

## GRAND RAPIDS ECONOMIC DEVELOPMENT AUTHORITY

**Thursday, August 25, 2016  
Immediately following the 3:00pm Closed Meeting  
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, August 25, 2016 immediately following the conclusion of the 3:00pm Closed Meeting.

### 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 July 28, 2016 regular meeting and August 5, 2016 special meeting.
5. Consider approval of claims
6. Consider approving a 2016 Central School lease with Ashley Brubaker dba True North Salon and Spa
7. Consider approving a 2016 Central School lease with Beauty and Bliss LLC.
8. Consider approving a Commercial Building Improvement Loan with Brian Maki dba Maki Body and Glass
9. Consider approving a Commercial Building Improvement Loan with JBS Holdings
10. Consider awarding a contract to TNT Aggregates for the Swan Machine Site Improvements Project
11. Discuss a request for purchase and subsequent conveyance of tax forfeited parcels.
12. Consider approving a GREDA 2017 budget recommendation and request for levy.
13. Updates:
  - a.
14. Adjourn

#### GREDA Members/terms:

Dale Christy – 12/31/16 (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



**REQUEST FOR GRAND RAPIDS EDA ACTION**

	<p><b><u>REQUEST FOR GRAND RAPIDS EDA ACTION</u></b></p>
<p><b>Agenda Item #6</b></p>	<p><b>Meeting Date:</b> 8/25/16</p>
<p><b>Statement of Issue:</b></p>	<p>Consider approving a 2016 Central School lease with Ashley Brubaker dba True North Salon and Spa.</p>
<p><b>Background:</b></p>	<p>Ashley Brubaker, owner of True North Salon and Space, currently occupies Suite 112 in the northeast corner space of the first floor of Central School. Ashley would like to expand her business by developing a spa space on the Garden level in Suite 10. It is very important to her business that she have an on location washer and dryer for the towels used. With approximately \$3,000 in modifications to Suite 10, to allow for water supply and wastewater discharge and venting, that can be provided for.</p> <p>Attached as part of the draft lease, a reimbursement agreement represents the outcome of a cost sharing arrangement for those building improvements. Within the reimbursement agreement, Ashley agrees to reimburse the City for up to \$1,800 or 60% of the project cost, whichever is less.</p> <p>The lease for the 389 sf space (Suite 10), is consistent with GREDA's current master lease and the \$7.42/sf rate is the same as the rental rate previously paid for the same space.</p>
<p><b>Recommendation:</b></p>	<p>Approve the lease and authorize the GREDA President to execute them on behalf of GREDA</p>
<p><b>Required Action:</b></p>	<p>Consider approving a 2016 Central School lease with Ashley Brubaker dba True North Salon and Spa</p>
<p><b>Attachments:</b></p>	<p>Draft lease</p>

## 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 **True North Salon and Spa, Inc.**, hereinafter referred to as "Lessee", entered into this \_\_\_ day of **August, 2016**.

### **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 389 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, 2016** and shall continue through **December 31, 2016** 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 Calendar year **2016** base rent 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 **September, 2016** and continuing on the first day of each month thereafter through **December 31, 2016**. 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:

Ashley Brubaker, Pres.  
True North Salon & Spa, Inc.  
10 NW 5<sup>th</sup> St., Suite 112  
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 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:

LESSEE:

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

\_\_\_\_\_

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

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

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

Its \_\_\_\_\_

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

## Exhibit A – Location in the Building

The True North Salon and Spa is located on the Garden Level in Suite 10, consisting of 389 square feet.



## Exhibit B – Use of Space

The True North Salon and Spa is a beauty salon that will provide hair, skin, nail and waxing services and massage.

## Exhibit C – Improvements

The Lessor and Lessee have agreed, under a separate Reimbursement Agreement (attached), have agreed to share the cost of modifications to the small closet space at the entry to Suite 10 to provide plumbing, venting and electrical service to allow for a standup washer and dryer unit.

## REIMBURSEMENT AGREEMENT

This agreement is entered into this \_\_\_\_ day of \_\_\_\_\_, 2016, by and between the Grand Rapids Economic Development Authority, hereinafter "GREDA," and Ashley Brubaker, dba True North Salon and Spa, Inc., hereinafter "Brubaker."

### RECITALS

1. The parties have entered into a Lease Agreement for the premises located at Suite 10 of Central School, which Lease Agreement is dated \_\_\_\_\_, 2016.
2. Brubaker desires to make leasehold improvements to Suite 10 to accommodate installation of a massage salon, a washer and a dryer.
3. GREDA and Brubaker have agreed to share in the expense of the leasehold improvements, the costs of which are anticipated to be approximately \$3,000, the terms of the agreement being more specifically described below.

### NOW, THEREFORE, THE PARTIES AGREE AS FOLLOWS:

- A. GREDA will enter into any contracts relating to the leasehold improvements and shall be solely responsible for administration of the contracts.
- B. GREDA will submit a document detailing the proposed scope of work to Brubaker for her approval and signature prior to beginning construction. When accepted, the document will serve as a mutual commitment between the parties for the outlined services.
- C. GREDA will be responsible for obtaining all certificates, permits, licenses and any other authorizations necessary to permit construction of the improvements at its cost.
- D. Brubaker agrees to reimburse GREDA the sum of \$1,800 or 60% of the project cost, whichever is less, within 30 days following receipt of a Payment Request by GREDA, which Request shall be made upon final completion of the leasehold improvements.
- E. This Reimbursement Agreement will be attached to and made a part of the Lease Agreement between the parties for the premises located at Suite 10 of Central School.

**Grand Rapids Economic Development  
Authority**

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

\_\_\_\_\_  
Ashley Brubaker



CITY OF  
GRAND RAPIDS  
IT'S IN MINNESOTA'S NATURE

## REQUEST FOR GRAND RAPIDS EDA ACTION

<b>Agenda Item #7</b>	<b>Meeting Date: 8/25/16</b>
<b>Statement of Issue:</b>	Consider approving a 2016 Central School lease with Beauty and Bliss, LLC.
<b>Background:</b>	<p>Beauty and Bliss LLC, owned by Lisa Carsrud, is a boutique and consignment business interested in establishing a storefront on the first floor of Central School, in Suite 101 formerly occupied by Dustables.</p> <p>The lease for the 867 sf space (Suite 101, southeast corner), is consistent with GREDA's current master lease and at a rate identical to the other tenants on the first floor.</p>
<b>Recommendation:</b>	Approve the lease and authorize the GREDA President to execute them on behalf of GREDA
<b>Required Action:</b>	Consider approving a 2016 Central School lease with Beauty and Bliss LLC
<b>Attachments:</b>	Draft 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 **Beauty and Bliss, a Limited Liability Corporation** hereinafter referred to as "Lessee", entered into this - 25<sup>th</sup> day of **August, 2016**.

### **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 **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 <sup>October</sup> ~~September 1, 2016~~ and shall continue through **December 31, 2016** 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 Calendar year **2016** base rent shall be in the amount of **\$12.31** per square foot annually, payable in equal monthly installments beginning on the **1<sup>ST</sup>** day of **September, 2016** and continuing on the first day of each month thereafter through **December 31, 2016**. 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 or 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:

Beauty and Bliss, LLC  
1506 SW 3<sup>rd</sup> 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: 8-5-16

## Exhibit A – Location in the Building

Beauty and Bliss is located on the First Floor in the Southeast corner (Suite 101) consisting of 867 square feet.

## Exhibit B – Use of Space

Beauty and Bliss is a boutique and consignment business.

Exhibit C – Improvements

None



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## REQUEST FOR GRAND RAPIDS EDA ACTION

<b>Agenda Item #8</b>	<b>Meeting Date: 8/25/16</b>
<b>Statement of Issue:</b>	Consider approving a Commercial Building Improvement Loan with Brian Maki dba Maki Body and Glass
<b>Background:</b>	<p>Brian Maki, dba Maki Body and Glass, submitted an application for the SCDP Commercial Rehabilitation program after previous awards under that program had spent the remainder of those funds.</p> <p>I spoke with Mr. Maki about the Commercial Building Improvement Loan program standard terms and he emailed his interest in pursuing a loan.</p> <p>Mr. Maki would like to make improvement to his business at 624 NW 4<sup>th</sup> St. that include: stucco repairs, asphalt parking lot repairs, installation of 3 new doors, and installation of new front windows. The total estimated project cost is \$31,297. Under the standard CBIL program, this project would qualify for up to 75% of that cost, or \$23,473.</p> <p>The CBIL loan review committee will be reviewing this loan request this week and will bring a recommendation to the EDA.</p>
<b>Recommendation:</b>	
<b>Required Action:</b>	Consider approving a Commercial Building Improvement Loan with Brian Maki dba Maki Body and Glass
<b>Attachments:</b>	



CITY OF GRAND RAPIDS  
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<b>Office Use Only</b>	
Date Received	_____
GREDA Review Date	_____
GREDA Approval	_____

### City of Grand Rapids/ Itasca County Housing and Redevelopment Authority (ICHRA)

### APPLICATION FOR COMMERCIAL REHABILITATION

The information requested in this application is required to determine eligibility for this program. Some of the data requested may be classified as "private data on individuals" under Minnesota statutes 462A.065. Use of data obtained is limited to that necessary for determining eligibility for and administration of this program. The information may ultimately be made available to other governmental agencies, including but not limited to the Minnesota Housing Finance Agency and the U.S. Department of Housing and Urban Development.

Name of building owner: Brian Maki  
 Mailing address: 629 NW 4TH ST Grand Rapids  
 Telephone number: 376-2725

Do you have any commercial tenants in your building? (Yes/No)  No How Many? \_\_\_\_\_

Do you have any residential rental units in your building? (Yes/No)  No How Many? \_\_\_\_\_

Have you previously received a loan or grant through GREDA? (Yes/No)  No

Do you have an existing mortgage on your building? (Yes/No)  No, Balance unpaid: \_\_\_\_\_

Do you have an existing contract-for-deed on your building? (Yes/No)  No, Balance unpaid: 657,879.26

If you have purchased your building on a contract-for-deed basis, the person from whom you have purchased it will have to agree to your participation in the program. The reason for this is because a lien will be placed on the property in the amount of the cost of improvements. If your contract holder will not authorize placement of a lien you are not eligible for this program.

Do you have any judgments for unpaid taxes or other debts been filed against your building? (Yes/No)  No

Have you paid all real estate taxes which are due? \_\_\_\_\_ (Yes/No)  No **Please attach a copy of your most recent property tax statement.**

**You must submit a copy of your recorded deed or contract-for deed. If you do not have a copy you can obtain one from the Itasca County Recorder.**

#### Allowable Improvements:

Building improvements, eligible for funding under this program, are categorized as follows:

- Improvements/modifications to the front façade and other exterior faces of the building
- Modifications improving or establishing handicapped accessibility in a building
- Modifications correcting existing building code non-compliance.
- Improvements that enhance the buildings energy efficiency.

#### Project Description and Cost:

Please describe the proposed project? Fix stucco Paint Building  
Repair asphalt 3-NEW DOORS Front windows

When would you like to begin your project? Spring  
Air Exchanger

## Rob Mattei

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**From:** makibody@mchsi.com  
**Sent:** Monday, August 01, 2016 4:10 PM  
**To:** Rob Mattei  
**Subject:** Re: Grand Rapids EDA Commercial Building Improvement Loan

I am interested in that program

----- Original Message -----

From: Rob Mattei <rmattei@ci.grand-rapids.mn.us>  
To: 'makibody@mchsi.com' <makibody@mchsi.com>  
Sent: Mon, 01 Aug 2016 14:43:39 -0400 (EDT)  
Subject: Grand Rapids EDA Commercial Building Improvement Loan

Brian,

As we just discussed on the phone, it appears that our Small Cities Development Program funds will be spent by the applications/projects approved prior to your application. As I also mentioned to you, the project you've proposed is eligible for the Grand Rapids EDA Commercial Building Improvement Loan (CBIL) program, under the program's standard guidelines which I've attached.

If the information you provided in the original, attached, SCDP application is still accurate and you are interested in the attached application being considered as a request under the standard CBIL program, please let me know.

Thanks for your investment in Grand Rapids,

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: Grand Rapids Engineering [mailto:copy.machine@ci.grand-rapids.mn.us]  
Sent: Monday, August 01, 2016 1:30 PM  
To: Rob Mattei <rmattei@ci.grand-rapids.mn.us>  
Subject: Attached Image

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NOTICE: The information contained in this email and any document attached hereto is intended only for the named recipient(s). If you are not the intended recipient, nor the employee or agent responsible for delivering this message in confidence to the intended recipient(s), you are hereby notified that you have received this transmittal in error, and any review, dissemination, distribution or copying of this transmittal or its attachments is strictly prohibited. If you have received this transmittal and/or attachments in error, please notify me immediately by reply e-mail and then delete this message, including any attachments.



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## REQUEST FOR GRAND RAPIDS EDA ACTION

**Agenda Item #9**

**Meeting Date:** 8/25/16

**Statement of Issue:**

Consider approving a Commercial Building Improvement Loan with JBS Holdings.

**Background:**

JBS Holdings, the owner of the commercial building located at 415 NW 8<sup>th</sup> Ave., Suite B, was previously awarded a \$24,000 SCDP Commercial Rehabilitation loan by GREDA for improvements to that building, including: roof replacement, replacement of heating system, insulation, and repair to floors, walls and drywall. The \$24,000 SCDP loan was the maximum 60% of the estimated project cost of \$40,000.

At that time of the SCDP request, Jason Sheiman of JBS Holdings didn't request a CBIL loan, with the enhanced terms offered to those projects. With the anticipated cost of the project increasing now to \$68,810, JBS Holdings has reconsidered and requested a \$35,000 CBIL.

The CBIL loan review committee will be reviewing this loan request this week and will bring a recommendation to the EDA.

**Recommendation:**

**Required Action:**

Consider approving a Commercial Building Improvement Loan with JBS Holdings

**Attachments:**





GRAND RAPIDS  
MICHIGAN

### Commercial Building Improvement Loan Application

Grand Rapids Economic Development Authority  
c/o Community Development Department  
420 North Pokegama Ave.  
Grand Rapids, MN 55744  
Tel. (218) 326-7601 Fax (218) 326-7621  
www.grandrapidsmn.org

Community Development Office Use Only	
Date Received	_____
GREDA Review Date	_____
GREDA Approval	_____

#### Applicant Information:

The undersigned do hereby respectfully request the Grand Rapids Economic Development Authority's consideration of a Commercial Building Improvement Loan: *(If the applicant is not the property owner, the property owner must, also, sign the application.)*

JBS Holdings  
Name of Applicant *(print)*

415 NW 8th Ave, Ste B  
Address

Grand Rapids, MN 55744  
City State Zip

(218) 326-4477 / j-sheiman@yahoo.com  
Telephone/ E-Mail

JBS Holdings  
Doing business as:

\_\_\_\_\_  
Name of Owner *(print)*

\_\_\_\_\_  
Address

\_\_\_\_\_  
City State Zip

\_\_\_\_\_  
Telephone/E-Mail

What is your interest in the building/property? *(check one)*

Own the Business  Lease the building

Purchasing the building on contract for deed  Other: \_\_\_\_\_

#### Project Information:

Tax Parcel # 91-420-2260

Existing Zoning: Commercial

Existing Use: Commercial (Vacant)

Proposed Use: Commercial

Property Address / Location: 417 NW 8th Ave, Grand Rapids MN 55744

Legal Description: All lots 7-9 & lot 10 less S 4' B1K 22  
*(attach additional sheet if necessary)*

Description of your proposed commercial building improvement project: Replace roof, replace heating system, demo and insulate interior, repair floors, walls & drywall.  
*(attach additional sheet if necessary)*

Are you coordinating your project with any neighboring businesses?  Yes  No

If yes, please provide their name(s) and the nature of their project(s): \_\_\_\_\_

When would you like to begin your project? 8/1/16

How much time will be needed to complete the project? 30-60 days

If your project is located in the CBD (Central Business District), please explain how it furthers the objectives stated within the *Downtown Redevelopment Master Plan*. *(if applicable)*

*(attach additional sheet if necessary)*

**Project Cost/Financing:**

The GREDA Commercial Building Improvement Loan Program may finance up to 75% or \$40,000 of eligible project costs, whichever is less.

Please provide a breakdown of this estimated cost by construction category (attach copies of quotes):

Construction Item/Category	Estimated Cost (Quote)
Bid Package	\$ 68,810.00
<b>Total Estimated Cost:</b>	<b>\$ 68,810.00</b>

(attach additional sheet if necessary)

Please provide a list of proposed/secured financing sources:

Source	Secured (yes/no)	Amount
GREDA Commercial Bldg. Improvement Loan (requested amount)		35,000
Bank		
Cash		9,810
Other (specify) HRA		24,000
Other (specify)		
<b>Total \$</b>		<b>68,810</b>

**Required Submittals with Application:**

- Application Fee - \$150.00
- Building/Site Photos
- Concept Plan
- Copies of Tax Returns (past 3 years)
- Cash Flow Projections (3 years)\*
- Estim. Income Statements (3 years)\*
- Business Plan
- Letters of Commitment
- Credit Report
- Evidence of ownership in the form of title insurance, title opinion, or copy of deed
- Marketing Information

\* MN Small Business Development Center at Itasca Economic Development Corp. can assist with this, free of charge.

**If Loan is Approved, Additional Submittals Required Prior to Disbursement of Funds:**

- Verification that building is insured at a level equal to its value, with the GREDA listed as an additional insured.
- Ownership and encumbrance report.
- Copies of receipts for project expenses.
- Verification from the City Building Official that the project is complete.
- Security: Personal guarantee in the form of a Promissory Note (form provided by City) and a mortgage.

**INCOMPLETE APPLICATIONS WILL NOT BE ACCEPTED**

More information may be requested by the Grand Rapid Economic Development Authority, if deemed necessary, to properly evaluate your request.

I certify that, to the best of my knowledge, information, and belief, all of the information presented by me in this application is accurate and complete and includes all required information and submittals, and that I consent to entry upon the subject property by public officers, employees, and agents of the City of Grand Rapids wishing to view the site for purposes of processing, evaluating, and deciding upon this application. Further, I have read and fully understand the CBIL Program Guidelines described as Exhibit A to GREDA Resolution 08-03.

Signature(s) of Applicant(s)

Date

## Blandin Foundation/GREDA PRI Commercial Rehabilitation Projects

SCDP Project	Business/Building Owner	Address	Proposed Project	Total Estim. Proj. Cost	SCDP Request	GREDA CBL Request	Private Funding or Equity	Update
Yes	Madden's Dutch Room/Dennis & Anta Madden	702 NW 4th St.	New doors to address code requirements, exterior painting and brick wainscoting and bathroom remodel	\$68,700.00	\$32,000.00	\$35,000.00	\$1,700.00	Project Completed
Yes	Iasca Co. Farm Service Association	900 NW 4th St.	Front exterior renovation, accessibility upgrades to entrance and bathrooms, mill area roof replacement	\$108,011.00	\$32,000.00	\$35,000.00	\$41,011.00	Project Completed
Yes	Pasties Plus Bldg./Dan and Jean Anderson	1405 NW 4th St.	Siding, soffit, and fascia painting, new windows and doors and new roofing.	\$36,981.00	\$22,188.60	\$14,792.40	\$0.00	Project Completed
Yes	Davis Petroleum/Bret and Sandy Wagner	1301 NW 4th St.	New siding, roofing, extended soffits on station and warehouse	\$78,568.66	\$32,000.00	\$35,000.00	\$11,568.66	Project Completed
Yes	First Call for Help	1007 NW 4th St.	New siding, windows, doors and furnace(?)	\$76,783.00	\$37,000.00	\$35,000.00	\$0.00	Project Under Construction
Yes	JBS Holdings	415 NW 8th Ave., Suite B	New roof, replace heating system, insulation, floor and wall repair, plumbing	\$68,810.00	\$24,000.00	\$35,000.00	\$9,810.00	Approved
Yes	GRP LLC	951 NW 4th St.	Renovation and expansion, new windows, sprinkler system.	\$150,000.00	\$16,000.00	\$35,000.00	\$99,000.00	Project in the beginning stages
No	McAlpine Building/Linda and Tony Budrow	4 NW 3rd St.	Window and Door Replacement	\$46,314.00	\$0.00	\$34,735.50	\$11,578.50	Project Completed

Subtotals: \$634,167.66      \$190,188.60      \$259,527.90      \$174,668.16  
 Available SCDP Commercial Rehab. funding: \$192,000.00  
 SCDP Fund Balance: \$1,811.40

Notes: The CBL Program Loans that are SCDP projects carry a term of 10 years at 1% interest.  
 The CBL Program loans, that are non-SCDP projects, follow our normal terms which involve a 5 year term, a 20 year amortization and a 4% interest rate.  
**Because we have a group of loans that have two sets of terms, GREDA will issue two notes to the Foundation to claim the entire PRI amount of \$175,000.**



## REQUEST FOR GRAND RAPIDS EDA ACTION

<b>Agenda Item #10</b>	<b>Meeting Date:</b> 8/25/16
<b>Statement of Issue:</b>	Consider awarding a contract to TNT Aggregates for the Swan Machine Site Improvements project
<b>Background:</b>	<p>As you will recall, the City of Grand Rapids was awarded a \$150,000 IRRRB Development Infrastructure grant for the Swan Machine manufacturing plant development project to cover a portion of the anticipated cost of items such as: site grading, utility extensions into the building, site storm drainage infrastructure, parking lot, etc.</p> <p>The GREDA Contract for Private Development with Swan Lease, addressed the roll of GREDA as the administrator of the contract for the site development as well as the IRRRB grant funds for that purpose. Also addressed is Swan Lease's commitment to reimburse GREDA for any costs in excess of the grant amount.</p> <p>Bids were opened for the project on August 16<sup>th</sup> at 11:00. Three bids were received, with the lowest bid, submitted by TNT Aggregates (subsidiary of Hammerlund Construction), was in a base bid amount of \$207,617. The optional add-alternate bid item, which eliminated a concrete pad on the north side of the building, was selected by the company and represented a deduct to the contract amount totaling \$20,617. The adjusted contract amount to be approved, with selection of the add-alternate is \$187,000. The engineers estimate for this project, with the add-alternate was \$194,938.50.</p>
<b>Recommendation:</b>	
<b>Required Action:</b>	Approve awarding a contract to TNT Aggregates for the Swan Machine Site Improvements project, including the add-alternate bid item, in an amount of \$187,000, and authorize the GREDA President to execute the contract on behalf of GREDA.
<b>Attachments:</b>	

Grand Rapids Economic Development Authority  
 Swan Machine - Site Improvements  
 Bid Abstract  
 GREDA 137744  
 8/16/2016

C:\Users\Amatep\Local\Microsoft\Windows\Temporary Internet Files\Content.Outlook\ENJDEKX9\Swan Machine Bid Abstract (002).xlsx Bid Abstract

BASE BID Line No.	Item Number	Description	Units	Quantity	Engineer's Estimate		TNT Aggregates		Casper Const.		Ulland Brothers	
					Unit Price	Total Price	Unit Price	Total Price	Unit Price	Total Price	Unit Price	Total Price
1	2011.601	CONSTRUCTION SURVEYING	LS	1	\$5,500.00	\$5,500.00	\$4,940.00	\$4,940.00	\$6,600.00	\$6,600.00	\$6,000.00	\$6,000.00
2	2021.501	MOBILIZATION	LS	1	\$10,000.00	\$10,000.00	\$17,642.50	\$17,642.50	\$8,808.70	\$8,808.70	\$8,080.00	\$8,080.00
3	2101.501	CLEARING	ACRE	0.9	\$2,000.00	\$1,800.00	\$3,000.00	\$2,700.00	\$3,150.00	\$3,150.00	\$4,500.00	\$4,500.00
4	2101.501	CLEARING	TREE	1	\$150.00	\$150.00	\$50.00	\$50.00	\$300.00	\$300.00	\$1,100.00	\$1,100.00
5	2101.506	GRUBBING	ACRE	0.9	\$2,000.00	\$1,800.00	\$5,500.00	\$4,950.00	\$3,150.00	\$3,150.00	\$3,200.00	\$2,880.00
6	2101.507	GRUBBING	TREE	1	\$150.00	\$150.00	\$50.00	\$50.00	\$300.00	\$300.00	\$180.00	\$180.00
7	2104.501	REMOVE CONCRETE CURB	LF	56	\$4.00	\$224.00	\$5.00	\$280.00	\$4.00	\$224.00	\$6.00	\$336.00
8	2104.505	REMOVE CONCRETE PAVEMENT	SY	40	\$5.00	\$200.00	\$6.50	\$260.00	\$2.75	\$110.00	\$17.00	\$680.00
9	2104.505	REMOVE BITUMINOUS PAVEMENT	SY	12.5	\$5.00	\$62.50	\$10.00	\$125.00	\$9.00	\$112.50	\$13.00	\$162.50
10	2104.511	SAWING CONCRETE PAVEMENT (FULL DEPTH)	LF	16	\$5.00	\$80.00	\$2.00	\$32.00	\$3.75	\$60.00	\$6.00	\$96.00
11	2104.513	SAWING BITUMINOUS PAVEMENT	LF	60	\$4.00	\$240.00	\$2.00	\$120.00	\$3.75	\$225.00	\$5.00	\$300.00
12	2105.501	COMMON EXCAVATION	CY	3.275	\$7.50	\$24.562.50	\$6.25	\$20.468.75	\$7.75	\$25.381.25	\$7.00	\$22.925.00
13	2105.522	SELECT GRANULAR BORROW (CY)	CY	357	\$15.00	\$5,355.00	\$14.00	\$4,998.00	\$16.50	\$5,890.50	\$18.50	\$6,604.50
14	2106.607	GRANULAR BORROW (CY)	CY	1961	\$13.00	\$25,493.00	\$9.50	\$18,629.50	\$16.00	\$31,376.00	\$17.00	\$33,337.00
15	2118.607	AGGREGATE SURFACING (CY) CLASS 5	CY	122	\$24.00	\$2,928.00	\$22.50	\$2,745.00	\$24.25	\$2,958.50	\$23.00	\$2,806.00
16	2211.503	AGGREGATE BASE (CY) CLASS 5	CY	366	\$24.00	\$8,784.00	\$26.00	\$9,516.00	\$23.00	\$8,418.00	\$29.00	\$10,614.00
17	2231.604	BITUMINOUS PATCH SPECIAL	SY	12.5	\$100.00	\$1,250.00	\$55.00	\$687.50	\$28.40	\$355.00	\$25.00	\$312.50
18	2360.501	TYPE SP 9.5 WEARING COURSE MIX (2.B)	TON	92	\$85.00	\$7,820.00	\$92.00	\$8,464.00	\$103.50	\$9,522.00	\$92.00	\$8,464.00
19	2360.502	TYPE SP 12.5 NON WEAR COURSE MIX (2.B)	TON	153	\$80.00	\$12,240.00	\$92.00	\$14,076.00	\$103.50	\$15,835.50	\$92.00	\$14,076.00
20	2501.515	15" GS PIPE APRON	EACH	1	\$425.00	\$425.00	\$400.00	\$400.00	\$300.00	\$300.00	\$50.00	\$350.00
21	2502.521	12" PE PIPE DRAIN (SMOOTH)	LF	59	\$23.00	\$1,357.00	\$26.00	\$1,534.00	\$26.25	\$1,548.75	\$27.00	\$1,593.00
22	2502.521	15" PE PIPE DRAIN (SMOOTH)	LF	98	\$32.00	\$3,136.00	\$30.00	\$2,940.00	\$28.25	\$2,768.50	\$33.00	\$3,234.00
23	2503.511	6" PVC PIPE SEWER	LF	120	\$35.00	\$4,200.00	\$25.00	\$3,000.00	\$24.75	\$2,970.00	\$36.00	\$4,320.00
24	2503.515	6" SANITARY CLEANOUT W/ CASTING	EACH	1	\$400.00	\$400.00	\$600.00	\$600.00	\$475.00	\$475.00	\$500.00	\$500.00
25	2503.602	CONNECT TO EXISTING SANITARY SEWER	EACH	1	\$500.00	\$500.00	\$800.00	\$800.00	\$250.00	\$250.00	\$1,400.00	\$1,400.00
26	2503.602	CONNECT TO EXISTING STORM SEWER	EACH	1	\$500.00	\$500.00	\$500.00	\$500.00	\$200.00	\$200.00	\$1,200.00	\$1,200.00
27	2504.602	CONNECT TO EXISTING WATER SERVICE	EACH	1	\$500.00	\$500.00	\$900.00	\$900.00	\$250.00	\$250.00	\$1,200.00	\$1,200.00
28	2504.602	6" GATE VALVE AND BOX	EACH	1	\$2,000.00	\$2,000.00	\$1,600.00	\$1,600.00	\$1,550.00	\$1,550.00	\$2,000.00	\$2,000.00
29	2504.602	1" CURB STOP AND BOX	EACH	1	\$135.00	\$135.00	\$650.00	\$650.00	\$350.00	\$350.00	\$650.00	\$650.00
30	2504.603	1" TYPE "K" COPPER PIPE	LF	20	\$30.00	\$600.00	\$43.00	\$860.00	\$25.50	\$510.00	\$35.00	\$700.00
31	2504.603	6" WATERMAIN DUCTILE IRON CL 52	LF	120	\$40.00	\$4,800.00	\$53.00	\$6,360.00	\$40.25	\$4,830.00	\$46.00	\$5,520.00
32	2506.502	CONST DRAINAGE STRUCTURE DESIGN SPECIAL	EACH	1	\$2,650.00	\$2,650.00	\$4,000.00	\$4,000.00	\$6,250.00	\$6,250.00	\$6,600.00	\$6,600.00
33	2506.502	CONST DRAINAGE STRUCTURE DESIGN G	EACH	2	\$2,000.00	\$4,000.00	\$1,650.00	\$3,300.00	\$1,450.00	\$2,900.00	\$2,300.00	\$4,600.00
34	2506.516	CASTING ASSEMBLY	EACH	2	\$650.00	\$1,300.00	\$825.00	\$1,650.00	\$650.00	\$1,300.00	\$700.00	\$1,400.00
35	2506.602	SEAL CATCH BASIN	EACH	2	\$250.00	\$500.00	\$250.00	\$500.00	\$250.00	\$500.00	\$500.00	\$1,000.00
36	2511.501	RANDOM RIPRAP CLASS III	CY	5	\$50.00	\$250.00	\$55.00	\$275.00	\$74.00	\$370.00	\$70.00	\$350.00
37	2521.501	4" CONCRETE WALK	LF	426	\$4.00	\$1,704.00	\$7.00	\$2,982.00	\$6.20	\$2,641.20	\$8.00	\$3,408.00
38	2521.501	6" CONCRETE WALK	LF	72	\$6.00	\$432.00	\$7.00	\$504.00	\$10.25	\$738.00	\$7.00	\$504.00
39	2531.501	CONCRETE CURB & GUTTER DESIGN B618	LF	56	\$30.00	\$1,680.00	\$35.00	\$1,960.00	\$36.00	\$2,016.00	\$30.00	\$1,680.00
40	2531.501	CONCRETE CURB & GUTTER DESIGN MODIFIED TYPE "S"	LF	155	\$25.00	\$3,875.00	\$35.00	\$5,425.00	\$36.00	\$5,580.00	\$30.00	\$4,650.00
41	2531.507	8" CONCRETE DRIVEWAY PAVEMENT	SY	609	\$65.00	\$39,585.00	\$53.00	\$32,277.00	\$58.00	\$35,322.00	\$80.00	\$48,720.00
42	2531.618	TRUNCATED DOMES	SF	12	\$50.00	\$600.00	\$35.00	\$420.00	\$58.00	\$696.00	\$36.00	\$432.00
43	2563.601	TRAFFIC CONTROL	LS	1	\$2,500.00	\$2,500.00	\$500.00	\$500.00	\$750.00	\$750.00	\$1,600.00	\$1,600.00
44	2571.501	CONIFEROUS TREE 6" HT B&B	TREE	4	\$400.00	\$1,600.00	\$425.00	\$1,700.00	\$330.00	\$1,320.00	\$490.00	\$1,960.00
45	2571.502	DECIDUOUS TREE 1.5" CAL CONT	TREE	8	\$400.00	\$3,200.00	\$375.00	\$3,000.00	\$275.00	\$2,200.00	\$470.00	\$3,760.00

46	2571.600	4" - 1 1/2" WASHED ROCK W/ WEED BARRIER	SY	45	\$15.00	\$675.00	\$35.00	\$1,575.00	\$67.50	\$3,037.50	\$30.00	\$1,350.00
47	2573.502	SILT FENCE, TYPE MS	LF	480	\$3.00	\$1,440.00	\$2.50	\$1,200.00	\$2.75	\$1,320.00	\$3.10	\$1,488.00
48	2573.53	STORM DRAIN INLET PROTECTION	EACH	5	\$100.00	\$500.00	\$150.00	\$750.00	\$110.00	\$550.00	\$250.00	\$1,250.00
49	2573.533	SEDIMENT CONTROL LOG TYPE STRAW	LF	16	\$5.00	\$80.00	\$10.00	\$160.00	\$7.50	\$120.00	\$5.10	\$81.60
50	2573.533	SEDIMENT CONTROL LOG TYPE ROCK	LF	10	\$10.00	\$100.00	\$7.00	\$70.00	\$11.00	\$110.00	\$12.60	\$126.00
51	2573.533	STABILIZED CONSTRUCTION EXIT	EACH	2	\$1,500.00	\$3,000.00	\$500.00	\$1,000.00	\$600.00	\$1,200.00	\$1,200.00	\$2,400.00
52	2574.525	COMMON TOPSOIL BORROW	C.Y	437	\$20.00	\$8,740.00	\$15.00	\$6,555.00	\$25.00	\$10,925.00	\$36.00	\$15,732.00
53	2575.501	SEEDING	ACRE	0.82	\$4,000.00	\$3,280.00	\$1,200.00	\$984.00	\$1,150.00	\$943.00	\$200.00	\$164.00
54	2575.523	EROSION CONTROL BLANKET CATEGORY 2	SY	1020	\$1.50	\$1,530.00	\$1.50	\$1,530.00	\$2.50	\$2,550.00	\$1.10	\$1,122.00
55	2575.562	HYDRAULIC MATRIX TYPE MULCH	LB	1,725	\$2.50	\$4,312.50	\$1.75	\$3,018.75	\$2.30	\$3,967.50	\$1.75	\$3,018.75
56	2575.601	EROSION CONTROL	LS	1	\$3,000.00	\$3,000.00	\$1,000.00	\$1,000.00	\$1,150.00	\$1,150.00	\$1,500.00	\$1,500.00
57	2582.501	PAVT MSSSG (HANDICAPPED SYMBOL) PAINT	EACH	1	\$250.00	\$250.00	\$100.00	\$100.00	\$150.00	\$150.00	\$500.00	\$500.00
58	2582.502	4" SOLID LINE WHITE-PAINT	LF	303	\$1.00	\$303.00	\$1.00	\$303.00	\$1.20	\$363.60	\$3.00	\$909.00
				Subtotal - Base Bid		\$218,278.50		\$207,617.00		\$227,749.00		\$255,975.85


**ADD ALTERNATE 1**

Line No.	Item Number	Description	Units	Quantity	Unit Price	Total Price	Unit Price	Total Price	Unit Price	Total Price	Unit Price	Total Price
A41	2118.607	REPLACE 8" (35' X 100') CONCRETE PAVEMENT WITH 8" AGGREGATE SURFACING (CV) CLASS 5	SY	389	(\$60.00)	(\$23,340.00)	(\$53.00)	(\$20,617.00)	(\$56.00)	(\$21,784.00)	(\$56.00)	(\$21,784.00)

Total Base Bid		\$218,278.50	\$207,617.00	\$227,749.00	\$255,975.85
Total Add Alt 1		(\$23,340.00)	(\$20,617.00)	(\$21,784.00)	(\$21,784.00)
Total Project		\$194,938.50	\$187,000.00	\$205,965.00	\$234,191.85



## REQUEST FOR GRAND RAPIDS EDA ACTION

	<h2><u>REQUEST FOR GRAND RAPIDS EDA ACTION</u></h2>
<b>Agenda Item #11</b>	<b>Meeting Date:</b> 8/25/16
<b>Statement of Issue:</b>	Discuss a request for purchase and conveyance of tax forfeited parcels and consider approval of request for conveyance
<b>Background:</b>	<p>Dave Hernesman, Hernesman Brothers Partnership, has expressed interest in development a new location for Ray's Sport and Marine on four tax forfeited parcels along Highway 2 East (see attached map).</p> <p>Prior to this year, these tax forfeited properties were classified by the Itasca County Board as Conservation properties, which can't be sold. The reason for this classification was the existence of a snowmobile trail across the property. With the relocation of the trail recently, the County has now classified the property as Non-Conservation.</p> <p>The County Land Department has had a commercial appraisal done to establish a fair market value for these parcel, which estimated the value a \$334,000. Hernesman Brothers Partnership hired Braun Intertec to conduct some soil borings which revealed soil correction would be necessary. Casper Construction estimated the cost of that correction at \$145,000. Because the appraisal specifically did not account for the need for soil correction, Dave Hernesman and staff met with the County Land Commissioner, and it appears an offer to purchase at an adjusted price is mutually acceptable.</p> <p>Minnesota Statute, under 282.01, allows for public entities like GREDA to purchase tax forfeited properties at market value. With this ability, the GREDA would first develop a purchase agreement with Hernesman Brothers Partnership at the same value and then request the purchase of the tax forfeited parcels through the Itasca County Board.</p> <p>The attached request for conveyance provided by the County Land Department exercises GREDA's ability to put the property on hold for a period of six months and does not, at this point, obligate the GREDA to purchase.</p>
<b>Recommendation:</b>	

<b>Required Action:</b>	
<b>Attachments:</b>	Request for Conveyance form



Hernesman Brothers Partnership

8/18/2016

To whom it may concern,

I am interested in purchasing from the City of Grand Rapids 4 current tax forfeit parcels for a relocation and build a 14000 square foot facility to update my business. The parcel numbers are 91-425-2710,91-425-2650,91-425-2610, & 91-425-2640 located on highway 2 East. The city requested an appraisal for the properties for FMV which came in I was told at \$334000.00. I, in addition had ordered some Borings on the property to see if it was buildable and found that there were some soft soil issues with the property. I requested an estimate from Casper Construction and they came up with a bid of 145000.00 to prep and ready the property for building.

Our Partnership would deduct the amount for soil replacement from the appraised value and a cushion in case of additional soil replacement and put the property in the tax base of the city, which will improve the East side of Grand Rapids and help all parties move forward in a progressive nature. I am in a seasonal business and would like to proceed as quick as possible so I will have no business interruption.

Sincerely,

David J Hernesman

Hernesman Brothers Partnership



# CASPER CONSTRUCTION, INC.

Pipeline Maintenance | Excavation | Municipal Contracting

P.O. Box 480, 212 SE 10th Street, Grand Rapids, MN 55744

Phone: 218-326-9637 | Website: <http://caspercon.com> | Fax: 218-326-9638



## Proposal #16034

Date: August 3, 2016

Pages:

Attn: RAY'S MARINE  
Name: DAVE HERNESMAN  
Address: 710 NE 4<sup>TH</sup> STREET  
GRAND RAPIDS, MN 55744  
Phone: 218-326-0353  
Fax:

Description: SOIL CORRECTION  
Location: GRAND RAPIDS, MN  
Architect:

Cell #:

We hereby propose to furnish materials, labor, and equipment necessary for the completion of:

### SCOPE OF WORK:

### \*\*\*BUDGETARY ESTIMATE\*\*\*

#### THIS BUDGETARY PROPOSAL INCLUDES:

MOBILIZATION

BRUSH CLEARING OF SITE

EXCAVATION AND DISPOSAL OF UNSUITABLE SOILS AND REPLACEMENT WITH CLEAN SAND FILL MATERIAL


- THIS WAS ASSUMED FOR A BUILDING AREA OF 16,000 SQUARE FEET AND A MAXIMUM DEPTH OF 8 FEET. THE ESTIMATE ASSUMES THE SOIL CORRECTION FOR THE BUILDING FOOTPRINT AREA AT 8 FEET DEEP AND CONTINUING TO THE SURFACE AT A 1:1 SLOPE TO ENSURE UNSUITABLE SOILS ARE REMOVED. IT IS TYPICAL TO OVERSIZE THE SOIL CORRECTION BENEATH A BUILDING WHERE UNSUITABLE SOILS ARE ENCOUNTERED.
- THESE ASSUMPTIONS WERE MADE BASED ON A SIMILAR SOIL CORRECTION PROJECT THAT WAS RECENTLY COMPLETED BY CASPER CONSTRUCTION IN THE CITY OF GRAND RAPIDS.
- THE ESTIMATED QUANTITY OF UNSUITABLE SOILS TO BE REMOVED IS APPROXIMATELY 6,350 CUBIC YARDS (LOOSE VOLUME). (THIS IS BASED ON A 16,000 SQUARE FOOT AREA AT THE BOTTOM OF THE 8 FOOT EXCAVATION CONTINUING UPWARD TO THE SURFACE AT A 1:1 SLOPE)

### **BUDGETARY ESTIMATE ≈ \$145,000.00**

#### NOTES:

- THIS ESTIMATE IS FOR BUDGETARY PURPOSES ONLY. A MORE ACCURATE ESTIMATE CAN BE PROVIDED WITH A COMPLETE ENGINEERED SET OF PLANS.
- THE ASSUMPTIONS MADE IN THIS BUDGETARY ESTIMATE ARE BASED ON THE GEOTECHNICAL EVALUATION REPORT SUPPLIED BY BRAUN INTERTEC, DATED AUGUST 2, 2016.

We hereby propose to furnish material and labor---complete in accordance with above specifications

Signature 

\* **Payment Terms:** Full payment due within 20 days upon completion of work.

\*Note: This proposal may be withdrawn by us if not accepted within 10 days.

All material is guaranteed to be as specified. All work to be completed in a substantial workmanlike manner according to specifications submitted, per standard practices. Any alteration or deviation from above specifications involving extra costs will be executed only upon written orders and will become an extra charge over and above the estimate. All agreements contingent upon strikes, accidents, or delays beyond our control. Owner to carry fire, tornado, and other necessary insurance. Our workers are fully covered by Workers Compensation Insurance.

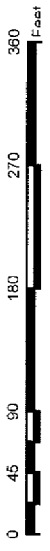
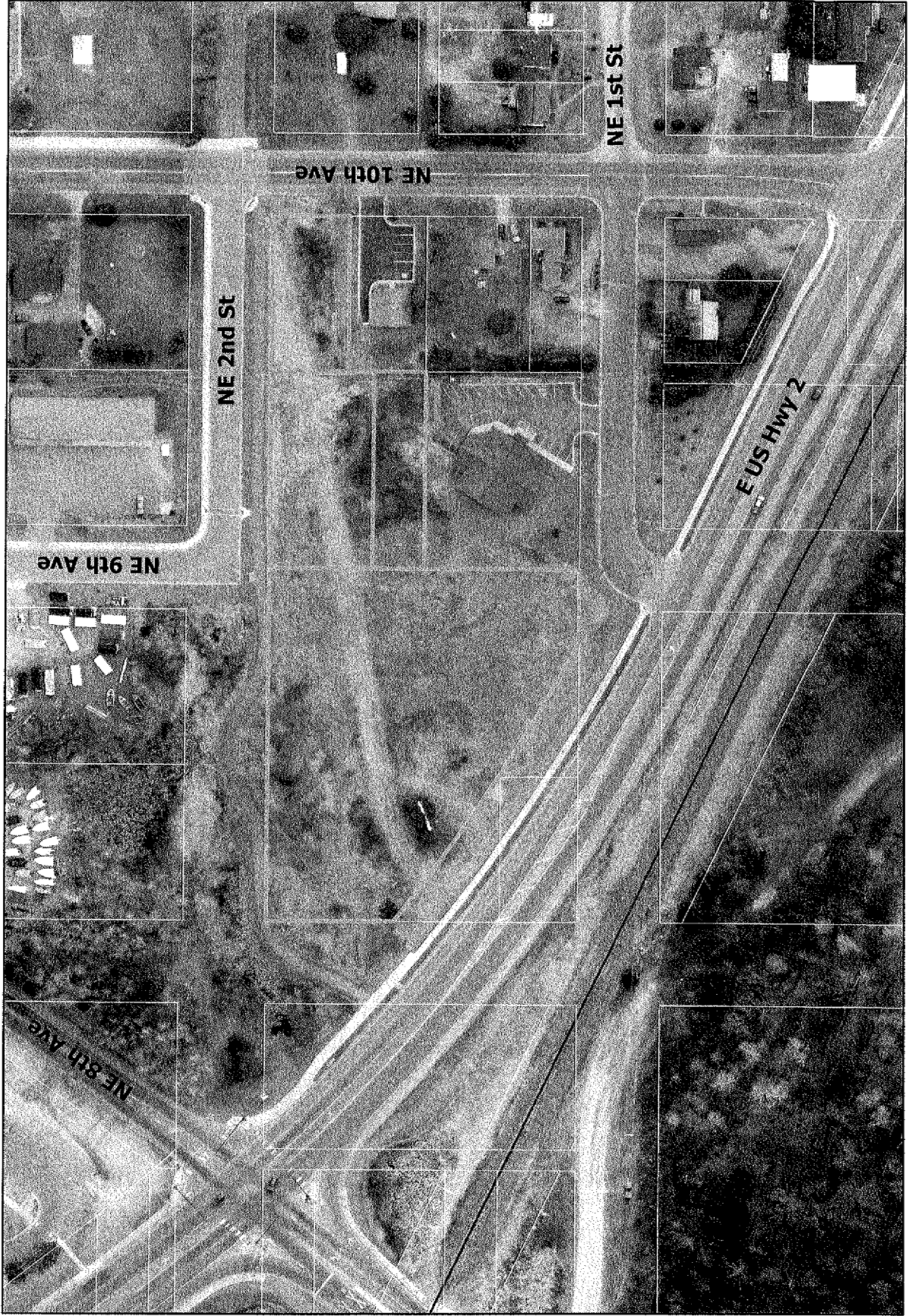
**Indemnity:** To the fullest extent permitted by law Casper Construction Co, it's subcontractors, whether employed directly or indirectly, shall defend, indemnify and hold harmless (CLIENT), it's owners, their agents, consultants, and employees, from all claims arising out of Casper Construction Co's negligent acts or omissions for bodily injury and property damage which occur while Casper Construction Co is physically on (CLIENT) premises during work performance.

**Indemnity:** To the fullest extent permitted by law, (CLIENT) shall defend, indemnify, and hold harmless Casper Construction Co, it's owners, agents, consultants, employees, and subcontractors, from all claims for bodily injury and property damage that may arise from (CLIENT) premises including any acts or omissions by (CLIENT) or (CLIENT)'s subcontractors whether employed directly or indirectly, which occur while Casper

Equal Opportunity Employer | Affirmative Action Employer



# Subject Tax Forfeited Properties





CITY OF  
GRAND RAPIDS  
IT'S IN MINNESOTA'S NATURE

## REQUEST FOR GRAND RAPIDS EDA ACTION

<b>Agenda Item #12</b>	<b>Meeting Date:</b> 8/25/2016
<b>Statement of Issue:</b>	Review and consider recommendations for draft 2017 GREDA Operations Budget and levy for Capital Projects Fund
<b>Background:</b>	<p>The Finance Department is requesting GREDA's recommended Operating Budget for 2017. I have attached a marked up operating budget worksheet for your review. The worksheet shows the actual line item expenditures in 2012-2015, as well as the 2016 adopted budget and a 2017 proposed budget, under which I have entered my suggestions.</p> <p>As provided for under §469.107, 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 2016 budget, GREDA received a levy of \$60,000. A similar request is staff's recommendation.</p>
<b>Recommendation:</b>	Review the proposed 2017 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 2016 Operating Budget and levy request of \$60,000.
<b>Attachments:</b>	Budget Worksheet

**CITY OF GRAND RAPIDS**  
**ECONOMIC DEVELOPMENT AUTHORITY**  
*Actual 2012-2015 Expenditures, 2016 Budget And Proposed 2017 Budget*

	2012 ACTUAL	2013 ACTUAL	2014 ACTUAL	2015 ACTUAL	2016 BUDGET	PROPOSED 2017 BUDGET
<b>Fund Balance 1/1/XX:</b>	82,059	69,639	80,858	69,164	54,695	38,395
<b>REVENUES:</b>						
Taxes						
Current	-	18,912	-	-	-	-
Fiscal Disparities	-	2,693	-	-	-	-
Total Taxes	-	21,605	-	-	-	-
Intergovernmental						
Supplemental Aid	-	1,535	-	-	-	-
Total Intergovernmental	-	1,535	-	-	-	-
Miscellaneous Revenue						
Interest - Investments	688	393	787	491	800	800
Total Miscellaneous	688	393	787	491	800	800
Other Sources						
Fund Balance Usage	-	-	-	-	-	16,100
<b>TOTAL REVENUES</b>	<b>688</b>	<b>23,533</b>	<b>787</b>	<b>491</b>	<b>800</b>	<b>16,900</b>
<b>EXPENDITURES:</b>						
Supplies/Materials	27	35	17	11	100	50
Professional Services	125	-	383	85	2,500	2,000
Accounting/Auditing Services	1,685	1,836	1,815	1,937	1,900	2,000
Legal	516	-	-	2,574	1,000	1,500
Consulting	10,000	10,000	10,000	10,000	10,000	10,000
Seminars/Meetings	-	-	-	60	500	250
General Insurance	44	24	19	19	100	100
Other Charges & Services	711	419	247	275	1,000	1,000
<b>TOTAL EXPENDITURES</b>	<b>13,108</b>	<b>12,314</b>	<b>12,481</b>	<b>14,960</b>	<b>17,100</b>	<b>16,900</b>
<b>REVENUES &gt; EXPENDITURES</b>	<b>(12,420)</b>	<b>11,219</b>	<b>(11,694)</b>	<b>(14,470)</b>	<b>(16,300)</b>	<b>-</b>
<b>FUND BALANCE 12/31/XX</b>	<b>\$ 69,639</b>	<b>\$ 80,858</b>	<b>\$ 69,164</b>	<b>\$ 54,695</b>	<b>\$ 38,395</b>	<b>\$ 38,395</b>