

GRAND RAPIDS ECONOMIC DEVELOPMENT AUTHORITY

Wednesday, May 24, 2017
4:00pm
Grand Rapids City Hall

NOTICE IS HEREBY GIVEN, that a special 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 Wednesday, May 24, 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 April 27, 2017 regular meeting.
5. Consider approval of claims
6. Consider approval of a Construction Loan Disbursement Agreement between First American Title, Woodland Bank, Klockow Enterprises and GREDA
7. Updates:
 - a. GREDA/IEDC Commercial Lease Space Inventory
8. 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, APRIL 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 Regular Meeting of the Grand Rapids Economic Development Authority (GREDA) was called to order on Thursday, April 27, 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, Dale Christy, Michael Stefan, Mike Przytarski, Cory Jackson. Absent: Chris Lynch.

SETTING OF REGULAR AGENDA: Approved without addition.

APPROVAL OF MINUTES:

MOTION BY COMMISSIONER R. BLAKE, SECOND BY COMMISSIONER LYNCH TO APPROVE THE MINUTES OF THE MARCH 23, 2017 REGULAR MEETING. The following voted in favor thereof: Lynch, S. Blake, Christy, R. Blake, Jackson, Stefan, Przytarski. Opposed: None, passed unanimously.

APPROVAL OF CLAIMS:

MOTION BY COMMISSIONER PRZYTARSKI, SECOND BY COMMISSIONER CHRISTY TO APPROVE CLAIMS IN THE AMOUNT OF \$5,098.83.

Itasca County Treasurer	\$2,384.50	Kennedy & Graven	\$1,464.17
P.U.C	\$1,250.16		

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

Consider adopting a resolution approving the Third Amendment to the Purchase and Development Contract with Grand Rapids Hotel Partners LLC.

The developer would like to extend the closing date to no later than August 1st, 2017, construction to begin September 1st, 2017 and a completion date of August of 2018.

MOTION BY COMMISSIONER PRZYTARSKI, SECOND BY COMMISSIONER JACKSON TO ADOPT RESOLUTION 17-03 APPROVING THE THIRD AMENDMENT TO THE PURCHASE AND DEVELOPMENT CONTRACT BETWEEN THE GRAND RAPIDS ECONOMIC DEVELOPMENT AUTHORITY AND GRAND RAPIDS HOTEL PARTNERS. The following voted in favor thereof: R. Blake, Stefan, Jackson, S. Blake, Christy, Przytarski. Opposed: None, passed unanimously.

Updates:

GREDA/IEDC Commercial Lease Space Inventory- A letter was mailed to those owning property zoned commercial with a survey to fill out and return. Hopefully this will give us a better idea as to what inventory is available.

Follow up on discussion MN Real Estate Journal Micropolitan Summit- After researching further Mr. Mattei found out that hosting this event wouldn't be bringing in a lot of new people to the area. It was decided the GREDA would pass on hosting this event at this time.

There being no further business the meeting adjourned at 4:13 p.m.

Respectfully submitted:

Aurimy Groom, Recorder

DRAFT

CONSTRUCTION LOAN DISBURSEMENT AGREEMENT

This Agreement is entered into **January 24, 2017**, by and between (**First American Title Company**), a **Minnesota** Corporation [hereinafter call "Escrow Agent"], **Woodland Bank and Grand Rapids Economic Development Authority** [hereinafter called "Lender"], **Klockow Enterprises, LLC** [hereinafter called "Borrower"], and [hereinafter called "Contractor"].

WHEREAS, Lender and Borrower have entered into a Construction Loan which is secured by a Note and a Mortgage on the land described in "Exhibit A" attached, and pursuant to which Lender has agreed to make advances to Borrower in the principal amount of \$ **\$460,000.00 (Woodland Bank) and \$40,000.00 (Grand Rapids Economic Development Authority)** ; and

WHEREAS, Lender and Borrower desire that Escrow Agent disburse the advances made by Lender under the Construction Loan, and Escrow Agent is willing to do so on the terms set forth herein;

THEREFORE, in consideration of the premises and other good and valuable consideration, the receipt and the sufficiency of which is hereby acknowledged, the parties agree as follows;

1. At the request of Borrower, Lender will deposit with Escrow Agent from time to time undisbursed funds of the Construction Loan.
2. Escrow Agent is authorized and directed to disburse funds deposited pursuant to this Agreement, to:
 - a. Pay costs of construction of the improvements to be made to the described land.
 - b. Obtain releases and satisfactions of liens and other encumbrances if any, pursuant to statements of amounts due, which must be approved by Borrower.
3. Prior to the first disbursement of funds hereunder, Escrow Agent must be furnished the following items:
 - a. Approval by Lender of the Commitment for a Loan Policy of title insurance on the land. Lender's approval shall be in the form of a Letter of Instruction to the Escrow Agent.
 - b. Sworn Construction Statement disclosing all of the various contracts entered into, and setting forth the names of the contractors, material suppliers, and other parties with whom contracts have been entered into, their addresses and phone numbers, material and/or work to be furnished, and amounts of the contracts.
4. Prior to each and every disbursement of funds, Escrow Agent must be furnished the following items:
 - a. Sworn Construction Statement setting forth all contractors, material suppliers, and other parties with whom contracts have been entered into, the amount of each contract, the amount paid-to-date, the amounts being requested, and the balances due.
 - b. Draw Request signed by Borrower for the requested disbursement.
 - c. Current invoices from contractors, material suppliers, and other parties, which correspond to the amounts to be disbursed (plus any retainage).

Approval by Lender of the relevant Draw Request, along with written instructions to disburse the funds.

- e. Sufficient funds to cover the requested disbursement.
 - f. Sufficient funds to cover unpaid title and escrow charges.
 - g. Unconditional, full (not partial except for any retainage), current up-to-date Lien Waivers; and releases of Mechanic's Liens if necessary; satisfactory to Escrow Agent.
5. Not later than five business days following receipt of the documents delivered to it pursuant to the above paragraph, Escrow Agent will orally notify Lender as to whether or not the delivered documents are satisfactory. If documents are not satisfactory or are missing, Escrow Agent will advise Lender. If the documents are supplied to the satisfaction of Lender and Escrow Agent or if Lender is initially notified by Escrow Agent that the documents delivered to it are satisfactory, Lender will [on the requested date of disbursement] transmit to Escrow Agent the amount of the disbursement applied for in the relevant Draw Request [or so much thereof as Lender may approve], by transfer of such funds to Escrow Agent for deposit in Escrow Agent's Bank Account No. maintained with **First American Trust**.
 6. Upon receiving the funds transmitted by Lender pursuant to the above paragraph, Escrow Agent will disburse directly to each sub-contractor, supplier, and other party identified in the relevant Draw Request, the amounts shown therein; or if less, the amount approved by Lender. The disbursement checks may be stamped with a full payment to date to check Lien Waiver.
 7. Escrow Agent shall not be liable for interest on funds deposited with it.
 8. Escrow Agent will keep and maintain books and records in sufficient detail to reflect the disbursements made by it pursuant to this Agreement. Lender may during normal business hours examine the books and records of Escrow Agent pertaining to those disbursements.
 9. Escrow Agent does not keep track of payee information and disbursements for 1099 reporting to the IRS. The Contractor (or whoever acts as Contractor) should do that reporting.
 10. After Escrow Agent makes a disbursement of proceeds, it will furnish Lender with an Endorsement to the title insurance Loan Policy, if that policy was issued by Escrow Agent.
 11. No liability is assumed by Escrow Agent to Borrower or Contractor for protection against Mechanic's Liens.
 12. Functions and duties assumed by Escrow Agent include only those described in this Agreement, and Escrow Agent is not obligated to act except in accordance with the terms and conditions of this Agreement. If Escrow Agent determines, or Lender notifies Escrow Agent, that the undisbursed portion of the loan will not be sufficient to complete and pay for the remainder of the construction, Owner shall deliver to Escrow Agent the sums necessary for completion. If a Draw Request has been presented to Escrow Agent but not disbursed when Escrow Agent is notified of the shortage of funds, Escrow Agent shall delay disbursement until the funds are received from the owner.
 13. Borrower shall pay all title and escrow charges as they are incurred, which charges are to be considered a cost of construction. Escrow Agent shall be paid **\$\$250.00** as the fee for disbursing up to the first four draw requests, and **\$n/a** for each additional draw request that it disburses, which fees shall be paid as the draws occur.

14. At any time prior to disbursing funds, Escrow Agent reserves the right to decline any risk offered for insurance, whereupon it may return to Lender any documents in its possession relating to the loan and any funds received.
15. When after any disbursing, a subsequent title search reveals an encumbrance over which Escrow Agent is unwilling to insure, it will notify Lender and may discontinue further disbursement until the encumbrances has been disposed of to Escrow Agent's satisfaction. A Mechanic's Lien does not warrant a discontinuance of disbursement, if one and one-half times the amount of the lien is deposited with Escrow Agent as security against the lien.
16. Escrow Agent shall not be responsible for any losses of documents or funds while such documents or funds are not in its custody. Documents or funds which are deposited in the United States mail shall not be construed as being in the custody of Escrow Agent.
17. This Agreement shall be binding upon the parties hereto and their respective successors and assigns.
18. This Agreement can be amended or modified only by a written Amendment signed by the parties hereto.

**First American Title Company
Escrow Agent**

By: _____
Ann Smith
Title: **Escrow Officer Branch Manager**

**Woodland Bank
Lender**

By: _____
Wayne Bruns
Title: **Vice President - Commercial Lending**

**Grand Rapids Economic Development Authority
Lender**

By: _____

**Klockow Enterprises, LLC
Borrower**

By: _____

Klockow Enterprises, LLC, a Minnesota corporation, a Minnesota limited liability company

By: _____
Name: Andrew Klockow
Title: _____

Contractor

By: _____
Title: