement and First Amendment has the effect of revoking the termination of the Purchase Agreement otherwise caused by the prior expiration, and revises the Closing Date to January 31, 2021.</p> <p>The Closing Date in the associated PA with the Roses was worded "no later than January 31, 2021", so no amendment is necessary.</p>
<b>Recommendation:</b>	Pass a motion approving a resolution approving a Reinstatement and First Amendment to Purchase Agreement with Ponti Peterson Post No. 1720 VFW
<b>Required Action:</b>	(Same as Recommendation)
<b>Attachments:</b>	<ul style="list-style-type: none"><li>▪ Resolution</li><li>▪ First Amendment to Purchase Agreement with Ponti Peterson Post No. 1720 VFW</li></ul>

**GRAND RAPIDS ECONOMIC DEVELOPMENT AUTHORITY**

**RESOLUTION NO. \_\_**

**RESOLUTION APPROVING A REINSTATEMENT AND FIRST AMENDMENT TO THE PURCHASE AGREEMENT BETWEEN THE GRAND RAPIDS ECONOMIC DEVELOPMENT AUTHORITY AND PONTI-PETERSON POST NO. 1720**

**WHEREAS**, the Grand Rapids Economic Development Authority (the “**Authority**”) entered into that certain Purchase Agreement dated November 23rd, 2020 by and between the Pontipeterson Post No. 1720 (the “**Seller**”) and the Authority (the “**Purchase Agreement**”) providing, among other things, for the purchase of that certain real property situated in Itasca County and as legally described in **Exhibit A** thereto (the “**Property**”); and

**WHEREAS**, due to unanticipated delays, the parties now propose to amend certain terms of the Purchase Agreement to provide the parties with more time to close on the Property; and

**WHEREAS**, there has been presented before the Authority a Reinstatement and First Amendment to the Purchase Agreement (the “**Amendment**”) proposed to be entered into between the Authority and the Seller, which sets forth modifications to the Purchase Agreement.

**WHEREAS**, the Authority has reviewed the Amendment and has determined that it is in the best interests of the Authority to approve and execute the Amendment.

**NOW, THEREFORE, BE IT RESOLVED** by the Board of Commissioners (the “**Board**”) of the Grand Rapids Economic Development Authority as follows:

1. The Board hereby approves the Amendment in substantially the form presented to the Board, subject to modifications that do not further alter the substance of the transaction and that are approved by the President and Executive Director, provided that execution of the Amendment by those officials shall be conclusive evidence of their approval.

2. Authority staff and officials are authorized to take all actions necessary to perform the

Authority's obligations under the Amendment and the Purchase Agreement as a whole, including without limitation execution of any documents to which the Authority is a party referenced in or attached to the Amendment, Purchase Agreement, and other documents necessary to convey the Property to the Authority, all as described in the Purchase Agreement.

Approved by the Board of Commissioners of the Grand Rapids Economic Development Authority this \_\_\_\_ day of \_\_\_\_\_ 2020.

\_\_\_\_\_  
President

ATTEST:

\_\_\_\_\_  
Secretary

**REINSTATEMENT AND  
FIRST AMENDMENT TO PURCHASE AGREEMENT**

This Reinstatement and First Amendment to the Purchase Agreement (this “**First Amendment**”), has been made and entered into as of this 30th day of December, 2020, by Pontipeterson Post No.1720, Veterans of Foreign Wars of the United States, Incorporated, a Minnesota nonprofit corporation, (the “**Seller**”) and the Grand Rapids Economic Development Authority, a public body corporate and politic and political subdivision of the State of Minnesota (the “**Buyer**”).

Recitals

**WHEREAS**, the Seller and the Buyer are parties to that certain Purchase Agreement, dated on or about November 23rd, 2020, (the “**Purchase Agreement**”), whereby the Sellers agreed to sell the following described real property:

Approximately the East thirty-nine feet of Lots Thirteen (13), Fourteen (14) and Fifteen (15) and the East thirty-nine (39’) of the north ten (10’) feet of Lot Sixteen (16), all in Block Eighteen (18), Town of Grand Rapids, according to the plat thereof on file and of record in the office of the Register of Deeds in and for Itasca County, Minnesota.

(the “**Property**”) to the Buyer; and

**WHEREAS**, the Purchase Agreement has expired by its own terms on December 30, 2020;

**WHEREAS**, the Seller and the Buyer mutually desire to reinstate the Purchase Agreement and amend the Purchase Agreement, subject to the terms and conditions of this First Amendment.

Terms of the First Amendment

**NOW, THEREFORE**, in consideration of the mutual agreements and covenants contained herein and for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by the parties, it is mutually agreed and covenanted by and between the parties to this First Amendment as follows:

1. **Recitals.** The recitals set forth above are hereby incorporated herein by reference as if the same were fully set forth herein.
2. **Reinstatement of the Purchase Agreement.** Notwithstanding the prior expiration of the Purchase Agreement, the termination of the Purchase Agreement is hereby revoked and except as expressly modified by this First Amendment, the Purchase Agreement shall be, and hereby is, reinstated in its entirety and shall be in full force and effect as if the same had never been expired.
3. **Extension of Closing Date.** Paragraph 9 of the revived Purchase Agreement is hereby removed in its entirety and replaced to read as follows:

7

**9. CLOSING DATE.** The date of closing shall be mutually agreed upon by the Parties but by no means later than January 31, 2021 unless mutually extended and expressed in writing signed by both Parties (the “**Closing Date**”). The closing shall be made at the offices of the Title Company or at such other location as is mutually agreed upon by the Parties. All deliveries and notices to Buyer shall be made as provided in Section 17 of this Agreement.

2. All other terms and conditions of the Purchase Agreement shall remain unchanged.

*{Remainder of Page Intentionally Left Blank; Signature Page to Follow}*

IN WITNESS WHEREOF, the parties have caused this First Amendment to be signed and executed on their behalf as of the day and year first written above.

**SELLER:**

**PONTI-PETERSON POST NO. 1720,  
VETERANS OF FOREIGN WARS OF THE  
UNITED STATES, INCORPORATED:**

By:  12-30-2020  
Michael R. Randall  
Its: Commander

**BUYER:**

**GRAND RAPIDS ECONOMIC  
DEVELOPMENT AUTHORITY**

By: \_\_\_\_\_  
Sholom Blake  
Its: President

By: \_\_\_\_\_  
Rob Mattei  
Its: Executive Director





## REQUEST FOR GRAND RAPIDS EDA ACTION

<b>Agenda Item #9</b>	<b>Meeting Date:</b> 1/14/21
<b>Statement of Issue:</b>	Consider approval of a Subordination Agreement with Huso Property Management, LLC and Woodland Bank.
<b>Background:</b>	<p>Dave Huso, Huso Property Management, is refinancing debt that is currently senior to a GREDA CBIL, provided by GREDA to Mr. Huso for renovations to his business, Rowe Funeral Home, in November of 2018.</p> <p>The refinanced debt, provided by Woodland Bank, will be for the same amount, plus closing fees. No cash is to be taken out. The requested subordination will not degrade GREDA's current position, and may improve it with a shortened amortization retiring principal more rapidly.</p> <p>Commissioners Jackson and Przytarski have reviewed this subordination request with staff and are recommending its approval.</p>
<b>Recommendation:</b>	Pass a motion approving a Subordination Agreement with Huso Property Management, LLC and Woodland Bank.
<b>Required Action:</b>	(Same as Recommendation)
<b>Attachments:</b>	<ul style="list-style-type: none"><li>▪ Subordination Agreement</li><li>▪</li></ul>

(Top 3 inches reserved for recording data)

**SUBORDINATION AGREEMENT  
by Business Entity**

**Minnesota Uniform Conveyancing Blanks  
Form 20.8.2 (2011)**

DATE: January 7, 2021  
(month/day/year)

FOR VALUABLE CONSIDERATION, the undersigned hereby subordinates the lien on real property in Itasca County, Minnesota, legally described as follows:

Lots Sixteen (16), Seventeen (17), Eighteen (18), and Nineteen (19), Block Fifteen (15), Grand Rapids First Division, according to the recorded plat thereof, Itasca County, Minnesota.

Check here if all or part of the described real property is Registered (Torrens)

which is evidenced by a Mortgage in favor of Grand Rapids Economic Development Authority dated November 30, 2018  
(insert title of document to be subordinated) (month/day/year)  
and recorded on December 3, 2018, as Document Number A000727443 ( or in Book \_\_\_\_\_ of  
(month/day/year)  
\_\_\_\_\_ Page \_\_\_\_\_), in the Office of the  County Recorder  Registrar of Titles of Itasca  
(check the applicable boxes)

County, Minnesota, to a subsequent lien evidenced by a Mortgage \_\_\_\_\_ from  
(insert title of document to be superior)  
Huso Property Management, LLC., Kenneth Spangler and Pamela Spangler to  
(insert name of grantor)  
Woodland Bank  
(insert name of grantee)

in an amount not to exceed Two Hundred Thirty Three Thousand Nine Hundred Dollars  
(\$ 233,900.00) and recorded on \_\_\_\_\_, as Document Number \_\_\_\_\_ (or in  
(month/day/year)  
Book \_\_\_\_\_ of \_\_\_\_\_ Page \_\_\_\_\_), in the Office of the  County Recorder  Registrar of Titles  
(check the applicable boxes)  
of Itasca County, Minnesota.

**Note: Remainder of page left blank, signature page follows.**

Grand Rapids Economic Development Authority

(name)

By: \_\_\_\_\_

(signature) Sholom Blake

Its: President

(type of authority)

By: \_\_\_\_\_

(signature)

Its: \_\_\_\_\_

(type of authority)

State of Minnesota, County of \_\_\_\_\_

This instrument was acknowledged before me on \_\_\_\_\_, by \_\_\_\_\_

(month/day/year)

(name of authorized signer)

\_\_\_\_\_ as \_\_\_\_\_

(type of authority)

and by \_\_\_\_\_

(name of authorized signer)

as \_\_\_\_\_ of \_\_\_\_\_

(type of authority)

(name of party on behalf of whom the instrument was executed)

(Stamp)

\_\_\_\_\_  
(signature of notarial officer)

Title (and Rank): \_\_\_\_\_

My commission expires: \_\_\_\_\_  
(month/day/year)

THIS INSTRUMENT WAS DRAFTED BY:

(insert name and address)

Woodland Bank  
PO Box 5010  
Grand Rapids, MN 55744



## REQUEST FOR GRAND RAPIDS EDA ACTION

**Agenda Item #10**

**Meeting Date: 1/14/21**

**Statement of Issue:**

Consider approval of a six-month lease with Wildland Fabrics, LLC for Suite 1 of Central School.

**Background:**

Megan Brekke, dba Wildland Fabrics, is a tenant in Suite 1 on the Garden Level of Central School has requested a new lease with a term of six months, beginning on January 1, 2021.

All aspects of this new lease, including the base rent, are consistent with our standard format, with exception to the term, which is typically is a minimum of a year.

Given the challenges of the pandemic for businesses, staff recommends GREDA approve this request and the attached lease with Wildland Fabrics, LLC.

**Recommendation:**

Pass a motion approving a six-month lease with Wildland Fabrics, LLC for Suite 1 of Central School.

**Required Action:**

(Same as Recommendation)

**Attachments:**

- Lease
-

## LEASE AGREEMENT

This Lease Agreement, by and between the City of Grand Rapids, Minnesota, through it's agent the Grand Rapids Economic Development Authority, hereinafter referred to as "Lessor" and **Megan Brekke doing business as Wildland Fabrics, a Limited Liability Corporation**, hereinafter referred to as "Lessee", entered into this **14th** day of **January, 2021**.

### **ARTICLE 1 - LEASED PREMISES**

1.1 In consideration of and subject to the mutual covenants, condition and obligations of this Lease Agreement to be kept and performed, the Lessor does hereby lease and demise to Lessee the premises identified in Exhibit "A" attached hereto, comprising approximately **755** square feet together with the right to use in common with other lessees of the Central School their invitees, customer and employees, the elevators, stairways, halls, toilets and sanitary facilities, and all other general common facilities contained in the Central School, as well as the sidewalks, delivery areas, and appurtenances thereto, to be used by Lessee for the purposes generally described in Exhibit "B" attached hereto, in the Central School, Grand Rapids, Minnesota.

This Lease Agreement will also include one parking pass for the Lessee's use in the Central School lot at no additional cost to the Lessee. The Lessee will be provided one parking pass that must be displayed conspicuously by the Lessee. The Lessee will be able to park in any location within the parking lot of Central School. There will not be a designated parking spot. If the lot is full, the Lessee will utilize off street parking. This pass only applies to the Central School lot. If the pass is lost, stolen or needs to be replaced for any reason, there will be a \$25 plus tax replacement fee.

### **ARTICLE 2 - TERM**

2.1 The Term of this Lease Agreement shall commence on **January 1, 2021** and shall continue through **June 30, 2021** unless earlier terminated in accordance with the provisions of this Lease Agreement.

### **ARTICLE 3 -RENT**

3.1 Lessee shall pay to Lessor as rent for the leased premises the sums hereinafter provided in this Article 3.

The term "operating costs for the Central School Building" as used in this Article 3 shall exclude all costs related to the exterior grounds except signs promoting tenants but shall otherwise include all those direct costs of operation and maintenance to be incurred by Lessor, including by way of illustration but not limitation, (1) all utility charges (sewer, water, electricity, heat, garbage collection, elevator service) except telephone and other communications equipment; (2) maintenance, insurance, repairs, parts and supplies, equipment and tools, and electrical maps, tubes, starters and ballasts; (3) the annual costs for a custodian and/or manager; and (4) promotion costs; and (5) a capital reserve equal to 5% of the total projected operation costs, excluding the capital reserve. The term "operating costs for the Central School Building" shall not include the original capital investment or associated debt service.

The term "rented square footage in the Central School Building" as used in the Article 3 shall exclude common areas, exterior grounds and space not rented.

3.2 The calendar year **2021** base rent shall be in the amount of **\$7.42** per square foot payable in equal monthly installments beginning on the **1<sup>ST</sup>** day of **January, 2021** and continuing on the first day of each month thereafter through **June 30, 2020**. Additionally, tenant is solely responsible for paying any, and all, property taxes associated with the rental space.

3.3 Lessee shall pay as additional rent a late charge in the amount of 1.5% of the monthly rental payment in the event that the monthly rental payment is received after the fifth day of the month due. This late charge shall be exclusive of any other remedy which Lessor may have for Lessee's failure to timely pay rent.

3.4 At the commencement of the term of this Lease Agreement, Lessee shall furnish to Lessor a surety bond, letter of credit or cash deposit in an amount equivalent to one month's rent, to assure compliance with the provisions of this Lease Agreement. If Lessee fails to comply with the provisions of this Lease Agreement, Lessor shall be entitled, without further notice to Lessee, to call upon said surety bond, letter of credit or cash deposit to satisfy Lessee's obligation hereunder. Lessor's right to call upon the surety bond, letter of credit or cash deposit shall be exclusive of any other remedy which Lessor may have for Lessee's failure to comply with the provisions of this Lease

Agreement. The surety bond or letter of credit furnished by Lessee shall be maintained in effect for the term of this Lease Agreement and during any period of holding over. If Lessee furnishes a cash deposit pursuant to this Paragraph, said cash deposit shall be held by Lessor for the term of this Lease Agreement unless earlier called upon by Lessor to satisfy Lessee's obligations hereunder. Said cash deposit shall be invested by Lessor and any interest earned shall be paid annually to Lessee.

3.5 Rental payments shall be made to the order of the City of Grand Rapids and mailed or delivered to: City Finance Director, 420 N. Pokegama Avenue, Grand Rapids, MN 55744.

3.6 Lessee shall timely pay when due any personal property or real property tax on the leasehold estate.

#### **ARTICLE 4 - IMPROVEMENTS**

4.1 In taking possession of the leased premises, Lessee acknowledges that same were on the date of occupancy in good, clean and tenable condition, subject only to the repairs or improvements which Lessor has agreed to make at Lessor's expense and which are set forth on Exhibit "C" attached hereto, if there are any.

4.2 Lessee agrees to make at its own expense all alterations and improvements to the leased premises except as otherwise indicated to be the obligation of Lessor under this Lease Agreement. All such improvements and alterations made by Lessee shall be undertaken only upon advance approval of Lessor, shall be made under the supervision, direction and control of Lessor's architect, shall be made in good and workmanlike manner according to the terms, conditions and requirements set by Lessor and its architect, and shall be in keeping with the historical character of the building. All alterations and improvements performed on the leased premises by Lessee shall be performed by competent contractors and subcontractors approved by Lessor, which approval shall not unreasonably be withheld. Lessee shall pay for all architectural, engineering and other services and all costs incurred by Lessor in connection with Lessee's improvement or alteration of the leased premises, including the work, if any, of Lessor's engineer, architect and other agents connected therewith. Prior to undertaking any alterations or improvements to the leased premises, Lessee shall

obtain and deliver to Lessor a valid waiver and release of mechanic's liens by each party who will furnish labor, materials or services to the lease premises.

4.3 At the expiration or termination of the term of this Lease Agreement, all improvements and alterations made to the leased premises by Lessee shall remain with the leased premises and shall be the property of Lessor. Lessee shall, at its expense, remove Lessee's goods and effects, including trade fixtures (e.g., items such as chairs, sinks, stations, furniture, shelving units), machinery, and equipment, and quit and deliver up the leased premises to Lessor, peaceably and quietly in as good order and condition as same were in on the original date of occupancy, reasonable wear and tear excepted. Any property left in the leased premises at the expiration or termination of this term of this lease shall be deemed to have been abandoned and shall become the property of Lessor to be disposed of as Lessor deems expedient, with all costs of cleanup and disposal of goods abandoned at the leased premises to be paid by Lessee. Lessee shall not permit any mechanic's or materialmen's liens to stand against the leased premises or against the Central School and Lessor may require appropriate assurances by way of bond, deposit or other reasonable procedure to protect against such liens and may, should such liens arise out of Lessee's acts hereunder, pay and discharge same and such amounts shall become due and payable to Lessor from Lessee with interest at the rate of eight percent (8%), or such greater amount as shall then be permitted by law, per annum.

#### **ARTICLE 5 - MAINTENANCE, REPAIRS**

5.1 Lessee shall at all times be responsible for maintaining at its own expense the leased premises in a clean, orderly and safety condition, except as hereinafter provided. Lessee shall be responsible, at its own expense, to clean and maintain all trade fixtures, machinery and equipment furnished by Lessee within the leased premises. Lessee shall be responsible to deposit normal office waste and rubbish at a location at the Central School as designated by Lessor.

5.2 Lessee shall be responsible to perform all repairs the need for which is caused by Lessee's use of the premises except that Lessor shall be responsible to perform major repairs of a structural nature. Lessor shall be responsible to arrange for removal of waste and rubbish from the



location designated as the deposit location for lessees. All costs incurred by Lessor pursuant to the obligations of this Paragraph shall be included within "operating costs".

5.3 Lessor shall provide custodian services for the common areas of Central School. Costs incurred by Lessor in providing such custodian services shall be included within "operating costs".

## **ARTICLE 6 - UTILITIES**

6.1 Lessor shall furnish such heat, water, sewer, electricity, elevator services, central air conditioning and garbage removal in and about the leased premises as shall be necessary, in Lessor's judgment, for comfortable occupancy of the leased premises, under normal business conditions. Lessor's obligation to provide electricity to the leased premises shall include only electricity for standard building lighting and office use. Any electricity supplied to the leased premises for extraordinary purposes, such as kitchen equipment, refrigeration equipment and air conditioning units, shall be paid by the Lessee upon Lessor's billing of same.

It is understood and agreed that Lessee shall be responsible to pay to Lessor, as additional rent, the cost of separately-metered-electricity supplied to the leased premises. Lessee shall also be responsible for the construction of insulation of a separate electrical meter when required.

6.2 Lessee shall conserve heat, water and electricity and shall not neglect or misuse water, fixtures, electrical lights, or other equipment or facilities furnished in conjunction with Lessor's provisions of utilities pursuant to this Article.

6.3 In the event energy use restrictions are established by Federal or State authorities or that an energy supply emergency is declared by Federal or State authorities, Lessor may reduce the quantity or quality of any utilities or other services to be provided under this Article as may be necessary to comply with directives and regulations promulgated by said authorities.

6.4 Lessor shall be responsible to provide light, heat and other utility services to the common areas of the Central School as, in Lessor's discretion, is appropriate. The cost of providing such heat, lighting and other utilities shall be included within "operating costs".

#### **ARTICLE 7 - BUILDING USE, REGULATIONS, SECURITY**

7.1 Lessee shall use the leased premises only for the purpose of purposes generally described in Exhibit "B". Lessee shall keep the leased premises in a clean, orderly and safe condition and shall not permit any hazardous or dangerous activity thereon or any activity which will increase insurance risks or premiums on the leased premises. Lessee shall at all times comply with all statutes, ordinances, codes, and regulations of any governmental authority concerning the use and maintenance of the leased premises and the Central School. Lessee shall not overload the floors in the leased premises.

7.2 Lessee shall use the leased premises and the common areas of the Central School in accordance with such reasonable rules and regulations as may from time to time be promulgated by Lessor for the general safety, comfort and convenience of Lessor and Lessees of the Central School and their invitees and Lessee shall cause its clients, employees and invitees to abide by such rules and regulations. The Lessor will allow the Lessee to utilize up to 12 square feet of floor space in the common areas adjacent to the Lessee's business for display purposes only. Storage of equipment, recycling, or anything deemed not to be display items, is prohibited. The items placed in this space must not be affixed permanently to the floor or wall in any way. The usage of a table, shelf, or rack is acceptable. The Lessee will adhere to all fire and building access codes.

If the Lessee wishes to use more than 12 square feet of floor space, a written letter to the Lessor with the Lessee's intent is required. The Lessee cannot proceed with their plans until the Lessor has granted the request in writing.

The Lessee is required to supply the Lessor with documentation from the Lessee's insurance company that the Lessee's property is covered while in the common areas of Central School.

7.3 Lessee shall keep the leased premises open to the public during such days and hours of operation of the Central School as may from time to time be determined by Lessor.

7.4 Lessee shall be responsible for securing the leased premises by locking doors and windows providing direct access to the leased premises. Lessor covenants that other Lessees within the Central School will have similar responsibilities to those required of Lessee under this Paragraph.

7.5 Lessee shall pay to Lessor on demand for any damage done to the Central School or the leased premises, including broke glass, caused by Lessee, Lessee's agents or employees, or Lessee's invitees.

7.6 Lessee shall not conduct or permit to be conducted on the leased premises any business or permit any act which is contrary to or in violation of the laws, ordinances or regulations of any governmental unit, federal, state or local.

#### **ARTICLE 8 - COMMON AREAS, EXTERNAL GROUNDS**

8.1 Lessee's use of the common areas and external grounds of Central School shall be in compliance with rules and regulations which may be promulgated from time by Lessor.

8.2 Lessee shall place nothing in the common areas of the Central School, including displays, advertising, merchandise, or other items of any sort whatsoever, without the advance written approval of the Grand Rapids Economic Development Authority.

8.3 Lessee shall place no signs which will be visible outside the leased premises, including no signs which may be visible through a window and no signs which may be visible within the common areas of the Central School or from the external grounds of the Central School or beyond, without the advance written approval of Lessor. Lessor shall provide signs, of a number, style and quality as deemed appropriate in Lessor's exclusive judgment, to be placed on the external grounds of the Central School, which signs will identify the lessees within Central School. Cost incurred by Lessor in providing said signs shall be included within "operating costs". Signs within the interior common areas of Central School shall be approved in advance by Lessor and, if provided by Lessor, the expense thereof shall be included within "operating costs".

**ARTICLE 9 - INSURANCE**

9.1 Lessor shall maintain general liability, fire and extended coverage insurance on the Central School, including common areas and exterior grounds, and Lessor's fixtures and equipment and Lessor shall cause Lessee to be named as an additional insured. Lessee shall insure its own personal property on the premises as it sees fit. All personal property placed upon or in the leased premises or common areas or external grounds shall be at the risk of Lessee or the owner of the personal property and Lessor shall not be liable to Lessee or any other party for any damage or destruction of said personal property arising from any cause whatsoever. Lessee shall maintain at its own cost and expenses general liability insurance required herein. All insurance coverage is subject to approval of the City of Grand Rapids and shall be maintained by Lessee at all times this Agreement is in effect. Lessee further agrees that to protect themselves as well as the City of Grand Rapids under the indemnity Contract set forth above, the Lessee shall at all times during the term of the Agreement have and keep in force insurance protection as specified by Minn. Stat. Cpt. 466.04, subd. 1 as may be modified from time to time by the State Legislature and Lessee shall name Lessor as an additional insured on said policy. Throughout the term of this Lease Agreement, Lessee shall provide Lessor with evidence that Lessee has obtained the insurance required by this Article and that Lessor is an additional insured under said policies of insurance. All costs incurred by Lessor in maintaining insurance coverage pursuant to this Article shall be included within "operating costs".

9.2 Notwithstanding anything in this Lease Agreement to the contrary, Lessor shall not be liable to Lessee and Lessee shall not be liable to Lessor for any damage to or destruction of the Central School Building by fire or other perils or for any claim or cause of action arising out of any death, injury or damage to property in, on or about the leased premises or the common areas or exterior grounds of Central School. Lessor and Lessee shall furnish to each other appropriate written consents from their respective insurers to this waiver of liability provision.

**ARTICLE 10 - LESSOR ACCESS**

10.1 Lessor, its agents and employees shall have the right to enter the leased premises upon reasonable advance notice for the purpose of inspection, cleaning, repairing, altering or improving the premises, or to exhibit the premises to prospective tenants. Lessor's reserved rights hereunder shall include, without limitation, free, unhampered and unobstructed access to the airways,

equipment ducts, stairways, access panels and all utilities and services to the Central School. There shall be no diminution of rent and no liability on the part of Lessor by reason of any inconvenience, annoyance or injury to business caused by Lessor's reasonable exercise of rights reserved by Lessor in this Article.

#### **ARTICLE 11 - FIRE OR OTHER CASUALTY: CONDEMNATION**

11.1 If during the term of this Lease the leased premises shall be damaged or destroyed by fire or other casualties so that the premises shall thereby be rendered unfit for use or occupation, Lessor shall have the option to either (a) repair such damage with all reasonable diligence and restore the premises to substantially the condition immediately prior to such event, and until such premises have been duly repaired and restored the rent herein reserved, or a just and proportionate part thereof according to the nature and extent of the injury which has been sustained shall be abated, or (b) Lessor may terminate this lease and end the term hereof, and in case of such termination and cancellation the rent shall be paid to the date of such fire or other casualty and all other further obligations on the part of either party hereto shall cease. Lessor is required to notify Lessee of whether it will repair or terminate within thirty (30) days of the date of such damage or destruction. Provided, however, that in the event the premises are not so restored within one hundred eighty (180) days after the occurrence, Lessee may, at its option, terminate this lease.

11.2 Lessee shall be entitled in any full or partial taking by eminent domain to take that portion of the net award representing payment for Lessee's leasehold interest, trade fixtures, moving expenses or business interruption. All amounts paid pursuant to an agreement with a condemning authority in connection with any taking shall be deemed to constitute an award on account of such taking. Lessee agrees that this Lease shall control rights of Lessor and Lessee in any such award, and any contrary provision of any present or future law is hereby waived. If any taking shall result in Lessee being deprived of space in excess of 5 percent of the space then leased to Lessee, Lessee shall have the right on thirty (30) days advance written notice, to terminate the obligations hereunder effective as of such taking. If Lessee continues occupancy following a partial taking, rent will be adjusted on a pro-rata basis for the remainder of the lease term.

**ARTICLE 12 - QUIET POSSESSION**

12.1 Lessor hereby warrants and covenants that it has full authority to execute this Lease Agreement and further agrees that Lessee, upon paying rent and performing the covenants and conditions of this Lease Agreement, shall quietly have, hold and enjoy the leased premises during the term hereof.

**ARTICLE 13 - NOTICE**

13.1 Any notice, demand, request or other communication which may or shall be given or served by Lessor or Lessee pursuant to this Lease Agreement shall be deemed to have been given or served on the date the same is deposited in the United States mail, registered or certified, postage prepaid and addressed as follows:

To Lessee:

Meghan Brekke  
Wildland Fabrics  
26303 Trout Lake Rd.  
Bovey, MN 55709

To: Lessor

GREDA Executive Director  
City Hall  
420 N. Pokegama Avenue  
Grand Rapids, MN 55744

**ARTICLE 14 - ASSIGNMENT, SUBLETTING**

14.1 Lessee agrees that neither the leased premises nor any part thereof shall be sublet nor shall this Lease Agreement be assigned by Lessee without prior written consent of Lessor, which consent shall not be unreasonably withheld. If Lessor does give consent, such consent shall not release Lessee from its obligation hereunder, unless a release is specifically given by Lessor.

## **ARTICLE 15 - NO PARTNERSHIP**

15.1 Nothing contained in this Lease Agreement shall be deemed or construed to create a partnership or joint venture of or between Lessor and Lessee or to create any other relationship between the parties hereto other than that of Lessor and Lessee.

## **ARTICLE 16 - DEFAULT BY LESSEE**

16.1 Lessor and Lessee agree that this Lease Agreement is made upon the condition that if the Lessee shall neglect or fail to keep, observe and perform any of the covenants and agreements contained in this Lease Agreement which are to be kept, observed or performed by Lessee, so as to be in default, or if the leasehold interest of Lessee shall be taken by execution or other legal process of law, or if Lessee shall petition to be or be declared to be bankrupt or insolvent according to law, or if Lessee shall vacate said premises or abandon the same for a period of 45 days during the term of this Lease Agreement, then and in any of said cases the Lessor may, at its option, immediately or at any time thereafter without further notice or demand, enter into and upon the leased premises, or any part thereof, in the name of the whole, and take absolute possession of the same without such re-entry working a forfeiture of the rents to be paid and the covenants to be performed by Lessee for the full term of this Lease Agreement, and may, at Lessor's election, lease or sublet the leased premises, or any part thereof, on such terms and conditions and for such rents and for such time as the Lessor may elect, and after crediting the rent actually collected by Lessor from such reletting, collect the balance of rent owed pursuant to this Lease Agreement from Lessee, charging Lessee such reasonable expenses as the Lessor may expand in putting the premises in tenable condition and collecting said rentals from Lessee, including reasonable attorney's fees.

Alternatively, Lessor may at its election and upon written notice to Lessee declare this Lease Agreement forfeited and void under the condition set forth above, and Lessor may re-enter and take full and absolute possession of said premises as the owner thereof, free from any right or claim of Lessee or any person or persons claiming through or under Lessee, and such election and re-entry shall be and constitute an absolute bar to any right to enter by Lessee. The commencement by Lessor of any action to recover possession of the leased premises or any part thereof shall not be deemed an election by Lessor to treat this Lease Agreement as void and terminated, without the written notice above specified.

In the event of termination or re-entry by Lessor for default by Lessee, Lessor shall make every reasonable effort to re-rent, lease or sublet the premises. Lessor, at its option, may make such alterations, repairs, replacements and/or decorations to the leased premises as Lessor, in its sole judgment, considers advisable and necessary for the purpose of reletting the premises; and the making of such alterations, repairs, replacements and/or decorations shall not operate to be construed to release Lessee for liability hereunder as aforesaid.

#### **ARTICLE 17 - DEFAULT BY LESSOR, LESSEE**

17.1 Lessor shall not be deemed to be in default under this Lease Agreement until Lessee shall have given Lessor written notice specifying the nature of the default and Lessor shall have not cured such default within ten (10) days after receipt of such notice, or within such reasonable time thereafter as may be necessary to cure such default where such default is of a character as to reasonably require more than ten (10) days to cure.

17.2 Except with respect to the payment of rent, for which no notice of default shall be necessary, Lessee shall not be deemed to be in default under this Lease Agreement until Lessor shall have given Lessee written notice specifying the nature of default and Lessee shall have not cured such default within ten (10) days after receipt of such notice or within such reasonable time thereafter as may be necessary to cure such default where such default is of a character as to reasonably require more than ten (10) days to cure.

#### **ARTICLE 18 - WAIVER, MODIFICATION, ENTIRE AGREEMENT**

18.1 No waiver of any condition, covenant, right of option of this Lease Agreement by the Lessor shall be deemed to imply or constitute a further waiver of any like condition or covenant of said Lease Agreement.

18.2 No amendment or modification of this Lease Agreement shall be valid or binding unless expressed in writing and executed by duly authorized representatives of the parties hereto in the same manner as the execution of this Lease Agreement. The Grand Rapids Economic Development Authority shall consider the recommendation of all interested parties in determining whether to approve any amendment or modification of this Lease Agreement.



18.3 Neither Lessor nor any agent or employee of Lessor has made any representations or promises with respect to the leased premises or the Central School except as herein expressly set forth, and no rights, privileges, easements or licenses are acquired by Lessee except as herein expressly set forth.

**ARTICLE 19 - WINDOW TREATMENT**

19.1 Lessee, at its expense, may install shades, drapes or window coverings and, if installed, Lessee shall maintain said window coverings in an attractive and safe condition, provided however, in the sole judgment of Lessor said window coverings are in harmony with the exterior and interior appearance of Central School and will create no safety or fire hazard.

**ARTICLE 20 - PARKING**

20.1 Lessor has established public parking facilities on the grounds of Central School. Lessee warrants that it will enforce regulations providing that its employees will not park their private vehicles in said public parking area during time when said employees are working at the leased premises (except on a short-term basis for emergencies or for deliveries).

**DISCRIMINATION PROHIBITED:** The Landlord shall not discriminate based upon race, color, creed, religion, national origin, sex, marital status, age, handicap, or disability, familial status or recipients of public assistance; and shall comply with all nondiscrimination requirements of Federal, State and local law.

**IN WITNESS WHEREOF**, the parties have hereunto set their hands on the date first written above.

LESSOR:

\_\_\_\_\_  
GREDA President

\_\_\_\_\_  
GREDA Executive Director

Date: \_\_\_\_\_

LESSEE:

\_\_\_\_\_

BY: \_\_\_\_\_

BY: \_\_\_\_\_

Its \_\_\_\_\_

Date: \_\_\_\_\_

## Exhibit A – Location in the Building

Wildland Fabrics is located on the Garden Level in Suite 1, consisting of 755 square feet.

## Exhibit B – Use of Space

Wildland Fabrics is a fabric store selling custom cuts of fabric, sewing kits and providing sewing classes.

Exhibit C – Improvements

None



## REQUEST FOR GRAND RAPIDS EDA ACTION

**Agenda Item #11**

**Meeting Date:** 1/14/21

**Statement of Issue:**

Consider approval of a lease with Lea Friesen and Aaron Squadroni for Suite 2 of Central School.

**Background:**

Lea Friesen and Aaron Squadroni are tenants in Suite 2 on the Garden Level of Central School has requested a new lease with a term beginning on January 1, 2021 and ending on December 31, 2021.  
All aspects of this new lease, including the base rent, are consistent with our standard format.

**Recommendation:**

Pass a motion approving a lease with Lea Friesen and Aaron Squadroni for Suite 2 of Central School.

**Required Action:**

(Same as Recommendation)

**Attachments:**

- Lease
-

## LEASE AGREEMENT

This Lease Agreement, by and between the City of Grand Rapids, Minnesota, through its agent the Grand Rapids Economic Development Authority, hereinafter referred to as "Lessor" and **Lea Friesen and Aaron Squadroni**, jointly hereinafter referred to as "Lessee", entered into this **14th day of January, 2021**.

### **ARTICLE 1 - LEASED PREMISES**

1.1 In consideration of and subject to the mutual covenants, condition and obligations of this Lease Agreement to be kept and performed, the Lessor does hereby lease and demise to Lessee the premises identified in Exhibit "A" attached hereto, comprising approximately **392 square feet** together with the right to use in common with other lessees of the Central School their invitees, customer and employees, the elevators, stairways, halls, toilets and sanitary facilities, and all other general common facilities contained in the Central School, as well as the sidewalks, delivery areas, and appurtenances thereto, to be used by Lessee for the purposes generally described in Exhibit "B" attached hereto, in the Central School, Grand Rapids, Minnesota.

This Lease Agreement will also include two parking passes for the Lessee's use in the Central School lot at no additional cost to the Lessee. The Lessee will be provided one parking pass that must be displayed conspicuously by the Lessee. The Lessee will be able to park in any location within the parking lot of Central School. There will not be a designated parking spot. If the lot is full, the Lessee will utilize off street parking. This pass only applies to the Central School lot. If the pass is lost, stolen or needs to be replaced for any reason, there will be a \$25 plus tax replacement fee.

### **ARTICLE 2 - TERM**

2.1 The Term of this Lease Agreement shall commence on **January 1, 2021** and shall continue through **December 31, 2021** unless earlier terminated in accordance with the provisions of this Lease Agreement.

### **ARTICLE 3 - RENT**

3.1 Lessee shall pay to Lessor as rent for the leased premises the sums hereinafter provided in this Article 3.

The term "operating costs for the Central School Building" as used in this Article 3 shall exclude all costs related to the exterior grounds except signs promoting tenants but shall otherwise include all those direct costs of operation and maintenance to be incurred by Lessor, including by way of illustration but not limitation, (1) all utility charges (sewer, water, electricity, heat, garbage collection, elevator service) except telephone and other communications equipment; (2) maintenance, insurance, repairs, parts and supplies, equipment and tools, and electrical maps, tubes, starters and ballasts; (3) the annual costs for a custodian and/or manager; and (4) promotion costs; and (5) a capital reserve equal to 5% of the total projected operation costs, excluding the capital reserve. The term "operating costs for the Central School Building" shall not include the original capital investment or associated debt service.

The term "rented square footage in the Central School Building" as used in the Article 3 shall exclude common areas, exterior grounds and space not rented.

3.2 The base rent for the lease term shall be in the amount of \$7.42 per square foot annually, payable in equal monthly installments beginning on the 1<sup>ST</sup> day of **January 2021** and continuing on the first day of each month thereafter through **December 31, 2021**. Additionally, tenant is solely responsible for paying any, and all, property taxes associated with the rental space.

3.3 Lessee shall pay as additional rent a late charge in the amount of 1.5% of the monthly rental payment in the event that the monthly rental payment is received after the fifth day of the month due. This late charge shall be exclusive of any other remedy which Lessor may have for Lessee's failure to timely pay rent.

3.4 At the commencement of the term of this Lease Agreement, Lessee shall furnish to Lessor a surety bond, letter of credit or cash deposit in an amount equivalent to one month's rent, to assure compliance with the provisions of this Lease Agreement. If Lessee fails to comply with the provisions of this Lease Agreement, Lessor shall be entitled, without further notice to Lessee, to call upon said surety bond, letter of credit or cash deposit to satisfy Lessee's obligation hereunder. Lessor's right to call upon the surety bond, letter of credit or cash deposit shall be exclusive of any other remedy which Lessor may have for Lessee's failure to comply with the provisions of this Lease



Agreement. The surety bond or letter of credit furnished by Lessee shall be maintained in effect for the term of this Lease Agreement and during any period of holding over. If Lessee furnishes a cash deposit pursuant to this Paragraph, said cash deposit shall be held by Lessor for the term of this Lease Agreement unless earlier called upon by Lessor to satisfy Lessee's obligations hereunder. Said cash deposit shall be invested by Lessor and any interest earned shall be paid annually to Lessee.

3.5 Rental payments shall be made to the order of the City of Grand Rapids and mailed or delivered to: **City Finance Director, 420 N. Pokegama Avenue, Grand Rapids, MN 55744.**

3.6 Lessee shall timely pay when due any personal property or real property tax on the leasehold estate.

#### **ARTICLE 4 - IMPROVEMENTS**

4.1 In taking possession of the leased premises, Lessee acknowledges that same were on the date of occupancy in good, clean and tenable condition, subject only to the repairs or improvements which Lessor has agreed to make at Lessor's expense and which are set forth on Exhibit "C" attached hereto, if there are any.

4.2 Lessee agrees to make at its own expense all alterations and improvements to the leased premises except as otherwise indicated to be the obligation of Lessor under this Lease Agreement. All such improvements and alterations made by Lessee shall be undertaken only upon advance approval of Lessor, shall be made under the supervision, direction and control of Lessor's architect, shall be made in good and workmanlike manner according to the terms, conditions and requirements set by Lessor and its architect, and shall be in keeping with the historical character of the building. All alterations and improvements performed on the leased premises by Lessee shall be performed by competent contractors and subcontractors approved by Lessor, which approval shall not unreasonably be withheld. Lessee shall pay for all architectural, engineering and other services and all costs incurred by Lessor in connection with Lessee's improvement or alteration of the leased premises, including the work, if any, of Lessor's engineer, architect and other agents connected therewith. Prior to undertaking any alterations or improvements to the leased premises, Lessee shall obtain and deliver to Lessor a valid waiver and release of mechanic's liens by each party who will furnish labor, materials or services to the lease premises.

4.3 At the expiration or termination of the term of this Lease Agreement, all improvements and alterations made to the leased premises by Lessee shall remain with the leased premises and shall be the property of Lessor. Lessee shall, at its expense, remove Lessee's goods and effects, including trade fixtures, machinery, and equipment, and quit and deliver up the leased premises to Lessor, peaceably and quietly in as good order and condition as same were in on the original date of occupancy, reasonable wear and tear excepted. Any property left in the leased premises at the expiration or termination of this term of this lease shall be deemed to have been abandoned and shall become the property of Lessor to be disposed of as Lessor deems expedient, with all costs of cleanup and disposal of goods abandoned at the leased premises to be paid by Lessee. Lessee shall not permit any mechanic's or materialmen's liens to stand against the leased premises or against the Central School and Lessor may require appropriate assurances by way of bond, deposit or other reasonable procedure to protect against such liens and may, should such liens arise out of Lessee's acts hereunder, pay and discharge same and such amounts shall become due and payable to Lessor from Lessee with interest at the rate of eight percent (8%), or such greater amount as shall then be permitted by law, per annum.

#### **ARTICLE 5 - MAINTENANCE, REPAIRS**

5.1 Lessee shall at all times be responsible for maintaining at its own expense the leased premises in a clean, orderly and safety condition, except as hereinafter provided. Lessee shall be responsible, at its own expense, to clean and maintain all trade fixtures, machinery and equipment furnished by Lessee within the leased premises. Lessee shall be responsible to deposit normal office waste and rubbish at a location at the Central School as designated by Lessor.

5.2 Lessee shall be responsible to perform all repairs the need for which is caused by Lessee's use of the premises except that Lessor shall be responsible to perform major repairs of a structural nature. Lessor shall be responsible to arrange for removal of waste and rubbish from the location designated as the deposit location for lessees. All costs incurred by Lessor pursuant to the obligations of this Paragraph shall be included within "operating costs".

5.3 Lessor shall provide custodian services for the common areas of Central School. Costs incurred by Lessor in providing such custodian services shall be included within "operating costs".

## **ARTICLE 6 - UTILITIES**

6.1 Lessor shall furnish such heat, water, sewer, electricity, elevator services, central air conditioning and garbage removal in and about the leased premises as shall be necessary, in Lessor's judgment, for comfortable occupancy of the leased premises, under normal business conditions. Lessor's obligation to provide electricity to the leased premises shall include only electricity for standard building lighting and office use. Any electricity supplied to the leased premises for extraordinary purposes, such as kitchen equipment, refrigeration equipment and air conditioning units, shall be paid by the Lessee upon Lessor's billing of same.

It is understood and agreed that Lessee shall be responsible to pay to Lessor, as additional rent, the cost of separately-metered-electricity supplied to the leased premises. Lessee shall also be responsible for the construction of insulation of a separate electrical meter when required.

6.2 Lessee shall conserve heat, water and electricity and shall not neglect or misuse water, fixtures, electrical lights, or other equipment or facilities furnished in conjunction with Lessor's provisions of utilities pursuant to this Article.

6.3 In the event energy use restrictions are established by Federal or State authorities or that an energy supply emergency is declared by Federal or State authorities, Lessor may reduce the quantity or quality of any utilities or other services to be provided under this Article as may be necessary to comply with directives and regulations promulgated by said authorities.

6.4 Lessor shall be responsible to provide light, heat and other utility services to the common areas of the Central School as, in Lessor's discretion, is appropriate. The cost of providing such heat, lighting and other utilities shall be included within "operating costs".

## **ARTICLE 7 - BUILDING USE, REGULATIONS, SECURITY**

7.1 Lessee shall use the leased premises only for the purpose of purposes generally described in Exhibit "B". Lessee shall keep the leased premises in a clean, orderly and safe condition and shall not permit any hazardous or dangerous activity thereon or any activity which will increase insurance risks or premiums on the leased premises. Lessee shall at all times comply with all statutes, ordinances, codes, and regulations of any governmental authority concerning the use and

maintenance of the leased premises and the Central School. Lessee shall not overload the floors in the leased premises.

7.2 Lessee shall use the leased premises and the common areas of the Central School in accordance with such reasonable rules and regulations as may from time to time be promulgated by Lessor for the general safety, comfort and convenience of Lessor and Lessees of the Central School and their invitees and Lessee shall cause its clients, employees and invitees to abide by such rules and regulations. The Lessor will allow the Lessee to utilize up to 12 square feet of floor space in the common areas adjacent to the Lessee's business for display purposes only. Storage of equipment, recycling, or anything deemed not to be display items, is prohibited. The items placed in this space must not be affixed permanently to the floor or wall in any way. The usage of a table, shelf, or rack is acceptable. The Lessee will adhere to all fire and building access codes.

If the Lessee wishes to use more than 12 square feet of floor space, a written letter to the Lessor with the Lessee's intent is required. The Lessee cannot proceed with their plans until the Lessor has granted the request in writing.

The Lessee is required to supply the Lessor with documentation from the Lessee's insurance company that the Lessee's property is covered while in the common areas of Central School.

7.3 As much as possible, Lessee shall keep the leased premises open to the public during such days and hours of operation of the Central School as may from time to time be determined by Lessor. The Lessee is permitted to utilize the leased premises outside of normal hours of operation of the Central School, excluding between the hours of 11:00pm and 6:00am.

7.4 Lessee shall be responsible for securing the leased premises by locking doors and windows providing direct access to the leased premises. Lessor covenants that other Lessees within the Central School will have similar responsibilities to those required of Lessee under this Paragraph.

7.5 Lessee shall pay to Lessor on demand for any damage done to the Central School or the leased premises, including broke glass, caused by Lessee, Lessee's agents or employees, or Lessee's invitees.

7.6 Lessee shall not conduct or permit to be conducted on the leased premises any business or permit any act which is contrary to or in violation of the laws, ordinances or regulations of any governmental unit, federal, state or local.

#### **ARTICLE 8 - COMMON AREAS, EXTERNAL GROUNDS**

8.1 Lessee's use of the common areas and external grounds of Central School shall be in compliance with rules and regulations which may be promulgated from time by Lessor.

8.2 Lessee shall place nothing in the common areas of the Central School, including displays, advertising, merchandise, or other items of any sort whatsoever, without the advance written approval of the Grand Rapids Economic Development Authority.

8.3 Lessee shall place no signs which will be visible outside the leased premises, including no signs which may be visible through a window and no signs which may be visible within the common areas of the Central School or from the external grounds of the Central School or beyond, without the advance written approval of Lessor. Lessor shall provide signs, of a number, style and quality as deemed appropriate in Lessor's exclusive judgment, to be placed on the external grounds of the Central School, which signs will identify the lessees within Central School. Cost incurred by Lessor in providing said signs shall be included within "operating costs". Signs within the interior common areas of Central School shall be approved in advance by Lessor and, if provided by Lessor, the expense thereof shall be included within "operating costs".

#### **ARTICLE 9 - INSURANCE**

9.1 Lessor shall maintain general liability, fire and extended coverage insurance on the Central School, including common areas and exterior grounds, and Lessor's fixtures and equipment and Lessor shall cause Lessee to be named as an additional insured. Lessee shall insure its own personal property on the premises as it sees fit. All personal property placed upon or in the leased premises or common areas or external grounds shall be at the risk of Lessee or the owner of the personal property and Lessor shall not be liable to Lessee or any other party for any damage or destruction of said personal property arising from any cause whatsoever. Lessee shall maintain at its own cost and expenses general liability insurance required herein. All insurance coverage is subject to

approval of the City of Grand Rapids and shall be maintained by Lessee at all times this Agreement is in effect. Lessee further agrees that to protect themselves as well as the City of Grand Rapids under the indemnity Contract set forth above, the Lessee shall at all times during the term of the Agreement have and keep in force insurance protection as specified by Minn. Stat. Cpt. 466.04, subd. 1 as may be modified from time to time by the State Legislature and Lessee shall name Lessor as an additional insured on said policy. Throughout the term of this Lease Agreement, Lessee shall provide Lessor with evidence that Lessee has obtained the insurance required by this Article and that Lessor is an additional insured under said policies of insurance. All costs incurred by Lessor in maintaining insurance coverage pursuant to this Article shall be included within "operating costs".

9.2 Notwithstanding anything in this Lease Agreement to the contrary, Lessor shall not be liable to Lessee and Lessee shall not be liable to Lessor for any damage to or destruction of the Central School Building by fire or other perils or for any claim or cause of action arising out of any death, injury or damage to property in, on or about the leased premises or the common areas or exterior grounds of Central School. Lessor and Lessee shall furnish to each other appropriate written consents from their respective insurers to this waiver of liability provision.

#### **ARTICLE 10 - LESSOR ACCESS**

10.1 Lessor, its agents and employees shall have the right to enter the leased premises upon reasonable advance notice for the purpose of inspection, cleaning, repairing, altering or improving the premises, or to exhibit the premises to prospective tenants. Lessor's reserved rights hereunder shall include, without limitation, free, unhampered and unobstructed access to the airways, equipment ducts, stairways, access panels and all utilities and services to the Central School. There shall be no diminution of rent and no liability on the part of Lessor by reason of any inconvenience, annoyance or injury to business caused by Lessor's reasonable exercise of rights reserved by Lessor in this Article.

#### **ARTICLE 11 - FIRE OR OTHER CASUALTY: CONDEMNATION**

11.1 If during the term of this Lease the leased premises shall be damaged or destroyed by fire or other casualties so that the premises shall thereby be rendered unfit for use or occupation, Lessor shall have the option to either (a) repair such damage with all reasonable diligence and restore the premises to substantially the condition immediately prior to such event, and until such premises

have been duly repaired and restored the rent herein reserved, or a just and proportionate part thereof according to the nature and extent of the injury which has been sustained shall be abated, or (b) Lessor may terminate this lease and end the term hereof, and in case of such termination and cancellation the rent shall be paid to the date of such fire or other casualty and all other further obligations on the part of either party hereto shall cease. Lessor is required to notify Lessee of whether it will repair or terminate within thirty (30) days of the date of such damage or destruction. Provided, however, that in the event the premises are not so restored within one hundred eighty (180) days after the occurrence, Lessee may, at its option, terminate this lease.

11.2 Lessee shall be entitled in any full or partial taking by eminent domain to take that portion of the net award representing payment for Lessee's leasehold interest, trade fixtures, moving expenses or business interruption. All amounts paid pursuant to an agreement with a condemning authority in connection with any taking shall be deemed to constitute an award on account of such taking. Lessee agrees that this Lease shall control rights of Lessor and Lessee in any such award, and any contrary provision of any present or future law is hereby waived. If any taking shall result in Lessee being deprived of space in excess of 5 percent of the space then leased to Lessee, Lessee shall have the right on thirty (30) days advance written notice, to terminate the obligations hereunder effective as of such taking. If Lessee continues occupancy following a partial taking, rent will be adjusted on a pro-rata basis for the remainder of the lease term.

#### **ARTICLE 12 - QUIET POSSESSION**

12.1 Lessor hereby warrants and covenants that it has full authority to execute this Lease Agreement and further agrees that Lessee, upon paying rent and performing the covenants and conditions of this Lease Agreement, shall quietly have, hold and enjoy the leased premises during the term hereof.

#### **ARTICLE 13 - NOTICE**

13.1 Any notice, demand, request or other communication which may or shall be given or served by Lessor or Lessee pursuant to this Lease Agreement shall be deemed to have been given or served on the date the same is deposited in the United States mail, registered or certified, postage prepaid and addressed as follows:

To Lessee

Lea Friesen  
10 NW 5<sup>th</sup> St., Suite 2  
Grand Rapids, MN 55744

To: Lessor

GREDA Executive Director  
City Hall  
420 N. Pokegama Avenue  
Grand Rapids, MN 55744

**ARTICLE 14 - ASSIGNMENT, SUBLETTING**

14.1 Lessee agrees that neither the leased premises nor any part thereof shall be sublet nor shall this Lease Agreement be assigned by Lessee without prior written consent of Lessor, which consent shall not be unreasonably withheld. If Lessor does give consent, such consent shall not release Lessee from its obligation hereunder, unless a release is specifically given by Lessor.

**ARTICLE 15 - NO PARTNERSHIP**

15.1 Nothing contained in this Lease Agreement shall be deemed or construed to create a partnership or joint venture of or between Lessor and Lessee or to create any other relationship between the parties hereto other than that of Lessor and Lessee.

**ARTICLE 16 - DEFAULT BY LESSEE**

16.1 Lessor and Lessee agree that this Lease Agreement is made upon the condition that if the Lessee shall neglect or fail to keep, observe and perform any of the covenants and agreements contained in this Lease Agreement which are to be kept, observed or performed by Lessee, so as to be in default, or if the leasehold interest of Lessee shall be taken by execution or other legal process of law, or if Lessee shall petition to be or be declared to be bankrupt or insolvent according to law, or if Lessee shall vacate said premises or abandon the same for a period of 45 days during the term of this Lease Agreement, then and in any of said cases the Lessor may, at its option, immediately or at any time thereafter without further notice or demand, enter into and upon the leased premises, or any part thereof, in the name of the whole, and take absolute possession of the same without such reentry working a forfeiture of the rents to be paid and the covenants to be performed by Lessee for the full term of this Lease Agreement, and may, at Lessor's election, lease or sublet the leased premises, or



any part thereof, on such terms and conditions and for such rents and for such time as the Lessor may elect, and after crediting the rent actually collected by Lessor from such reletting, collect the balance of rent owed pursuant to this Lease Agreement from Lessee, charging Lessee such reasonable expenses as the Lessor may expand in putting the premises in tenable condition and collecting said rentals from Lessee, including reasonable attorney's fees.

Alternatively, Lessor may at its election and upon written notice to Lessee declare this Lease Agreement forfeited and void under the condition set forth above, and Lessor may re-enter and take full and absolute possession of said premises as the owner thereof, free from any right or claim of Lessee or any person or persons claiming through or under Lessee, and such election and re-entry shall be and constitute an absolute bar to any right to enter by Lessee. The commencement by Lessor of any action to recover possession of the leased premises or any part thereof shall not be deemed an election by Lessor to treat this Lease Agreement as void and terminated, without the written notice above specified.

In the event of termination or re-entry by Lessor for default by Lessee, Lessor shall make every reasonable effort to re-rent, lease or sublet the premises. Lessor, at its option, may make such alterations, repairs, replacements and/or decorations to the leased premises as Lessor, in its sole judgment, considers advisable and necessary for the purpose of reletting the premises; and the making of such alterations, repairs, replacements and/or decorations shall not operate to be construed to release Lessee for liability hereunder as aforesaid.

#### **ARTICLE 17 - DEFAULT BY LESSOR, LESSEE**

17.1 Lessor shall not be deemed to be in default under this Lease Agreement until Lessee shall have given Lessor written notice specifying the nature of the default and Lessor shall have not cured such default within ten (10) days after receipt of such notice, or within such reasonable time thereafter as may be necessary to cure such default where such default is of a character as to reasonably require more than ten (10) days to cure.

17.2 Except with respect to the payment of rent, for which no notice of default shall be necessary, Lessee shall not be deemed to be in default under this Lease Agreement until Lessor shall have given Lessee written notice specifying the nature of default and Lessee shall have not cured such default within ten (10) days after receipt of such notice or within such reasonable time thereafter as may be

necessary to cure such default where such default is of a character as to reasonably require more than ten (10) days to cure.

#### **ARTICLE 18 - WAIVER, MODIFICATION, ENTIRE AGREEMENT**

18.1 No waiver of any condition, covenant, right of option of this Lease Agreement by the Lessor shall be deemed to imply or constitute a further waiver of any like condition or covenant of said Lease Agreement.

18.2 No amendment or modification of this Lease Agreement shall be valid or binding unless expressed in writing and executed by duly authorized representatives of the parties hereto in the same manner as the execution of this Lease Agreement. The Grand Rapids Economic Development Authority shall consider the recommendation of all interested parties in determining whether to approve any amendment or modification of this Lease Agreement.

18.3 Neither Lessor nor any agent or employee of Lessor has made any representations or promises with respect to the leased premises or the Central School except as herein expressly set forth, and no rights, privileges, easements or licenses are acquired by Lessee except as herein expressly set forth.

#### **ARTICLE 19 - WINDOW TREATMENT**

19.1 Lessee, at its expense, may install shades, drapes or window coverings and, if installed, Lessee shall maintain said window coverings in an attractive and safe condition, provided however, in the sole judgment of Lessor said window coverings are in harmony with the exterior and interior appearance of Central School and will create no safety or fire hazard.

#### **ARTICLE 20 - PARKING**

20.1 Lessor has established public parking facilities on the grounds of Central School. Lessee warrants that it will enforce regulations providing that its employees will not park their private vehicles in said public parking area during time when said employees are working at the leased premises (except on a short-term basis for emergencies or for deliveries).

**DISCRIMINATION PROHIBITED:** The Landlord shall not discriminate based upon race, color, creed, religion, national origin, sex, marital status, age, handicap, or disability, familial status or

recipients of public assistance; and shall comply with all nondiscrimination requirements of Federal, State and local law.

**IN WITNESS WHEREOF**, the parties have hereunto set their hands on the date first written above.

LESSOR:

\_\_\_\_\_  
GREDA President

\_\_\_\_\_  
GREDA Executive Director

Date: \_\_\_\_\_

LESSEE: Lea Friesen and Aaron Squadroni

\_\_\_\_\_  
BY: Lea Friesen

Date: \_\_\_\_\_

\_\_\_\_\_  
BY: Aaron Squadroni

Date: \_\_\_\_\_

The leased premises is located on the Garden Level in the southwest corner room (Suite 2) consisting of 392 square feet.

## Exhibit B – Use of Space

Lessee will utilize the space as an art studio.

Exhibit C – Improvements

None