

GRAND RAPIDS ECONOMIC DEVELOPMENT AUTHORITY

Thursday, June 9, 2016
4:00pm
Grand Rapids City Hall

NOTICE IS HEREBY GIVEN, that a regular meeting of the Grand Rapids Economic Development Authority will be held in Conference Room 2A in the Grand Rapids City Hall, 420 North Pokegama Avenue, in Grand Rapids, Minnesota on Thursday, June 9, 2016 at 4:00pm.

AGENDA

1. Call to Order
2. Call of Roll
3. Setting of the Regular Agenda - *This is an opportunity to approve the regular agenda as presented or add/delete by a majority vote of the Commissioners present an agenda item.*
4. Approval of minutes from the May 12, 2016 regular meeting
5. Consider approval of claims
6. Consider approval of a Termination of Development Agreement with Northrock Development, LLC.
7. Consider approval of a professional services proposal, submitted by SEH, for design, bidding and construction administration services for the Swan Machine site development project.
8. Consider adopting a resolution approving a first amendment to Letter of Intent between GREDA and United Development Solutions LLC.
9. Consider approving a 2016 Central School lease with Megan Kellin, dba Lake Time Magazine
10. Updates:
11. 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

**GRAND RAPIDS ECONOMIC DEVELOPMENT AUTHORITY
REGULAR MEETING
THURSDAY, MAY 12, 2016
4:00 P.M.
GRAND RAPIDS CITY HALL – CONFERENCE ROOM 2A
420 NORTH POKEGAMA AVE., GRAND RAPIDS, MINNESOTA**

CALL TO ORDER: Pursuant to due notice and call thereof, a Regular Meeting of the Grand Rapids Economic Development Authority (GREDA) was called to order on Thursday, May 12, 2016 at 4:00 p.m. in Conference Room 2A of City Hall, 420 North Pokegama Avenue, Grand Rapids, Minnesota.

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

SETTING OF REGULAR AGENDA: Approved with addition.

- Northrock Development Update

APPROVAL OF MINUTES:

MOTION BY COMMISSIONER JACKSON, SECOND BY COMMISSIONER CHRISTY TO APPROVE THE MINUTES OF THE APRIL 14, 2016 REGULAR MEETING. The following voted in favor thereof: R. Blake, Jackson, S. Blake, Christy, Przytarski, . Opposed: None, passed unanimously.

APPROVAL OF CLAIMS:

MOTION BY COMMISSIONER CHRISTY, SECOND BY COMMISSIONER PRZYTARSKI TO APPROVE CLAIMS IN THE AMOUNT OF \$94,173.05.

Grand Rapids Herald Review	\$40.25	Hammerlund Construction	\$84,725.94
Itasca County HRA	\$7,978.86	Itasca County Recorder	\$66.00
Kennedy & Graven	\$702.00	P.U.C.	\$108.05
Visa	\$488.20	White Ivy Graphic Arts	\$63.75

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

Consider approval of a Small Cities Development Program (SCDP) Commercial Rehabilitation Program loan to GRP LLC for rehabilitation of a commercial property located at 951 NW 4th St.

Mr. Jim Shear, Managing Partner of GRP LLC and President of neighboring Lake Woods Chrysler, has submitted an application for a Commercial Building Improvement Loan for planned improvements and expansion of the building located at 951 NW 4th St. Commissioner Stefan, Commissioner Przytarski and Staff have reviewed the application and recommend approval of the application. The Commissioners combined agenda item seven with six into one motion.

MOTION BY COMMISSIONER CHRISTY, SECOND BY COMMISSIONER R. BLAKE TO APPROVE A SCDP COMMERCIAL REHABILITATION LOAN AND A GREDA CBIL LOAN TO GRP LLC FOR THE PROPERTY LOCATED AT 951 NW 4TH STREET. The following voted in favor thereof: Przytarski, Christy, S. Blake, R. Blake, Jackson. Opposed: None, passed unanimously.

Consider awarding the low quote submitted by Comfort Heating for the replacement of a gas boiler at GREDA's property located at 3002 Airport Road.

In order to rent out the property the boiler needs to be replaced. Staff solicited quotes and Comfort Heating had the low quote.

MOTION BY COMMISSIONER PRZYTARSKI, SECOND BY COMMISSIONER JACKSON TO AWARD THE LOW QUOTE TO COMFORT HEATING WITH THE ELECTRICAL NOT TO EXCEED \$500.00. The following voted in favor thereof: Jackson, R. Blake, S. Blake, Christy, Przytarski. Opposed: None, passed unanimously.

Updates:

Swan Machine- Originally they were hoping to get a \$300,000 site improvement grant from IRRRB but after talking with IRRRB they may only receive about half of that amount.

United Development Solutions- The attorney put together the purchase and development agreement and staff has worked through a couple of issues concerning the soil work.

Northrock Development- Mr. Mattei spoke with Ed Zabinski from Northrock earlier and they have decided to pursue a different location. Staff will draft the termination agreement and have it executed.

There being no further business the meeting adjourned at 4:25 p.m.

Respectfully submitted:

Aurimy Groom, Recorder

EDA BILL LIST - JUNE 9, 2016

DATE: 06/02/2016
 TIME: 15:13:33
 ID: AP443000.CGR

CITY OF GRAND RAPIDS
 DEPARTMENT SUMMARY REPORT

PAGE: 1

INVOICES DUE ON/BEFORE 06/09/2016

VENDOR #	NAME	AMOUNT DUE
EDA - CAPITAL PROJECTS		
DOWNTOWN REDVELPMNT BLK 18-21		
1105530	KENNEDY & GRAVEN	848.75
TOTAL DOWNTOWN REDVELPMNT BLK 18-21		848.75
AIRPORT SOUTH INDUSTRIAL PARKS		
0221650	BURGGRAF'S ACE HARDWARE INC	65.07
0315455	COLE HARDWARE INC	46.89
0718010	CITY OF GRAND RAPIDS	315.00
1105530	KENNEDY & GRAVEN	389.50
1201730	LATVALA LUMBER COMPANY INC.	75.78
TOTAL AIRPORT SOUTH INDUSTRIAL PARKS		892.24
AINSWORTH FACILITY REDEVELPMNT		
1201730	LATVALA LUMBER COMPANY INC.	0.00
1900225	SEH-RCM	1,760.00
TOTAL AINSWORTH FACILITY REDEVELPMNT		1,760.00
TOTAL UNPAID TO BE APPROVED IN THE SUM OF:		\$3,500.99
CHECKS ISSUED-PRIOR APPROVAL		
PRIOR APPROVAL		
1415511	NORTHERN STAR COOPERATIVE SERV	256.15
2209665	VISA	101.64
TOTAL PRIOR APPROVAL ALLOWED IN THE SUM OF:		\$ 357.79
TOTAL ALL DEPARTMENTS		3,858.78



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REQUEST FOR GRAND RAPIDS EDA ACTION

Agenda Item #6	Meeting Date: 6/9/16
Statement of Issue:	Consider approval of a Termination of Development Agreement with Northrock Development, LLC.
Background:	<p>GREDA entered into a Pre-Development Agreement with Northrock Development LLC on August 14, 2014 which established the terms for examination of building and site improvement costs as well as Northrock's determination of the feasibility/viability of establishing a restaurant/brewpub in Central School.</p> <p>Northrock informed staff that they have secured an interest in an alternate location and are interested in an early termination of the extended Pre-Development Agreement through the attached termination agreement.</p>
Recommendation:	
Required Action:	Adopt a motion approving the Termination of Development Agreement with Northrock Development, LLC.
Attachments:	Termination of Development Agreement

TERMINATION OF DEVELOPMENT AGREEMENT

This Termination of Development Agreement (“Agreement”) is made and entered into as of this ____ day of _____, 2016, by and between the Grand Rapids Economic Development Authority, a public body corporate and politic and a political subdivision of the State of Minnesota (“GREDA”) and Northrock Development, LLC, a Minnesota limited liability company (“Developer”), collectively the “Parties”.

RECITALS

WHEREAS, GREDA and Developer entered into a Preliminary Development Agreement dated August 14, 2014, relating to the feasibility of establishing a viable site for the development of a restaurant/brewpub to be located within the Old Central School property located at 10 NW Fifth Street in the City of Grand Rapids, Minnesota; and

WHEREAS, GREDA and Developer wish to formally terminate the Preliminary Development Agreement, and any amendments thereto, pursuant to the terms of this Agreement;

NOW, THEREFORE, the parties agree as follows:

1. The Preliminary Development Agreement, and any amendments thereto, are hereby terminated and of no further force and effect, and neither GREDA nor Developer, nor any successors in interest, shall have any further obligation or liability to the other under the terms of the Preliminary Development Agreement and any amendments thereto.

2. This Agreement may be executed in one or more counterparts, all of which taken together shall constitute one and the same instrument.


IN WITNESS WHEREOF, the signatures of the parties hereto by their duly-authorized representatives have been made on the day and date first written above.


GRAND RAPIDS EDA

By: _____
Its President

By: _____
Its Executive Director

NORTHROCK DEVELOPMENT LLC

By: 
Chief Manager

By: 
Secretary/Treasurer



REQUEST FOR GRAND RAPIDS EDA ACTION

Agenda Item #7	Meeting Date: 6/9/16
Statement of Issue:	Consider approval of a professional services proposal, submitted by SEH for design, bidding and construction administration services for the Swan Machine site development project
Background:	<p>Pending the outcome of the IRRRB business financing, as well as the City's grant request for IRRRB site development funding, which will be considered at the next IRRRB board meeting tentatively scheduled June 14th, the project will have the funding structure needed to proceed.</p> <p>With the site development grant funds from IRRRB, GREDA would assume the role of the contracting entity for the site development work. So that we can begin the design of the site development work, shortly after IRRRB approval of the grant request, staff requested the attached proposal from SEH for the preparation of the plans and specifications, management of the bidding process and the construction inspection/administration.</p> <p>The scope of work, which is more specifically described in the proposal, would be performed on an hourly basis, with an estimated total fee of \$22,000.</p> <p>As you'll recall, our Purchase and Development Contract with Swan Machine addresses the IRRRB grant and GREDA's administration of the contract for the site development. Per that agreement, any costs above and beyond the grant will be reimbursed by Swan Machine.</p>
Recommendation:	
Required Action:	Adopt a motion approving a professional services proposal, submitted by SEH for design, bidding and construction administration services for the Swan Machine site development project, contingent upon IRRRB's approval of a site development grant and business financing being contemplated.
Attachments:	SEH proposal dated June 2, 2016.



Building a Better World
for All of Us®

June 2, 2016

RE: Grand Rapids EDA
Swan Machine
Civil Site and Utility Work
Engineering Services Proposal

Rob Mattei
Community Development Director
City of Grand Rapids
420 North Pokegama Avenue
Grand Rapids, MN 55744

Dear Rob,

Thank you for the opportunity to provide this proposal for engineering services for the Swan Machine site in Grand Rapids, MN. SEH has already completed a conceptual plan and a preliminary cost estimate for the site. This plan will need to be reviewed with the Client to ensure it still meets their needs and to help reduce costs where feasible.

It is our understanding that GREDA will be responsible for the construction of the site grading, clearing, utilities, grading, pavements, sidewalks, and stormwater system. Different parties will be responsible for the design and construction of the buildings and all other amenities associated with the buildings. GREDA has asked SEH to provide this proposal to complete the required engineering items that are the responsibility of GREDA.

SEH Work Scope:

Design and Bidding Services:

- Complete the design for the removals, clearing and grubbing and grading plan. Identify tree preservation areas.
- Complete design and specifications for the items listed above including the gravel surface area, pavement and curb and sidewalk.
- Design water and sanitary sewer services for the site.
- SEH will prepare the MPCA / NPDES storm sewer permit application and the SWPPP. The Contractor will be responsible for completing the contractor-portion of the permit application, submitting the application to the MPCA, and paying the permit fee.
- Prepare advertisement for bids and send in for publishing as required by owner (advertising fees by GREDA)
- Answer contractor questions during the bidding phase
- Attend and facilitate the bid opening at the Grand Rapids City Hall
- Review bids and provide a recommendation to Award a Contract
- Facilitate the execution of a contract between GREDA and Contractor and then issue a Notice to Proceed

Engineers | Architects | Planners | Scientists

Short Elliott Hendrickson Inc., 21 NE 5th Street, Suite 200, Grand Rapids, MN 55744-2601
SEH is 100% employee-owned | sehinc.com | 218.322.4500 | 888.908.8166 fax

Construction Services:

- Conduct a preconstruction meeting
- Conduct site inspections as needed to observe the contractor's work practices and evaluate compliance with plans and specifications.
- Material testing, if requested by GREDA, is not included
- Review scope modifications and change order requests
- Attend/conduct construction meetings on GREDA's work as necessary
- Prepare pay estimates for the project as work is completed
- Coordinate activities with the contractor and the owner
- Answer questions from the contractor during the construction phase

Project Schedule:

SEH will complete the activities within 30 days of a signed contract.

SEH Fee:

SEH proposes to complete the design and bidding services for a lump sum of \$12,200. This breaks down to \$9,800 for design and \$2,400 for bidding and specifications. SEH proposes to complete the construction services portion of the contract on an hourly basis with an estimate of \$9,800. Due to the unknown nature of the construction schedule and the amount of time that inspection services will be required, hourly with an estimated fee is proposed. Therefore, the total proposed SEH fee is \$22,000.

Invoicing will be based on percentage of work completed. Invoices will be processed monthly. Additional services, if requested and authorized by the owner, will be billed on an hourly basis using SEH's standard hourly rates (*attached as Exhibit A*). The attached General Conditions (*Exhibit B*), shall govern for all services provided under this contract unless otherwise noted in this proposal.

If this proposal is acceptable, please sign and return one agreement to my attention. If you have questions on any of the activities or fees, please call me at 218-322-4502. We look forward to working with you on this project.

Sincerely,
Short Elliott Hendrickson Inc.



Bob Beaver, PE
Principal | Project Manager



Multidisciplined Single Source
Trusted solutions for more than 75 years.

2016 Grand Rapids Office Hourly Rate Schedule

CIVIL

Senior Professional Engineer	\$140.00
Professional Engineer	\$115.00
Staff Engineer (EIT)	\$100.00
Senior Professional Land Surveyor	\$120.00
Professional Land Surveyor	\$110.00
Lead Technician	\$ 95.00
Senior Technician	\$ 85.00
Technician	\$ 75.00
Senior Administrative Assistant	\$ 70.00
Administrative Assistant	\$ 60.00
Survey Crew Chief	\$ 85.00
Survey Assistant	\$ 55.00

Reimbursable expenses

Mileage	Current IRS rate/mile
Global Positioning System (GPS)	\$25.00/hour
Robotic Total Station	\$25.00/hour
ATV	\$100.00/day
Full Size Reproductions	\$5.00/sheet
Sub consultants	10% administrative markup

SPECIALTY SERVICES

Billing rates provided upon request of specific specialty services. SEH provides a broad range of services such as:

- ✓ Architecture and Landscape Architecture
- ✓ Transportation
- ✓ Water and Wastewater Treatment
- ✓ Water Resources/Environmental
- ✓ Waste Management
- ✓ Community and Economic Development

General Conditions of the Agreement for Professional Services

SECTION I – SERVICES OF CONSULTANT

A. General

1. Consultant agrees to perform professional services as set forth in the Agreement for Professional Services or Supplemental Letter Agreement ("Basic Services"). Nothing contained in this Agreement shall create a contractual relationship with or a cause of action in favor of a third party against either the Client or the Consultant. The Consultant's services under this Agreement are being performed solely for the Client's benefit, and no other party or entity shall have any claim against the Consultant because of this Agreement or the performance or nonperformance of services hereunder.

B. Schedule

1. Unless specific periods of time or dates for providing services are specified, Consultant's obligation to render services hereunder will be for a period which may reasonably be required for the completion of said services.
2. If Client has requested changes in the scope, extent, or character of the Project or the services to be provided by Consultant, the time of performance and compensation for Consultant's services shall be adjusted equitably. The Client agrees that Consultant is not responsible for damages arising directly or indirectly from delays beyond Consultant's control. If the delays resulting from such causes increase the cost or the time required by Consultant to perform its services in accordance with professional skill and care, then Consultant shall be entitled to a equitable adjustment in schedule and compensation.

C. Additional Services

1. If Consultant determines that any services it has been directed or requested to perform are beyond the scope as set forth in the Agreement or that, due to changed conditions or changes in the method or manner of administration of the Project, Consultant's effort required to perform its services under this Agreement exceeds the stated fee for Basic Services, then Consultant shall promptly notify the Client regarding the need for additional services. Upon notification and in the absence of a written objection, Consultant shall be entitled to additional compensation for the additional services, and to an extension of time for completion of additional services absent written objection by Client.
2. Additional services shall be billed in accord with agreed upon rates, or if not addressed, then at Consultant's standard rates.

D. Suspension and Termination

1. If Consultant's services are delayed or suspended in whole or in part by Client, or if Consultant's services are delayed by actions or inactions of others for more than 60 days through no fault of Consultant, then Consultant shall be entitled to either terminate its agreement upon 7 days written notice or, at its option, accept an equitable adjustment of rates and amounts of compensation provided for elsewhere in this Agreement to reflect reasonable costs incurred by Consultant.
2. This Agreement may be terminated by either party upon seven days written notice should the other party fail substantially to perform in accordance with its terms through no fault of the party initiating the termination.
3. This Agreement may be terminated by either party upon thirty days' written notice without cause. All provisions of this Agreement allocating responsibility or liability between the Client and Consultant shall survive the completion of the services hereunder and/or the termination of this Agreement.
4. In the event of termination, Consultant shall be compensated for services performed prior to termination date, including charges for expenses and equipment costs then due and all termination expenses.

SECTION II – CLIENT RESPONSIBILITIES

A. General

1. The Client shall, in proper time and sequence and where appropriate to the Project, at no expense to Consultant, provide full information as to Client's requirements for the services provided by Consultant and access to all public and private lands required for Consultant to perform its services.
2. The Consultant is not a municipal advisor and therefore Client shall provide its own legal, accounting, financial and insurance counseling and other special services as may be required for the Project. Client shall provide to Consultant all data (and professional interpretations thereof) prepared by or services performed by others pertinent to Consultant's services, including but not limited to, previous reports; sub-surface explorations; laboratory tests and inspection of samples; environmental assessment and impact statements, surveys, property descriptions; zoning, deed and other land use restrictions; as-built drawings, electronic data base and maps. The costs associated with correcting, creating or recreating any data that is provided by the Client that contains inaccurate or unusable information shall be the responsibility of the Client.
3. Client shall provide prompt written notice to Consultant whenever the Client observes or otherwise becomes aware of any changes in the Project or any defect in Consultant's services. Client shall promptly examine all studies, reports, sketches, opinions of construction costs, specifications, drawings, proposals, change orders, supplemental agreements and other documents presented by Consultant and render the necessary decisions and instructions so that Consultant may provide services in a timely manner.
4. Client shall require all utilities with facilities within the Client's Project site to locate and mark said utilities upon request, relocate and/or protect said utilities as determined necessary to accommodate work of the Project, submit a schedule of the necessary relocation/protection activities to the Client for review and comply with agreed upon schedule. Consultant shall not be liable for damages which arise out of Consultant's reasonable reliance on the information or services furnished by utilities to Client or others hired by Client.
5. Consultant shall be entitled to rely on the accuracy and completeness of information or services furnished by the Client or others employed by the Client and shall not be liable for damages arising from reasonable reliance on such materials. Consultant shall promptly notify the Client if Consultant discovers that any information or services furnished by the Client is in error or is inadequate for its purpose.

SECTION III – PAYMENTS

A. Invoices

1. Undisputed portions of invoices are due and payable within 30 days. Client must notify Consultant in writing of any disputed items within 15 days from receipt of invoice. Amounts due Consultant will be increased at the rate of 1.0% per month (or the maximum rate of interest permitted by law, if less) for invoices 30 days past due. Consultant reserves the right to retain Instruments of Service until all invoices are paid in full. Consultant will not be liable for any claims of loss, delay, or damage by Client for reason of withholding services or Instruments of Service until all invoices are paid in full. Consultant shall be entitled to recover all reasonable costs and disbursements, including reasonable attorney's fees, incurred in connection with collecting amounts owed by Client.
2. Should taxes, fees or costs be imposed, they shall be in addition to Consultant's agreed upon compensation.
3. Notwithstanding anything to the contrary herein, Consultant may pursue collection of past due invoices without the necessity of any mediation proceedings.

SECTION IV – GENERAL CONSIDERATIONS

A. Standards of Performance

1. The standard of care for all professional engineering and related services performed or furnished by Consultant under this Agreement will be the care and skill ordinarily exercised by members of Consultant's profession practicing under similar circumstances at the same time and in the same locality. Consultant makes no warranties, express or implied, under this Agreement or otherwise, in connection with its services.
2. Consultant neither guarantees the performance of any Contractor nor assumes responsibility for any Contractor's failure to furnish and perform the work in accordance with its construction contract or the construction documents prepared by Consultant. Client acknowledges Consultant will not direct, supervise or control the work of construction contractors or their subcontractors at the site or otherwise. Consultant shall have no authority over or responsibility for the contractor's acts or omissions, nor for its means, methods or procedures of construction. Consultant's services do not include review or evaluation of the Client's, contractor's or subcontractor's safety measures, or job site safety or furnishing or performing any of the Contractor's work.
3. If requested in the scope of a Supplemental Letter Agreement, then Consultant may provide an Opinion of Probable Construction Cost. Consultant's Opinions of Probable Construction Cost provided for herein are to be made on the basis of Consultant's experience and qualifications and represent Consultant's best judgment as a professional generally familiar with the industry. However, since Consultant has no control over the cost of labor, materials, equipment or service furnished by others, or over the Contractor's methods of determining prices, or over competitive bidding or market conditions, Consultant cannot and does not guarantee that proposals, bids or actual construction cost will not vary from Opinions of Construction Cost prepared by Consultant. If Client wishes greater assurance as to probable Construction Cost, Client shall employ an independent cost estimator or negotiate additional services and fees with Consultant.

B. Indemnity for Environmental Issues

1. Consultant is not a user, generator, handler, operator, arranger, storer, transporter or disposer of hazardous or toxic substances, therefore the Client agrees to hold harmless, indemnify and defend Consultant and Consultant's officers, directors, subconsultant(s), employees and agents from and against any and all claims, losses, damages, liability and costs, including but not limited to costs of defense, arising out of or in any way connected with, the presence, discharge, release, or escape of hazardous or toxic substances, pollutants or contaminants of any kind at the site.

C. Limitations on Consultant's Liability

1. The Client hereby agrees that to the fullest extent permitted by law, Consultant's total liability to the Client for any and all injuries, claims, losses, expenses, or damages whatsoever arising out of or in any way related to the Project or this Agreement from any cause or causes including, but not limited to, Consultant's negligence, errors, omissions, strict liability, breach of contract or breach of warranty shall not exceed one million dollars (\$1,000,000). In the event Client desires limits of liability in excess of those provided in this paragraph, Client shall advise Consultant in writing and agree that Consultant's fee shall increase by 1% for each additional million dollars of liability limits, up to a maximum limit of liability of five million dollars (\$5,000,000).
2. Neither Party shall be liable to the other for consequential damages, including, without limitation, lost rentals, increased rental expenses, loss of use, loss of income, lost profit, financing, business and reputation and for loss of management or employee productivity, incurred by one another or their subsidiaries or successors, regardless of whether such damages are foreseeable and are caused by breach of contract, willful misconduct, negligent act or omission, or other wrongful act of either of them.
3. It is intended by the parties to this Agreement that Consultant's services shall not subject Consultant's employees, officers or directors to any personal legal exposure for the risks associated with this Agreement. The Client agrees that as the Client's sole

and exclusive remedy, any claim, demand or suit shall be directed and/or asserted only against Consultant, and not against any of Consultant's individual employees, officers or directors, and Client knowingly waives all such claims against Consultant individual employees, officers or directors.

D. Assignment

1. Neither party to this Agreement shall transfer, sublet or assign any rights under, or interests in, this Agreement or claims based on this Agreement without the prior written consent of the other party. Any assignment in violation of this subsection shall be null and void.

SECTION V – DISPUTE RESOLUTION

A. Mediation

1. Any dispute between Client and Consultant arising out of or relating to this Agreement or services provided under this Agreement, (except for unpaid invoices which are governed by Section III), shall be submitted to nonbinding mediation as a precondition to litigation unless the parties mutually agree otherwise. Mediation shall occur within 60 days of a written demand for mediation unless Consultant and Client mutually agree otherwise.

B. Litigation – Choice of Venue and Jurisdiction

1. Any dispute not settled through mediation shall be settled through litigation in the state where the Project at issue is located.

SECTION VI – INTELLECTUAL PROPERTY

A. Proprietary Information

1. All documents, including reports, drawings, calculations, specifications, CADD materials, computers software or hardware or other work product prepared by Consultant pursuant to this Agreement are Consultant's Instruments of Service ("Instruments of Service") and Consultant retains all ownership interests in Instruments of Service, including all available copyrights.
2. Consultant shall retain all of its rights in its proprietary information including, without limitation, its methodologies and methods of analysis, ideas, concepts, expressions, inventions, know how, methods, techniques, skills, knowledge and experience possessed by Consultant prior to, or acquired by Consultant during, the performance of this Agreement and the same shall not be deemed to be Work Product or Work for Hire and Consultant shall not be restricted in any way with respect thereto.

B. Client Use of Instruments of Service

1. Provided that Consultant has been paid in full for its services, Client shall have the right in the form of a license to use Instruments of Service resulting from Consultant's efforts on the Project. Consultant shall retain full rights to electronic data and the drawings, specifications, including those in electronic form, prepared by Consultant and its subconsultants and the right to reuse component information contained in them in the normal course of Consultant's professional activities. Consultant shall be deemed to be the author of such Instruments of Service, electronic data or documents, and shall be given appropriate credit in any public display of such Instruments of Service.
2. Records requests or requests for additional copies of Instruments of Services outside of the scope of services are available to Client subject to Consultant's current rate schedule.

C. Reuse of Documents

1. All Instruments of Service prepared by Consultant pursuant to this Agreement are not intended or represented to be suitable for reuse by the Client or others on extensions of the Project or on any other Project. Any reuse of the instruments of Service without written consent or adaptation by Consultant for the specific purpose intended will be at the Client's sole risk and without liability or legal exposure to Consultant; and the Client shall release Consultant from all claims arising from such use. Client shall also defend, indemnify and hold harmless Consultant from all claims, damages, losses and expenses including attorneys' fees arising out of or resulting from reuse of Consultant documents without written consent.



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REQUEST FOR GRAND RAPIDS EDA ACTION

Agenda Item #8	Meeting Date: 6/9/16
Statement of Issue:	Consider adopting a resolution approving a first amendment to Letter of Intent between GREDA and United Development Solutions LLC.
Background:	<p>The LOI with United Development Solutions, dated December 9, 2015, has an expiration of June 15, 2016.</p> <p>The hotel development project is still being pursued by United Development Solutions. The Developer recently closed on a hotel development project in Detroit Lakes, which will allow them to focus on their review of the Purchase and Development Contract, which was forwarded to them in late April.</p> <p>The Developer would like a 30 day extension to of the LOI allow some additional time. The draft addendum to the LOI extends the term to July 15, 2016.</p>
Recommendation:	
Required Action:	Consider a motion adopting a resolution approving a first amendment to Letter of Intent between GREDA and United Development Solutions LLC.
Attachments:	GREDA Resolution 16-02 First Amendment to Letter of Intent

GRAND RAPIDS ECONOMIC DEVELOPMENT AUTHORITY

RESOLUTION NO. 16-02

**RESOLUTION APPROVING A FIRST AMENDMENT TO
LETTER OF INTENT BETWEEN THE GRAND RAPIDS
ECONOMIC DEVELOPMENT AUTHORITY AND UNITED
DEVELOPMENT SOLUTIONS L.L.C.**

BE IT RESOLVED BY the Board of Commissioners ("Board") of the Grand Rapids Economic Development Authority (the "Authority") as follows:

Section 1. Recitals.

1.01. Pursuant to its authority under Minnesota Statutes, Sections 469.090 to 469.1082, as amended, the Authority administers Development District No. 1 (the "Project"), for the purpose of facilitating the redevelopment of certain property within the Project.

1.02. The Authority owns certain property (the "Property") within the Project, which Property has been the subject of certain preliminary negotiations with United Development Solutions L.L.C. (the "Developer") for purposes of constructing a 72-85 room hotel (the "Development").

1.03. The Authority and the Developer executed a Letter of Intent, dated as of December 9, 2015 (the "Agreement"), providing for the performance of certain activities on the part of the parties in preparation for the negotiation of a definitive Purchase and Development Contract in connection with the Property.

1.04. The parties propose to execute a First Amendment to the Agreement (the "First Amendment") to extend the deadline for the completion of these preliminary activities for a period of 30 days.

Section 2. First Amendment Approved.

2.01. The First Amendment as presented to the Board is hereby in all respects approved, subject to modifications that do not alter the substance of the transaction and that are approved by the President and Executive Director, provided that execution of the First Amendment by such officials shall be conclusive evidence of approval.

2.02. The President and Executive Director are hereby authorized to execute on behalf of the Authority the First Amendment and any documents referenced therein requiring execution by the Authority, and to carry out, on behalf of the Authority, its obligations thereunder.

2.03. Authority staff and consultants are authorized to take any actions necessary to carry out the intent of this resolution.

Approved by the Board of Commissioners of the Grand Rapids Economic Development Authority this __ day of June, 2016.

President

ATTEST:

Secretary

FIRST AMENDMENT TO LETTER OF INTENT

THIS FIRST AMENDMENT TO LETTER OF INTENT (this "Agreement"), dated June 3rd, 2016, by and between the Grand Rapids Economic Development Authority, a public body corporate and politic under the laws of the State of Minnesota (the "Authority") and United Development Solutions L.L.C., a Minnesota limited liability company (the "Developer");

WITNESSETH:

WHEREAS, the Authority desires to promote development of certain Authority-owned property located in Development District No. 1 within the City, as described in Exhibit A (the "Property"); and

WHEREAS, the Authority previously determined that it is in the best interests of the City for the Authority to enter into a Letter of Intent for the conveyance of the Property to the Developer, dated as of December 9, 2015 (the "Initial Agreement"); and

WHEREAS, the parties have worked diligently to negotiate a Purchase and Development Contract pursuant to the Initial Agreement and now wish to extend the term of the Initial Agreement pursuant to this First Amendment.

NOW THEREFORE, in consideration of the foregoing and of the mutual covenants and obligations set forth herein, the Authority and the Developer hereby agree as follows:

1. During the term of this First Amendment, the parties agree to continue working cooperatively toward the goals outlined in the Initial Agreement, pursuant to its terms.
2. This First Amendment shall terminate by its terms if the governing body of the Authority has not approved a Purchase and Development Contract for the Property by July 15, 2016.
18. Except as amended by this First Amendment, the Initial Agreement shall remain in full force and effect.

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EXHIBIT A

PROPERTY

ALL OF THE FOLLOWING TRACTS LOCATED IN THE PLAT OF GRAND RAPIDS,
ITASCA COUNTY, MINNESOTA:

S ½ of Block 20 less the W. 220', and W. ½ of vacated 2nd Avenue E. lying adjacent to the south 125' of Block 20;

AND

That portion of Lots 1-4, Lots 20-24 and the vacated N-S alley, all within Block 21, lying S. and W. of a line extending from a point along the E. boundary of Block 21, 30' N. of the S.E. corner of Lot 1, Block 21 to a point along the W. boundary of Block 21, 130' N. of the S.W. corner of Lot 24, Block 21;

AND

The E. ½ of vacated 2nd Avenue E. lying adjacent to: Lots 20-24, Block 21;

AND

That portion of the W. ½ of Lot 20, Block 21 lying N.E. of a line extending from a point along the E. boundary of Block 21, 30' N. of the S.E. corner of Lot 1, Block 21 to a point along the W. boundary of Block 21, 130' N. of the S.W. corner of Lot 24, Block 21;

AND

That portion of vacated 2nd Street N. lying adjacent to Blocks 21 and 24 and lying N.E. of the following described line:

Beginning at a point along the N. line of Block 24 lying 105' W. of the N.E. corner of said Block thence northwesterly to the S.W. corner of Lot 24, Block 21 and there terminating.



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

REQUEST FOR GRAND RAPIDS EDA ACTION

Agenda Item #9	Meeting Date: 6/9/16
Statement of Issue:	Consider approving a 2016 Central School lease with Megan Kellin dba Lake Time Magazine
Background:	<p>In April of this year, GREDA approved a lease with Megan Kellin dba Lake Time Magazine, for Suite 203 the southwest corner space on the second floor of Central School.</p> <p>As you'll recall, Lake Time Magazine is an online and quarterly print magazine promoting lake living and recreation in northern Minnesota. Megan and her partners/associates have also recently launched an additional publication, Lake Bride Magazine, dedicated to northern Minnesota weddings.</p> <p>Lake Time Magazine would like to expand their space to include Suite 202, which is the middle, south, room on the second floor</p> <p>The lease for the 362 s.f. space (Suite 202), is consistent with GREDA's current master lease and consistent in terms of rental rate with other tenants on the second floor.</p>
Recommendation:	Approve the lease and authorize the GREDA President to execute them on behalf of GREDA
Required Action:	Consider approving a 2016 Central School lease with Megan Kellin dba Lake Time Magazine
Attachments:	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 **Megan Kellin, dba Lake Time Magazine, a sole proprietorship**, hereinafter referred to as "Lessee", entered into this 9th day of **June, 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 **362 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 **\$11.88** per square foot annually, payable in equal monthly installments beginning on the **1ST** day of **July, 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: Megan Kellin
dba Lake Time Magazine
10 NE 5th St., Suite 203
Grand Rapids, MN 55744

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

ARTICLE 14 - ASSIGNMENT, SUBLETTING

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

ARTICLE 15 - NO PARTNERSHIP

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

ARTICLE 16 - DEFAULT BY LESSEE

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

the leased premises, or any part thereof, in the name of the whole, and take absolute possession of the same without such reentry working a forfeiture of the rents to be paid and the covenants to be performed by Lessee for the full term of this Lease Agreement, and may, at Lessor's election, lease or sublet the leased premises, or any part thereof, on such terms and conditions and for such rents and for such time as the Lessor may elect, and after crediting the rent actually collected by Lessor from such reletting, collect the balance of rent owed pursuant to this Lease Agreement from Lessee, charging Lessee such reasonable expenses as the Lessor may expand in putting the premises in tenable condition and collecting said rentals from Lessee, including reasonable attorney's fees.

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

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

ARTICLE 17 - DEFAULT BY LESSOR, LESSEE

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

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

ARTICLE 18 - WAIVER, MODIFICATION, ENTIRE AGREEMENT

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

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

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

ARTICLE 19 - WINDOW TREATMENT

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

ARTICLE 20 - PARKING

20.1 Lessor has established public parking facilities on the grounds of Central School. Lessee warrants that it will enforce regulations providing that its employees will not park their private

vehicles in said public parking area during time when said employees are working at the leased premises (except on a short-term basis for emergencies or for deliveries).

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

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

LESSOR:

GREDA President

GREDA Executive Director

Date: _____

LESSEE:

BY: _____

Its _____

BY: _____

Its _____

Date: _____

Exhibit A – Location in the Building

Lake Time Magazine is located on the Second Floor, in Suite 202, consisting of 362 square feet.

Exhibit B – Use of Space

Lake Time Magazine is an office dedicated to the design and creation of magazines focused on lake country living, all of which are published off premises.

Exhibit C – Improvements

None