

GRAND RAPIDS ECONOMIC DEVELOPMENT AUTHORITY

Thursday, December 14, 2017

4:00pm

Grand Rapids City Hall

NOTICE IS HEREBY GIVEN, that a regular meeting of the Grand Rapids Economic Development Authority will be held in Conference Room 2A in the Grand Rapids City Hall, 420 North Pokegama Avenue, in Grand Rapids, Minnesota on Thursday, December 14, 2017 at 4:00pm.

AGENDA

1. Call to Order
2. Call of Roll
3. Setting of the Regular Agenda - *This is an opportunity to approve the regular agenda as presented or add/delete by a majority vote of the Commissioners present an agenda item.*
4. Approval of minutes from the November 9, 2017 regular meeting.
5. Consider approval of claims
6. Consider approval of a subordination agreement with Woodland Bank for the Klockow Brewing project.
7. Consider approval of an amended lease agreement with Beauty and Bliss for Central School space.
8. Consider a request for a contribution toward the Northland Connection Program.
9. Consider approval of the sub-committee recommendation to award SCDP Commercial Rehabilitation projects.
10. 2018 GREDA Work Plan
11. Updates:
12. Adjourn

GREDA Members/terms:

Dale Christy – 12/31/18 (with council term)

Rick Blake– 12/31/18 (with council term)

Mike Przytarski – 3/1/21

Cory Jackson – 3/1/17

Mike Stefan – 3/1/18

Chris Lynch – 3/1/19

Sholom Blake – 3/1/19

**GRAND RAPIDS ECONOMIC DEVELOPMENT AUTHORITY
REGULAR MEETING
THURSDAY, NOVEMBER 9, 2017
4:00 P.M.
GRAND RAPIDS CITY HALL – CONFERENCE ROOM 2A
420 NORTH POKEGAMA AVE., GRAND RAPIDS, MINNESOTA**

CALL TO ORDER: Pursuant to due notice and call thereof, a Regular Meeting of the Grand Rapids Economic Development Authority (GREDA) was called to order on Thursday, November 9, 2017 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, Rick Blake, Mike Przytarski, Chris Lynch. Absent: Michael Stefan, Dale Christy, Cory Jackson.

SETTING OF REGULAR AGENDA: Approved with addition.

- Approve payment in the amount of \$20,920.86 to JBS Holdings.
- Approve final payment in the amount of \$15,550.63 to TNT Aggregates for the Swan Machine site work project.
- Approve Balancing Change Order in the amount of \$9,276.45.

Commissioner Jackson joined the meeting at 4:03

APPROVAL OF MINUTES:

MOTION BY COMMISSIONER PRZYTARSKI, SECOND BY COMMISSIONER JACKSON TO APPROVE THE MINUTES OF THE OCTOBER 26, 2017 REGULAR MEETING. The following voted in favor thereof: R. Blake, S. Blake, Przytarski, Lynch, Jackson. Opposed: None, passed unanimously.

APPROVAL OF CLAIMS:

MOTION BY COMMISSIONER R. BLAKE, SECOND BY COMMISSIONER PRZYTARSKI TO APPROVE CLAIMS IN THE AMOUNT OF \$49,750.08.

First American Title	\$40,000.00	Itasca County Treasurer	\$92.00
IEDC	\$9,502.00	Minnesota Energy Resources	\$48.09
P.U.C.	\$41.48	Waste Management	\$66.51

The following voted in favor thereof: S. Blake, R. Blake, Przytarski, Jackson, Lynch. Opposed: None, passed unanimously.

Approve payment in the amount of \$20,920.86 to JBS Holdings.

MOTION BY COMMISSIONER R. BLAKE, SECOND BY COMMISSIONER LYNCH TO APPROVE PAYMENT IN THE AMOUNT OF \$20,920.86 TO JBS HOLDINGS. The following voted in favor thereof: Jackson, R. Blake, S. Blake, Lynch, Przytarski. Opposed: None, passed unanimously.

Approve final payment in the amount of \$15,550.63 to TNT Aggregates for the Swan Machine site work project.

MOTION BY COMMISSIONER PRZYTARSKI, SECOND BY COMMISSIONER JACKSON TO APPROVE PAYMENT IN THE AMOUNT OF \$15,550.63 TO TNT AGGREGATES FOR THE SWAN MACHINE SITE WORK PROJECT. The following voted in favor thereof: Przytarski, Lynch, R. Blake, S. Blake, Jackson. Opposed: None, passed unanimously.

Approve Balancing Change Order in the amount of \$9,276.45.

MOTION BY COMMISSIONER LYNCH, SECOND BY COMMISSIONER JACKSON TO APPROVE PAYMENT IN THE AMOUNT OF \$9,276.45. The following voted in favor thereof: R. Blake, S. Blake, Jackson, Lynch, Przytarski. Opposed: None, passed unanimously.

Consider adopting a resolution approving a loan agreement with Grand Itasca Clinic and Hospital.

MOTION BY COMMISSIONER JACKSON, SECOND BY COMMISSIONER R. BLAKE TO ADOPT RESOLUTION 17-06 APPROVING A LOAN AGREEMENT WITH GRAND ITASCA CLINIC AND HOSPITAL. The following voted in favor thereof: Przytarski, Lynch, Jackson, S. Blake, R. Blake. Opposed: None, passed unanimously.

Presentation: Human Rights Commission Activities

Mary Jo Wimmer of the Human Rights Commission provided an overview of what the mission and functions of the Human Rights Commission are.

There being no further business the meeting adjourned at 4:31 p.m.

Respectfully submitted:

Aurimy Groom, Recorder

EDA BILL LIST - DECEMBER 14, 2017

DATE: 12/08/2017
 TIME: 12:54:48
 ID: AP443000.CGR

CITY OF GRAND RAPIDS
 DEPARTMENT SUMMARY REPORT

PAGE: 1

INVOICES DUE ON/BEFORE 12/14/2017

VENDOR #	NAME	AMOUNT DUE

ECONOMIC DEVELOPMENT AUTHORITY		
0718010	CITY OF GRAND RAPIDS	600.0
1105530	KENNEDY & GRAVEN	1,349.0
1309495	MINUTEMAN PRESS	101.4
TOTAL		2,050.4
EDA - CAPITAL PROJECTS		
AIRPORT SOUTH INDUSTRIAL PARKS		
0221650	BURGGRAF'S ACE HARDWARE INC	99.9
0315455	COLE HARDWARE INC	49.4
0709100	GIANT VOICES INC	1,950.0
TOTAL AIRPORT SOUTH INDUSTRIAL PARKS		2,099.4
TOTAL UNPAID TO BE APPROVED IN THE SUM OF:		\$4,149.8
CHECKS ISSUED-PRIOR APPROVAL		
PRIOR APPROVAL		
0920055	ITASCA COUNTY RECORDER	115.0
1309199	MINNESOTA ENERGY RESOURCES	50.3
1415511	NORTHERN STAR COOPERATIVE SERV	663.5
1621130	P.U.C.	535.3
2000522	TNT AGGREGATES, LLC	15,550.6
T001135	JBS HOLDINGS	20,920.8
TOTAL PRIOR APPROVAL ALLOWED IN THE SUM OF:		\$37,835.79
TOTAL ALL DEPARTMENTS		41,985.67

[Space Above This Line for Recording Data]

SUBORDINATION AGREEMENT FOR MORTGAGE

Effective Date: November 30, 2017

Owners: Klockow Enterprises, LLC.

Current Lien Amount: \$460,000.00

Senior Lender: Woodland Bank
2610 South Highway 169
P.O. Box 5010
Grand Rapids, MN 55744

Subordinating Lenders: Grand Rapids Economic Development Authority
420 North Pokegama Avenue
Grand Rapids, MN 55744

Property Address: 36 Southeast 10th Street, Grand Rapids, MN 55744

THIS AGREEMENT (the "Agreement"), effective as of the Effective Date above, is made by and among the Subordinating Lender, Owners and the Senior Lender named above.

Klockow Enterprises, LLC., a Minnesota Limited Liability Company (the "Owners") own the real property located at the above Property Address (the "Property").

The Subordinating Lender has an interest in the Property by virtue of a Mortgage (the "Existing Security Instrument") given by the Owner, covering that real property, more particularly described as follows:

See Exhibit A

which document is dated October 27, 2017 which was filed as Document ID# A000717629 of the records of the Office of the Registrar of Titles of the County of Itasca, State of Minnesota. The Existing Security Instrument secures repayment of a debt evidenced by a note or a line of credit agreement extended to Klockow Enterprises, LLC. (individually and collectively "Borrower") by the Subordinating Lender.

The Senior Lender has agreed to make a new loan or amend an existing loan in the original principal amount NOT to exceed \$510,000.00 (the "New Loan or Amended Loan"), provided that the New Loan or Amended Loan is secured by a first lien mortgage on the Property (the "New Security Instrument") in favor of the Senior Lender.

The Subordinating Lender is willing to subordinate the lien of the Existing Security Instrument to the lien of the New Security Instrument under the terms set forth in this Agreement.

NOW, THEREFORE, for and in consideration of the above recitals, the covenants herein contained, and for good and valuable consideration, the receipt of which is hereby acknowledged, the parties agree as follows:

A. Agreement to Subordinate

Subordinating Lender hereby subordinates the lien of the Existing Security Instrument, and all of its modifications, extensions and renewals, to the lien of the New Security Instrument. This Agreement is effective as to any sum whose repayment is presently secured or which may in the future be secured by the Existing Security Instrument.

B. General Terms and Conditions

Binding Effect - This Agreement shall be binding upon and inure to the benefit of the respective heirs, legal representatives, successors and assigns of the parties hereto and all of those holding title under any of them.

Nonwaiver - This Agreement may not be changed or terminated orally. No indulgence, waiver, election or non-election by New Lender or the trustee(s) under the New Security Instrument or related documents shall affect this Agreement.

Severability - The invalidity or unenforceability of any portion of this Agreement shall not affect the remaining provisions and portions of this Agreement.

C. Signatures and Acknowledgements

The Subordinating Lender, through its authorized officer, has set its hand and seal as of the Effective Date above unless otherwise indicated.

SUBORDINATING LENDER:

By _____ (Date) _____
(Signature)

(Printed Name)

(Title)

FOR NOTARIZATION OF LENDER PERSONNEL

STATE OF Minnesota)
)ss.
COUNTY OF Itasca)

The foregoing Subordination Agreement was acknowledged before me, a notary public or other official qualified to administer oaths this _____ day of _____, _____, by _____, as _____ of _____, the Subordinating Lender, on behalf of said Subordinating Lender pursuant to authority granted by its Board of Directors. He/She is personally known to me or has produced satisfactory proof of his/her identity.

(Notary Public)

This Instrument Prepared by:

Woodland Bank
PO Box 5010
Grand Rapids, MN 55744
(218) 327-4000

"EXHIBIT A"

Lots 1, 2, 3 and 4, Block 4, Crowder Addition to Grand Rapids, except the Westerly 6.00 feet thereof, Itasca County, Minnesota, together with the West 18 feet of 1st Avenue SE lying adjacent thereto.

The Real Property tax identification number is 91-500-0410.

LEASE AGREEMENT

Amended 12/14/2017

This Amended 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 **Beauty and Bliss, a Limited Liability Corporation** hereinafter referred to as "Lessee", entered into this 14th day of **December, 2017**.

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 ~~831~~ **867 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 **April 1, 2017** and shall continue through **March 31, 2019** 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 Base, during the term of this Lease Agreement rent shall be in the amount of **\$12.31** per square foot annually, payable in equal monthly installments beginning on the **1ST** day of **October, 2017** and continuing on the first day of each month thereafter through **March 1, 2019**. 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 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 of 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:

Beauty and Bliss, LLC
1506 SW 3rd Ave.
Grand Rapids, MN 55744
Attn: Lisa Carsrud

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:

BY: _____

Its _____

BY: _____

Its _____

Date: _____

Exhibit A – Location in the Building

Beauty and Bliss is located on the First Floor in the Southwest Corner Space (Suite ~~103~~ 101) consisting of ~~831~~ 867 square feet.

Exhibit B – Use of Space

Beauty and Bliss is a boutique and consignment business which also includes home décor and gifts.

Exhibit C – Improvements

Wood floors will be refinished and walls will be repainted

Rob Mattei

From: Karl Schuettler <kschuettler@northspan.org>
Sent: Tuesday, November 14, 2017 1:18 PM
To: Rob Mattei
Subject: RE: Northland Connection 2017 Billing
Attachments: 2017 Proposed Budget and Workplan Final.docx

Hi Rob,

No problem—the work plan and budget document is attached. Let me know if anything else would be helpful.

Karl Schuettler
Director of Marketing, Research & Analysis

The Northspan Group, Inc.
221 W. 1st St.
Duluth, MN 55802

Direct: 218.529.7564
Cell: 218.481.3899
Toll-Free: 800.232.0707 Ext. 564
kschuettler@northspan.org



northspan.org

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From: Rob Mattei [<mailto:rmattei@ci.grand-rapids.mn.us>]
Sent: Tuesday, November 14, 2017 1:13 PM
To: Karl Schuettler
Subject: RE: Northland Connection 2017 Billing

Karl,

Can you send me your action plan for the year as well as a list of the other contributors and amounts? GREDA will want to understand what a contribution will be used for, as an example if there is some upgrade planned, and how their contribution is being or would be matched by other partners in the region.

Thanks,

Rob Mattei
Director of Community Development
City of Grand Rapids
420 North Pokegama Avenue
Grand Rapids, MN 55744-2662
Office: 218-326-7622
Mobile: 218-244-2924
Fax: 218-326-7621

From: Karl Schuettler [<mailto:kschuettler@northspan.org>]
Sent: Tuesday, November 14, 2017 12:55 PM
To: Rob Mattei <rmattei@ci.grand-rapids.mn.us>
Subject: Northland Connection 2017 Billing

Hi Rob,

We're currently reconciling Northland Connection accounts for 2017, and it appears GREDA has not yet paid for 2017. While we did cash a check from you on 1/17/17, that was to cover 2016 dues, which had not yet been paid at that point. (I vaguely remember us discussing this on the phone last year...somehow GREDA has ended up on a billing cycle nearly a full year behind everyone else.) If possible, I'd like to get this back on to our normal cycle and take care of this soon so that we can proceed with 2018 billing toward the beginning of next year. I'm re-issuing and attaching a 2017 invoice here.

Let me know if you have any questions or concerns. And, as always, let me know if I can be of any additional help to you in your work.

Best wishes,

Karl Schuettler

Director of Marketing, Research & Analysis

The Northspan Group, Inc.

221 W. 1st St.

Duluth, MN 55802

Direct: 218.529.7564

Cell: 218.481.3899

Toll-Free: 800.232.0707 Ext. 564

kschuettler@northspan.org

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2017 BUDGET AND WORK PLAN

NORTHLAND CONNECTION PROGRAM OBJECTIVE

Northland Connection provides economic development data and analysis to recruit, expand and retain businesses, and to create new jobs and wealth within the eight-county Northland region.

NORTHLAND CONNECTION PROGRAM AND ITS CORE SERVICES

Your investment enables Northspan to provide the following core services:

- Market the region's economic development assets
- Maintain, package, and analyze economic and demographic data
- Sustain and update NorthlandConnection.Com, the region's portal for economic development
- Maintain a database of available properties for development across the region
- Maintain a database of business development resources

PROJECTED 2017 PARTNER INVESTMENT - \$125,500

NORTHLAND CONNECTION PROGRAM PROJECTED 2017 BUDGET		
Line Item	Amount	% of Total
Salaries and Benefits	68,765	54.8
Operating Support ¹	40,000	31.9
Website Hosting Costs	9,180	7.3
Membership Dues (MN Marketing Partnership)	625	0.5
Data (Nexis)	5,000	4.0
Travel Expenses	500	0.4
Meeting Expenses	75	0.1
Cell Phone	780	0.6
Printing	75	0.1
Misc.	500	0.4
TOTAL	\$125,500	100%

¹ Operating support includes rent, furniture, office supplies, telephone, fax, insurance, equipment such as computers, printers, servers, financial/accounting, and administrative/management services.

NORTHLAND CONNECTION 2017 WORK PLAN STRATEGIES

The 2017 work plan was adapted from the 2016 work plan. Pieces that carry over from the 2016 plan, or remain with minor alterations, are in black. These core functions remain priorities for Northland Connection going forward.

However, with a new director and a new website, Northland Connection is now in a position to re-vision itself and re-evaluate its strategies in providing a regional vision for economic development. The spring Advisory Committee meeting aims to take a high-level view of the direction of the program, and ensure that strategies align with program goals and a broader vision for regional economic development.

Manage and Market Northland Connection Program

\$39,506

- Position Northland Connection program as the primary resource for economic development information in the region
- Provide research, analysis, and data packaging services for regional partners
- Secure and use high-end, proprietary databases (e.g. Nexis) and other library/online resources to generate business and industry data
- Provide business and industry research and analysis on major clusters
- Provide property options that meet the requirements of partner prospects and site selector clients
- Qualify and respond to referrals and program-generated business expansion/retention inquiries
- Target regional stakeholders and site selector networks to promote program services and the NorthlandConnection.Com economic development portal
- Leverage peer group networks (i.e. BOMA, IREA, Minnesota Marketing Partnership, MN DEED, RAOR) and other opportunities to collaborate and promote Northland and its economic development assets
- Leverage funding partner marketing efforts
- Hold 3-4 Advisory Committee meetings to provide input and generate discussion about Northland Connection priorities, positioning, and opportunities for improvement of messaging and data provision
- Conduct a strategic visioning session at the spring Advisory Committee meeting to update and establish program priorities
- Regularly communicate program activities to funding partners
- Build relationships with regional realtors and continue to expand networks among Northland Connection stakeholders
- Identify strategic properties and highest and best uses for these properties
- Create profiles and additional marketing materials for these identified properties
- Create marketing materials on incentives available across the region
- Seek opportunities to influence comprehensive planning processes across the region and develop strong economic development section that integrate Northland Connection materials and regional thinking in their strategies
- Re-evaluate presentation of Northland Connection budget for clarity

Manage Regional Economic Development Portal (NorthlandConnection.com)

\$59,259

- Communicate the region's competitive advantages and main industry sectors
- Sustain the region's nationally-recognized regional economic development portal, maintaining high quality data, GIS mapping, and imagery on pages with the following information:
 - Commercial/industrial real estate database, which includes more than 450 sites and buildings in eight counties tied to demographic reports from ESRI
 - Area development resources database which includes more than 450 programs and services such as business financing programs and workforce training services
 - Lists of leading employers across the region and within highlighted industry clusters
 - Utility rates and billings for Minnesota Power, Minnesota Energy Resources, five electric

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NORTHLAND CONNECTION 2017 WORK PLAN STRATEGIES

- o cooperatives and 58 municipal and public works utilities
- o Annual enrollment and graduation rates for 12 area community colleges and universities
- o Labor market information including salaries, payroll, and labor force data
- o Infrastructure including roadways, aviation, rail, taxation, and government contacts
- o Quality of life including climate, housing, crime, and secondary education statistics
- o Business news including relevant business development activities
- Refine development resources database to avoid duplication and accurately present coverage areas
- Integrate regional business incentives into the website to emphasize a key competitive advantage, and support them with a catalogue, statistics, examples of past success, and efforts to develop additional tools
- Strengthen resources for entrepreneur support
- Further refinement and messaging around the data maintained on the website so as to provide a coherent narrative about the region's assets
- Continued outreach in communities across the region to provide training for the site
- Build connections to additional business development resources across the region
- Position NorthlandConnection.com to reach national audiences through search engine optimization and targeting tailored to site selectors' needs
- Use analytics to assess effectiveness of current site and areas for future focus
- Research innovation trends to ensure NorthlandConnection.com employs latest technology, and explore the addition of widgets or graphics that emphasize key facts, statistics, or opportunities
- Maintain license/hosting server relationships and partner with Atlas Advertising to maintain and enhance website when necessary

Administration

\$10,000

- Funding development
- Invoicing
- Research and development
- Meeting logistics
- Graphic design
- Peer meetings

Direct Costs

\$16,735

- Economic development (business and industry) data
- Staff travel, meeting expenses, phone, copying/printing, memberships, miscellaneous
- NC.com software license

NORTHLAND CONNECTION PROGRAM PROJECTED 2017 BUDGET

\$125,500

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Partner Contributions

Northland Connection anticipates no change in funding levels from 2016. The following table indicates each organization's contribution and current representation on the website.

NAME	AMOUNT	PRESENCE ON SITE
Minnesota Power	\$ 25,000	Serves most properties; 3 Resource Center profiles; page on utilities
IRRRB	\$ 20,000	Approx. 240 properties in service area; 11 Resource Center profiles
APEX	\$ 15,000	2 Resource Center profiles; serves entire region
DEDA	\$ 15,000	130 properties, 207 Resource Center profiles
Development Association	\$ 10,000	23 properties, 28 Resource Center profiles (21 and 27 in Superior)
St. Louis County	\$ 10,000	307 properties, 288 Resource Center profiles
ARDC	\$ 5,000	4 Resource Center profiles; serves entire region
Duluth Seaway Port Authority	\$ 5,000	4 properties, 5 Resource Center profiles; page on port
Lake County	\$ 4,000	17 properties, 9 Resource Center profiles
Carlton County EDA	\$ 2,500	44 properties, 22 Resource Center profiles
City of Cloquet	\$ 2,500	29 properties, 16 Resource Center profiles
Fond du Lac	\$ 2,500	0 properties, 5 Resource Center profiles; new page on Tribal Communities
City of Hermantown	\$ 2,500	21 properties, 2 Resource Center profiles
Grand Rapids EDA	\$ 1,500	27 properties, 13 Resource Center profiles
IEDC	\$ 1,500	58 properties, 21 Resource Center profiles
Koochiching County EDA	\$ 1,500	10 properties, 8 Resource Center profiles
Aitkin County EDA	\$ 1,000	14 properties, 8 Resource Center profiles
Two Harbors EDA	\$ 1,000	16 properties, 5 Resource Center profiles
Great River Energy		A la carte funding. 8 Resource Center profiles
MN DEED		In-kind assistance and partnerships. 7 Resource Center profiles
Total	\$ 125,500	476 Properties, 480 Resource Center profiles

Northland Connection funders typically assign an individual to represent them on the program's Advisory Committee. Each funder has a Partner Profile on NorthlandConnection.com. Funders have access to non-confidential data generated by the program and all program communications.

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A la Carte Funding

In June 2014, the Advisory Committee and staff agreed that when requests of the program exceed the projected level of services previously outlined, staff will use an à la carte list of services and costs for completion. While the 2016 budget exceeded projections, Northland Connection did not charge Advisory Committee for services due to the one-time nature of the unanticipated staff time cost overruns on the upgraded website. Northland Connection will apply these rates for a la carte services in the event of future overruns:

Property Search: Research & Customize Packaging of Verified Site/Building Locations		
<ul style="list-style-type: none"> Review NC.com database for sites/buildings matching client requirements 	Typical Turnaround:	2 – 4 hours
<ul style="list-style-type: none"> Review results with area brokers to verify data and availability of properties; research new information requested by client 	Projected Cost:	\$250 - \$500
<ul style="list-style-type: none"> Construct matrix of real estate options per client requirements Package site/building profile packet, including matrix and support materials 		
Prospect Qualification: Research & Customize Packaging of Snapshot of Company Specific Profiles		
<ul style="list-style-type: none"> Company Name, Headquarters Location, Founded, Description, Products or Service, Governance, Financial Information (if available), Industry, NAICS, Number of Employees, Address, Telephone, Email and Website 	Typical Turnaround:	1 hour
<ul style="list-style-type: none"> Verify data from other sources Package snapshot profile 	Projected Cost:	\$150
Prospect Qualification: Research & Customize Packaging of Detailed Company Specific Profiles		
<ul style="list-style-type: none"> Everything included in a snapshot profile 	Typical Turnaround:	3 – 4 hours
<ul style="list-style-type: none"> Leadership Team, Markets, Partners/Investors, Competitors, Recent News, Unique Information (i.e. feedstocks for biofuel company), SWOT Analysis (if available), imagery Package detailed profile 	Projected Cost:	\$300 - \$400
Demographic Analysis: Research & Customize Packaging of Targeted Demographic Profile for a Location, Community or Region		
<ul style="list-style-type: none"> Available both within the Northland and in other locations across the nation, from neighborhoods to entire regions 	Typical Turnaround:	1 – 4 hours
<ul style="list-style-type: none"> Demographics; Personal, Disposable, and Household Income; Retail Market Analysis; Census and American Community Survey Statistics; Labor Market Information; Leading Employers; Regional Industries; Utility Rates and Capacities Package response per client's wishes 	Projected Cost:	\$150 - \$400
Industry or Cluster Analysis: Research & Customize Packaging of Industry Sector Data		
<ul style="list-style-type: none"> Regional presence, national or global analysis, financial information 	Typical Turnaround:	1 – 3 hours
<ul style="list-style-type: none"> Outlook, external drivers, supply chain, major markets, market share concentration and host of variables for more than 700 industry sectors Package response per client's direction 	Projected Cost:	\$150 - \$300
Other Project-Specific Activities		
Staff is available to perform other projects, which may include but is not limited to:		
<ul style="list-style-type: none"> Determining vacancy and absorption rates for targeted real estate Cataloging and analyzing development potential of foreclosed properties Developing an industry referral database of regional businesses seeking other business opportunities Project-specific economic impact assessment and development of return on investment (ROI) metrics Development of marketing materials that draw on Northland Connection data to create targeted sales pitches for properties 		