

## GRAND RAPIDS ECONOMIC DEVELOPMENT AUTHORITY

**Thursday, July 13, 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, July 13, 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 June 27, 2017 special meeting.
5. Consider approval of claims
6. Visit Grand Rapids Annual Report – Megan Christianson
7. Consider approval of assistance requested within Central School Tenants Marketing Proposal
8. Review and consider recommendations for draft 2018 GREDA Operations Budget and levy for Capital Projects Fund
9. Updates:
10. 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  
SPECIAL MEETING  
TUESDAY, JUNE 27, 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 Special Meeting of the Grand Rapids Economic Development Authority (GREDA) was called to order on Wednesday, March 8, 2017 at 8:15 a.m. in Conference Room 2A of City Hall, 420 North Pokegama Avenue, Grand Rapids, Minnesota.

**CALL OF ROLL:** On a Call of Roll the following members were present: Commissioners: Sholom Blake, Michael Stefan, Rick Blake, Chris Lynch, Dale Christy. Absent: Mike Przytarski, Cory Jackson.

**SETTING OF REGULAR AGENDA:** **Approved without addition.**

**APPROVAL OF MINUTES:**

**MOTION BY COMMISSIONER STEFAN, SECOND BY COMMISSIONER R. BLAKE TO APPROVE THE MINUTES OF THE JUNE 8, 2017 REGULAR MEETING. The following voted in favor thereof: Christy, S. Blake, Lynch, R. Blake, Stefan. Opposed: None, passed unanimously.**

Conduct a public hearing concerning submittal of an application to the Minnesota Department of Employment and Economic Development for a grant under the Minnesota Investment Fund (MIF) program for the ASV Parts Distribution Center project.

Commissioner Jackson joined the meeting at 4:07.

President Blake stated the public hearing this is evening is for submittal of an application to the Minnesota Department of Employment and Economic Development for a grant under the Minnesota Investment Fund (MIF) program for the ASV Parts Distribution Center project. Recorder Groom noted that all notices required by law have been met and there has been no correspondence received.

Community Development Director Mattei provided a power point presentation. ASV would like to relocate their parts distribution center from Southaven, MS to Grand Rapids. They are looking to lease a 53,000 square foot building from Arrowhead Promotions. The leased space will require some lighting upgrades, however the majority of the \$680,000 budgeted cost of this option is associated with a staged process of shipping and restocking the large parts inventory from Southaven to Grand Rapids as well as other transitioning/start-up costs, and for the purchase of necessary floor equipment. This project would create 13 FTE's at \$15.49 per hour.

At a recent board of directors meeting, ASV discussed potential sources of funding/economic development assistance for the Grand Rapids project, which were developed by IRRRB, DEED and City staff. They included:

- \$300,000 IRRRB Business Loan to ASV (low interest, 7 year term with targeted employment-based loan forgiveness incentives)
- \$20,000 IRRRB Business Energy Retrofit Program Grant to building owner for lighting upgrades.
- \$125,000 DEED/GREDA Minnesota Investment Fund (MIF) Loan (0% interest, 7 year term)

The balance of the project cost will be funded with ASV equity.

Regarding the proposed DEED MIF program, it has already been determine that this project meets the program's criteria. Under the MIF program, GREDA would apply for a grant from DEED. The \$125,000 grant, when received from DEED, would be used by GREDA to provide a \$125,000 equipment loan to ASV. As a grant recipient, GREDA has the ability to make the 40% local portion of the loan (\$50,000) forgivable to the business. I communicated to ASV, prior to their discussion of this project at the board directors meeting, that it will be and now is my recommendation to the City and GREDA that we provide these forgivable terms. The proceeds received from the remaining 60% of the loan are collected by GREDA and returned to DEED.

ASV has decided they will move forward with the Grand Rapids Parts Distribution Center option, provided the IRRRB and DEED/City assistance is approved. It was clear in the recent communication of this decision by ASV, that this option/project would not likely have been approved by their board without this assistance. The Company's requested IRRRB funding has yet to be approved. It, tentatively, will be reviewed by their technical advisory committee on June 27<sup>th</sup>.

**MOTION BY COMMISSIONER R. BLAKE, SECOND BY COMMISSIONER JACKSON TO OPEN THE PUBLIC HEARING. The following voted in favor thereof: Lynch, Christy, S. Blake, Jackson, Stefan, R. Blake. Opposed: None, passed unanimously.**

Mark Zimmerman, President of IEDC, 12 NW 3<sup>rd</sup> Street, Grand Rapids is in full support of this project. It is a great economic opportunity for our area.

**MOTION BY COMMISSIONER CHRISTY, SECOND BY COMMISSIONER LYNCH TO CLOSE THE PUBLIC HEARING. The following voted in favor thereof: R. Blake, Stefan, Jackson, S. Blake, Christy, Lynch. Opposed: None, passed unanimously.**

Consider adopting a resolution authorizing a Minnesota Investment Fund application for the ASV Parts Distribution Center project.

**MOTION BY COMMISSIONER LYNCH, SECOND BY COMMISSIONER JACKSON TO ADOPT RESOLUTION 17-04 AUTHORIZING A MINNESOTA INVESTMENT FUND APPLICATION FOR THE ASV PARTS DISTRIBUTION CENTER PROJECT. The following voted in favor thereof: Lynch, Christy, S. Blake, Jackson, Stefan, R. Blake, Opposed: None, passed unanimously.**

There being no further business the meeting adjourned at 4:24 p.m.

Respectfully submitted:

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Aurimy Groom, Recorder

**DRAFT**

EDA BILL LIST - JULY 13, 2017

DATE: 07/07/2017  
 TIME: 10:39:35  
 ID: AP443000.CGR

CITY OF GRAND RAPIDS  
 DEPARTMENT SUMMARY REPORT

PAGE: 1

INVOICES DUE ON/BEFORE 07/13/2017

| VENDOR #                       | NAME  | AMOUNT DUE  |
|--------------------------------|---|-------------|
| -----                          |   |             |
| ECONOMIC DEVELOPMENT AUTHORITY |   |             |
| 0718010                        | CITY OF GRAND RAPIDS                        | 1,650.00    |
|                                | TOTAL                                       | 1,650.00    |
| EDA - CAPITAL PROJECTS         |   |             |
| COM BLDG IMP LOAN              |   |             |
| 1105530                        | KENNEDY & GRAVEN                            | 72.00       |
|                                | TOTAL COM BLDG IMP LOAN                     | 72.00       |
| DOWNTOWN REDVELPMNT BLK 18-21  |   |             |
| 1105530                        | KENNEDY & GRAVEN                            | 248.43      |
|                                | TOTAL DOWNTOWN REDVELPMNT BLK 18-21         | 248.43      |
| IND PARK SWAN MACHINE          |   |             |
| 1900225                        | SEH-RCM                                     | 800.00      |
|                                | TOTAL IND PARK SWAN MACHINE                 | 800.00      |
|                                | TOTAL UNPAID TO BE APPROVED IN THE SUM OF:  | \$ 2,770.43 |
| CHECKS ISSUED-PRIOR APPROVAL   |   |             |
| PRIOR APPROVAL                 |   |             |
| 0920055                        | ITASCA COUNTY RECORDER                      | 207.00      |
| 1415511                        | NORTHERN STAR COOPERATIVE SERV              | 228.34      |
| 1621130                        | P.U.C.                                      | 326.76      |
| 2000522                        | TNT AGGREGATES, LLC                         | 60,309.40   |
| 2209665                        | VISA  | 9.60        |
|                                | TOTAL PRIOR APPROVAL ALLOWED IN THE SUM OF: | \$61,081.10 |
|                                | TOTAL ALL DEPARTMENTS                       | 63,851.53   |

| Marketing                                  | Monthly Cost        | Annual Cost | Occurrence                  |
|--|---------------------|-------------|-----------------------------|
| Macrostie 1 <sup>st</sup> Friday Art Walk  | 30.00               | 360.00      | Yearly                      |
| Central School Event Facebook Boost        | 20.00               | 80.00       | Yearly                      |
| Central School Event Newspaper Add         | NA 308.00 Quarterly | 1,232.00    | Yearly on a Quarterly Basis |
| Central School Event Radio Add             | NA 250.00 Quarterly | 1,000.00    | Yearly on a Quarterly Basis |
| Manney Shopper ½ Front Page Add            | NA                  | 350.00      | One time                    |
| Banner for Hwy 2 Lawn 10 Foot              | NA                  | 295.70      | One Time                    |
| Banner for Side Street facing West 10 Foot | NA                  | 295.70      | One Time                    |

One time occurrence: \$941.40

Yearly Budget: \$2,672,00

Money needed for the remainder of 2017: \$2,097.40

Total Tenant one time Contribution to be matched: \$500.00

Additional Request: The city offers free wifi at the Central School by using a booster to city router. The Tenants would like to create a lounge area for the community in a spare room with used books to give/take or stay and read, and offer free wifi to people using the space. Feel free to give an allowance for us to buy furniture for this space.

Increase yearly advertising budget for 2018 and ongoing to \$2,097.40



## REQUEST FOR GRAND RAPIDS EDA ACTION

|                            |  |
|----------------------------|--|
| <b>Agenda Item #8</b>      | <b>Meeting Date: 7/13/17</b>   |
| <b>Statement of Issue:</b> | Review and consider recommendations for draft 2018 GREDA Operations Budget and levy for Capital Projects Fund  |
| <b>Background:</b>         | <p>The Finance Department is requesting GREDA's recommended Operating Budget for 2018. I have attached a marked up operating budget worksheet for your review. The worksheet shows the actual line item expenditures in 2013-2016, as well as the 2017 adopted budget and a 2018 proposed budget, under which I have entered my suggestions.</p> <p>As provided for under §5469.107, the GREDA has over the last several years has requested the City levy for additional monies to begin to replenish the GREDA Capital Projects Fund. For the 2017 budget, GREDA received a levy of \$60,000. A similar request is staff's recommendation.</p> |
| <b>Recommendation:</b>     | Review the proposed 2018 Operating Budget, consider any amendments and pass on a recommended budget to the City Council.   |
| <b>Required Action:</b>    | Pass a motion adopting a recommended 2018 Operating Budget and levy request of \$60,000.   |
| <b>Attachments:</b>        | Budget Worksheet   |

**CITY OF GRAND RAPIDS**  
**ECONOMIC DEVELOPMENT AUTHORITY**  
*Actual 2013-2016 Expenditures, 2017 Budget And Proposed 2018 Budget*

|                                   | 2013<br>ACTUAL   | 2014<br>ACTUAL   | 2015<br>ACTUAL   | 2016<br>ACTUAL   | 2017<br>BUDGET   | PROPOSED<br>2018<br>BUDGET |
|-----------------------------------|------------------|------------------|------------------|------------------|------------------|----------------------------|
| <b>Fund Balance 1/1/XX:</b>       | 69,639           | 80,858           | 69,164           | 54,695           | 42,310           | 42,310                     |
| <b>REVENUES:</b>                  |                  |                  |                  |                  |                  |                            |
| Taxes                             |                  |                  |                  |                  |                  |                            |
| Current                           | 18,912           | -                | -                | -                | -                | -                          |
| Fiscal Disparities                | 2,693            | -                | -                | -                | -                | -                          |
| Total Taxes                       | <u>21,605</u>    | <u>-</u>         | <u>-</u>         | <u>-</u>         | <u>-</u>         | <u>-</u>                   |
| Intergovernmental                 |                  |                  |                  |                  |                  |                            |
| Supplemental Aid                  | 1,535            | -                | -                | -                | -                | -                          |
| Total Intergovernmental           | <u>1,535</u>     | <u>-</u>         | <u>-</u>         | <u>-</u>         | <u>-</u>         | <u>-</u>                   |
| Miscellaneous Revenue             |                  |                  |                  |                  |                  |                            |
| Interest - Investments            | 393              | 787              | 491              | 394              | 800              | 500                        |
| Total Miscellaneous               | <u>393</u>       | <u>787</u>       | <u>491</u>       | <u>394</u>       | <u>800</u>       | <u>500</u>                 |
| Other Sources                     |                  |                  |                  |                  |                  |                            |
| Fund Balance Usage                | -                | -                | -                | -                | 16,100           | 14,650                     |
| <b>TOTAL REVENUES</b>             | <u>23,533</u>    | <u>787</u>       | <u>491</u>       | <u>394</u>       | <u>16,900</u>    | <u>15,150</u>              |
| <b>EXPENDITURES:</b>              |                  |                  |                  |                  |                  |                            |
| Supplies/Materials                | 35               | 17               | 11               | 29               | 50               | 50                         |
| Professional Services             | -                | 383              | 85               | 272              | 2,000            | 500                        |
| Accounting/Auditing Services      | 1,836            | 1,815            | 1,937            | 2,250            | 2,000            | 2,300                      |
| Legal                             | -                | -                | 2,574            | -                | 1,500            | 1,500                      |
| Consulting                        | 10,000           | 10,000           | 10,000           | 10,000           | 10,000           | 10,000                     |
| Seminars/Meetings                 | -                | -                | 60               | -                | 250              | 250                        |
| General Insurance                 | 24               | 19               | 19               | 15               | 100              | 50                         |
| Other Charges & Services          | 419              | 247              | 275              | 213              | 1,000            | 500                        |
| <b>TOTAL EXPENDITURES</b>         | <u>12,314</u>    | <u>12,481</u>    | <u>14,960</u>    | <u>12,779</u>    | <u>16,900</u>    | <u>15,150</u>              |
| <b>REVENUES &gt; EXPENDITURES</b> | <u>11,219</u>    | <u>(11,694)</u>  | <u>(14,470)</u>  | <u>(12,385)</u>  | <u>-</u>         | <u>-</u>                   |
| <b>FUND BALANCE 12/31/XX</b>      | <u>\$ 80,858</u> | <u>\$ 69,164</u> | <u>\$ 54,695</u> | <u>\$ 42,310</u> | <u>\$ 42,310</u> | <u>\$ 42,310</u>           |



**CITY OF GRAND RAPIDS  
ECONOMIC DEVELOPMENT AUTHORITY  
CAPITAL PROJECTS FUND**

**Schedule of Changes in Revenue, Expenditures, and Fund Balance  
FOR THE SIX MONTHS ENDING JUNE 30, 2017**

|  |                           |
|--|---------------------------|
| <b>FUND BALANCE 1/1/17</b>                   | \$ 704,429                |
| <hr/>  |                           |
| <b>REVENUES:</b>                             |                           |
| Taxes  | -                         |
| Supplemental Aid                             | -                         |
| ST/MN-IRRRB Grant                            | 27,435                    |
| ST/MN DEED Grant                             | -                         |
| Interest-Investments                         | 622                       |
| Interest-Loans                               | 3,227                     |
| Developer Asst Reimbursements                | -                         |
| Pymt from Govt Unit                          | -                         |
| Nat'l Gas CIAC Fee                           | 7,488                     |
| Rent-Manufacturing Hangar                    | 10,800                    |
| Miscellaneous                                | 11,813                    |
| Taconite Production Tax                      | -                         |
| Insurance Recovery                           | 7,781                     |
| Principal-Loan Payments                      | 30,305                    |
| Loan Proceeds                                | -                         |
| Sale of Land Held in Inventory               | -                         |
|  | <hr/>                     |
| <b>TOTAL REVENUES</b>                        | <b>99,471</b>             |
| <b>EXPENDITURES:</b>                         |                           |
| Annual Single Audit Fee                      | -                         |
| Miscellaneous                                | 138                       |
| Contribution to Tourism Study                | -                         |
| Community Marketing Taskforce                | -                         |
| Central School Redevelopment                 | -                         |
| Commercial Building Improvement Loan Program | 55,896                    |
| Downtown Block 18-21                         | 3,310                     |
| Airport South Industrial Parks               | 5,004                     |
| Downtown Block 37                            | -                         |
| Ainsworth Facility Redevelopment             | -                         |
| DEED Development Programs                    | -                         |
| Industrial Park Swan Machine                 | 66,508                    |
| Manufacturing Hangar                         | 21,284                    |
|  | <hr/>                     |
| <b>TOTAL EXPENDITURES</b>                    | <b>152,140</b>            |
| <b>2017 REVENUES &gt; EXPENDITURES</b>       | <b>(52,669)</b>           |
| <hr/>  |                           |
| <b>FUND BALANCE 6/30/17</b>                  | <u><u>651,760</u></u> (1) |
| <hr/>  |                           |

Please Note:

(1) The Fund Balance includes designations for Com Bldg Imp Loans of \$177,257