

GRAND RAPIDS ECONOMIC DEVELOPMENT AUTHORITY

Thursday, September 24, 2015

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, September 24, 2015 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 August 20, 2015 special meetings
5. Consider approval of claims
6. Central School Pre-development Agreement Update – Northrock Development
7. Consider approval of a Commercial Building Improvement Loan to Linda Budrow for improvements to the McAlpine Building.
8. Consider approval of a propane supply agreement with Northern Star Co-op.
9. Consider approval of a lease with Brenda Valtinson for space in Central School.
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
SPECIAL MEETING
THURSDAY, AUGUST 20, 2015
4:00 P.M.
GRAND RAPIDS CITY HALL – CONFERENCE ROOM 2A
420 NORTH POKEGAMA AVE., GRAND RAPIDS, MINNESOTA**

CALL TO ORDER: Pursuant to due notice and call thereof, a Special Meeting of the Grand Rapids Economic Development Authority (GREDA) was called to order on Thursday, August 20, 2015 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, Mike Przytarski, Cory Jackson, Michael Stefan. Absent: Chris Lynch, Rick Blake.

APPROVAL OF MINUTES:

MOTION BY COMMISSIONER CHRISTY, SECOND BY COMMISSIONER JACKSON TO APPROVE THE MINUTES OF THE JULY 16 AND JULY 27, 2015 SPECIAL MEETING. The following voted in favor thereof: Blake, Jackson, Christy, Przytarski, Stefan. Opposed: None, passed unanimously.

APPROVAL OF CLAIMS:

MOTION BY COMMISSIONER PRZYTARSKI, SECOND BY COMMISSIONER JACKSON TO APPROVE CLAIMS IN THE AMOUNT OF \$140,475.64.

City of Grand Rapids	\$1,465.53	Grand Rapids Newspapers	\$40.25
Kennedy & Graven	\$388.50	Minnesota Energy Resources	\$133,538.86
White Ivy Graphic Arts	\$42.50	John C & Lorette M Kent	\$5,000.00

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

IEDC Update- Mark Zimmerman

Mr. Zimmerman introduced Tamara Lowney and provided a handout highlighting the different activities IEDC is involved in throughout the year.

Small Cities Development Program (SCDP) rehabilitation grant update-Amanda MacDonell

Ms. MacDonell provided a power point presentation which highlighted the SCDP and the projects that are benefitting from the program.

Consider approval of the amended SCDP and CBIL loan application submitted by Dan and Jean Anderson.

The scope has not changed however the cost has increased by about \$5,000.00. The amended loan application needs to be approved.

MOTION BY COMMISSIONER STEFAN, SECOND BY COMMISSIONER JACKSON TO APPROVE THE AMENDED SCDP AND CBIL LOAN APPLICATION SUBMITTED BY DAN AND JEAN ANDERSON. The following voted in favor thereof: Przytarski, Christy, Blake, Jackson, Stefan. Opposed: None passed unanimously.

Consider approval of the SCDP and CBIL loans submitted by Nicole Toivonen dba Toivo's Restaurant.

MOTION BY COMMISSIONER PRZYTARSKI, SECOND BY COMMISSIONER CHRISTY TO APPROVE THE SCDP AND CBIL LOANS SUBMITTED BY NICOLE TOIVONEN DBA TOIVO'S RESTAURANT. The following voted in favor thereof: Stefan, Jackson, Blake, Christy, Przytarski. Opposed: None, passed unanimously.

Consider approval of SCDP and CBIL loans submitted by Gabe and Brandi Miskovich dba Dutch Room Inc.

Dennis and Anita Madden originally applied for this program however they sold the business to their granddaughter. Gabe and Brandi Miskovich revised the scope of work and have reapplied.

MOTION BY COMMISSIONER CHRISTY, SECOND BY COMMISSIONER JACKSON TO APPROVE THE SCDP AND CBIL LOANS SUBMITTED BY GABE AND BRANDI MISKOVICH DBA DUTCH ROOM INC. The following voted in favor thereof: Przytarski, Christy, Blake, Jackson, Stefan. Opposed: None, passed unanimously.

Consider approval of a CBIL loan submitted by Itasca Co. Farm Service.

MOTION BY COMMISSIONER PRZYTARSKI, SECOND BY COMMISSIONER JACKSON TO APPROVE THE CBIL LOAN SUBMITTED BY ITASCA COUNTY FARM SERVICE. The following voted in favor thereof: Stefan, Jackson, Blake, Christy, Przytarski. Opposed: None, passed unanimously.

Discuss the preliminary findings of the soil investigation and environmental phase 1 regarding the Kent acquisition.

Mr. Mattei reported there were no problems with the soils that showed up on the phase 1 environmental.

Consider approving payment for Kent acquisition.

MOTION BY COMMISSIONER CHRISTY, SECOND BY COMMISSIONER PRZYTARSKI TO APPROVE PAYMENT IN THE AMOUNT OF \$571,344.27 FOR THE PURCHASE OF THE KENT PROPERTY. The following voted in favor thereof: Przytarski, Christy, Blake, Jackson, Stefan. Opposed: None, passed unanimously.

There being no further business the meeting adjourned at 5:11 p.m.

Respectfully submitted:

Aurimy Groom, Recorder

DRAFT

DATE: 09/16/2015
TIME: 14:03:31
ID: AP443000.CGR

CITY OF GRAND RAPIDS
DEPARTMENT SUMMARY REPORT

PAGE: 1

INVOICES DUE ON/BEFORE 09/24/2015

VENDOR #	NAME	AMOUNT DUE

ECONOMIC DEVELOPMENT AUTHORITY		
0920065	ITASCA ECONOMIC DEVELOPMENT	10,000.00
	TOTAL	10,000.00
EDA - CAPITAL PROJECTS		
AIRPORT SOUTH INDUSTRIAL PARKS		
0920060	ITASCA COUNTY TREASURER	2,760.00
1105530	KENNEDY & GRAVEN	387.00
	TOTAL AIRPORT SOUTH INDUSTRIAL PARKS	3,147.00
DEED DEVELOPMENT PROGAMS		
0920051	ITASCA COUNTY H.R.A.	3,125.52
	TOTAL DEED DEVELOPMENT PROGAMS	3,125.52
	TOTAL UNPAID TO BE APPROVED IN THE SUM OF:	\$ 16,272.52
CHECKS ISSUED-PRIOR APPROVAL		
PRIOR APPROVAL		
0102700	ABSTRACT SERVICE COMPANY	571,344.27
	TOTAL PRIOR APPROVAL ALLOWED IN THE SUM OF:	\$ 571,344.27
	TOTAL ALL DEPARTMENTS	587,616.79



CITY OF
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REQUEST FOR GRAND RAPIDS EDA ACTION

Agenda Item #7

Meeting Date: 9/24/13

Statement of Issue:

Consider approval of an application for a Commercial Building Improvement Loan submitted by Linda Budrow, dba McAlpine Rentals LLC, for improvements to the McAlpine commercial building located at 4 NW 3rd St.

Background:

Linda Budrow submitted an application for a Commercial Building Improvement Loan for planned improvements to the building located at 4 NW 3rd St. The Budrow's, who own and operate Wings and Willows in that location, purchased the historic downtown building in March of this year. The McAlpine building has 9 apartments and 4 commercial tenant spaces, all of which are currently occupied with the exception of one commercial space.

The Budrows intend to replace 28 windows in the upper level of the building and 3 doors. The estimated cost of the project is \$37,000.

The CBIL program will provide financing for up to 75% of the project cost, or \$40,000, whichever is less. The Budrow's application indicates a total estimated cost of the planned window improvements at \$34,160.00. They would like to add the door replacement to the project, and have estimated this will increase the project cost to approximately \$37,000. 75% of the estimated cost equals \$27,750.00. The total loan to value ratio, including this CBIL, is 75%.

Commissioner Przytarski, Commissioner Stefan and Staff have met to review the application. Their recommendation to approve the loan will be presented at the GREDA meeting.

Recommendation:

Consider approval of an application for a Commercial Building Improvement Loan submitted by Linda Budrow dba McAlpine Rentals LLC, in the amount of \$27,750.00, for improvements to the commercial building located at 4 NW 3rd St.

Required Action:

Consider the recommendation of the loan review task force and pass an appropriate motion.

Attachments:

Loan Application



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.)*

Linda Budrow
 Name of Applicant (print)

Linda Budrow
 Name of Owner (print)

1986i River Rd.
 Address

Address

Grand Rapids mn 55744
 City State Zip

City State Zip

256-8813 liddabudrow@hotmail
 Telephone/ E-Mail

Telephone/E-Mail

McAlpine Rentals LLC
 Doing business as:

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 # 91-410-1825 Existing Zoning: _____

Existing Use: Apartments Proposed Use: Apartments

Property Address / Location: 4 NW 3rd St, Grand Rapids

Legal Description: see attached tax statement
(attach additional sheet if necessary)

Description of your proposed commercial building improvement project: replace all upper level windows
(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? asap

How much time will be needed to complete the project? 4 weeks

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)
28 Replacement Windows	1,250.00 ea
3 front Door replacements	
Total Estimated Cost:	34,160.00

(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)		75,000
Bank		
Cash		
Other (specify) _____		
Other (specify) _____		
Total \$		

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

This agreement is made by and between Northern Star Cooperative Services, PO Box 458, Deer River, Minnesota 56636, and "Customer" herein identified in the concluding paragraph. Whereas, Northern Star Cooperative Services supplies Customer with liquefied petroleum gas, Northern Star Cooperative Services agrees to rent a certain LP tank described herein to Customer pursuant to the terms and provisions hereof.

1. Customer grants to Northern Star Cooperative Services, its successors and assigns and employees and agents for and during the term of this Agreement and for thirty (30) days thereafter the right of ingress and egress upon Customer's premises at any reasonable time to pass and repass, with or without trucks, vehicles and equipment, to install, inspect, repair or maintain the described tank, to deliver liquid petroleum gas, and/or to reclaim and remove said tank upon termination of this Agreement.
2. Title to the described property shall at all times during the term hereof remain in Northern Star Cooperative Services and, at Northern Star Cooperative Services discretion, shall be marked as Northern Star Cooperative Services property. The described property shall remain personal property and not become a fixture or a part of the real estate where located regardless of the method of attachment. Customer shall not do or suffer to be done any act or omission, which may encumber, alter, damage or destroy said tank, or by which Northern Star Cooperative Services' title thereto may, in any way, be altered, perjured or destroyed. Customer shall bear the entire risk of loss, theft, damage or destruction of said tank from any cause whatsoever.
3. Northern Star Cooperative Services employees or agents may inspect/repair the described tank at any reasonable time and, as required, substitute parts and equipment which shall thereupon become subject to the terms of this Agreement. Alteration, modification or repair of said tank by anyone other than an authorized representative of Northern Star Cooperative Services shall void this Agreement.
4. Customer will, at its expense, procure and maintain any permits or other authorization required for use of said tank and indemnify Northern Star Cooperative Services for and against any loss or liability resulting from Customer's failure to do so.
5. The Customer shall own the fixtures and gas line leading from the leased tank to the Customer's structure, business or residence. The Co-op shall not be responsible for installation or maintenance of any appliance, fixture or gas line or attachment in or running to, customer's structure(s), business(es) or residence(s). Customer accepts responsibility for maintenance and repair of any gas line from the tank to customer's structure(s), business(es) or residence(s).
6. Customer agrees to indemnify and hold Northern Star Cooperative Services harmless against and to reimburse Northern Star Cooperative Services for any liability, expenses and penalties in connection with the described tank which are caused by or arise in connection with improper use, tampering or interference with the described property.
7. Upon expiration or earlier termination of this Agreement, Customer shall relinquish to Northern Star Cooperative Services possession of the described tank in good repair, ordinary wear and tear alone excepted. Customer agrees that this Agreement may be terminated at any time, by either party, with or without cause upon ten (10) days written notice to the other party, and thereafter authorized Northern Star Cooperative Services representatives may enter the premises wheresoever said equipment may be located or found and take possession thereof and remove said tank therefrom without being guilty of trespass or in any wise held liable for damage. In entering said premises, detaching said tank or removing the same from the premises.



CITY OF
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REQUEST FOR GRAND RAPIDS EDA ACTION

Agenda Item #9	Meeting Date: 9/24/15
Statement of Issue:	Consider approval of a 2015 lease with Brenda Valtinson for space in Central School.
Background:	<p>Since the departure of Dustables from Suite 101 at the end of June, this space has been vacant. As you'll recall, our Pre-development Agreement with Northrock Development precludes GREDA from leasing space on the first floor, beyond December 31, 2015. This term limitation, naturally makes the space difficult to market and thus, the potential for leasing the space is very small.</p> <p>Brenda Valtinson, a Mary Kay Cosmetics consultant, has approached GREDA with a proposal to lease the space for the remaining three months of the year at a reduced lease rate of \$200.00 per month. Ms. Valtinson would use the space for meetings and training sessions.</p>
Recommendation:	Approve the lease and authorize the GREDA President to execute them on behalf of GREDA
Required Action:	Consider a motion to approve the 2015 Central School lease with Brenda Valtinson.
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 **Brenda Valtinson**, hereinafter referred to as "Lessee", entered into this **10th** day of **September, 2015**.

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 **October 1, 2015** and shall continue through **December 31, 2015** unless earlier terminated in accordance with the provisions of this Lease Agreement. The Lessee shall be allowed to terminate this lease any time after June 30, 2015, by providing the Lessor 60 (sixty) days written notice.

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 **2015** base rent shall be in the amount of **\$200.00 per month**, payable in equal monthly installments beginning on the **1ST** day of **October, 2015** and continuing on the first day of each month thereafter through **December 31, 2015**. Additionally, tenant is solely responsible for paying any, and all, property taxes associated with the rental space.

3.3 Lessee shall pay as additional rent a late charge in the amount of 1.5% of the monthly rental payment in the event that the monthly rental payment is received after the fifth day of the month due. This late charge shall be exclusive of any other remedy which Lessor may have for Lessee's failure to timely pay rent.

3.4 At the commencement of the term of this Lease Agreement, Lessee shall furnish to Lessor a surety bond, letter of credit or cash deposit in an amount equivalent to one month's rent, to assure compliance with the provisions of this Lease Agreement. If Lessee fails to comply with the provisions of this Lease Agreement, Lessor shall be entitled, without further notice to Lessee, to call upon said surety bond, letter of credit or cash deposit to satisfy Lessee's obligation hereunder. Lessor's right to call upon the surety bond, letter of credit or cash deposit shall be exclusive of any

other remedy which Lessor may have for Lessee's failure to comply with the provisions of this Lease Agreement. The surety bond or letter of credit furnished by Lessee shall be maintained in effect for the term of this Lease Agreement and during any period of holding over. If Lessee furnishes a cash deposit pursuant to this Paragraph, said cash deposit shall be held by Lessor for the term of this Lease Agreement unless earlier called upon by Lessor to satisfy Lessee's obligations hereunder. Said cash deposit shall be invested by Lessor and any interest earned shall be paid annually to Lessee.

3.5 Rental payments shall be made to the order of the City of Grand Rapids and mailed or delivered to: **City Finance Director, 420 N. Pokegama Avenue, Grand Rapids, MN 55744.**

3.6 Lessee shall timely pay when due any personal property or real property tax on the leasehold estate.

ARTICLE 4 - IMPROVEMENTS

4.1 In taking possession of the leased premises, Lessee acknowledges that same were on the date of occupancy in good, clean and tenable condition, subject only to the repairs or improvements which Lessor has agreed to make at Lessor's expense and which are set forth on Exhibit "C" attached hereto, if there are any.

4.2 Lessee agrees to make at its own expense all alterations and improvements to the leased premises except as otherwise indicated to be the obligation of Lessor under this Lease Agreement. All such improvements and alterations made by Lessee shall be undertaken only upon advance approval of Lessor, shall be made under the supervision, direction and control of Lessor's architect, shall be made in good and workmanlike manner according to the terms, conditions and requirements set by Lessor and its architect, and shall be in keeping with the historical character of the building. All alterations and improvements performed on the leased premises by Lessee shall be performed by competent contractors and subcontractors approved by Lessor, which approval shall not unreasonably be withheld. Lessee shall pay for all architectural, engineering and other services and all costs incurred by Lessor in connection with Lessee's improvement or alteration of the leased premises, including the work, if any, of Lessor's engineer, architect and other agents connected

therewith. Prior to undertaking any alterations or improvements to the leased premises, Lessee shall obtain and deliver to Lessor a valid waiver and release of mechanic's liens by each party who will furnish labor, materials or services to the lease premises.

4.3 At the expiration or termination of the term of this Lease Agreement, all improvements and alterations made to the leased premises by Lessee shall remain with the leased premises and shall be the property of Lessor. Lessee shall, at its expense, remove Lessee's goods and effects, including trade fixtures, machinery, and equipment, and quit and deliver up the leased premises to Lessor, peaceably and quietly in as good order and condition as same were in on the original date of occupancy, reasonable wear and tear excepted. Any property left in the leased premises at the expiration or termination of this term of this lease shall be deemed to have been abandoned and shall become the property of Lessor to be disposed of as Lessor deems expedient, with all costs of cleanup and disposal of goods abandoned at the leased premises to be paid by Lessee. Lessee shall not permit any mechanic's or materialmen's liens to stand against the leased premises or against the Central School and Lessor may require appropriate assurances by way of bond, deposit or other reasonable procedure to protect against such liens and may, should such liens arise out of Lessee's acts hereunder, pay and discharge same and such amounts shall become due and payable to Lessor from Lessee with interest at the rate of eight percent (8%), or such greater amount as shall then be permitted by law, per annum.

ARTICLE 5 - MAINTENANCE, REPAIRS

5.1 Lessee shall at all times be responsible for maintaining at its own expense the leased premises in a clean, orderly and safety condition, except as hereinafter provided. Lessee shall be responsible, at its own expense, to clean and maintain all trade fixtures, machinery and equipment furnished by Lessee within the leased premises. Lessee shall be responsible to deposit normal office waste and rubbish at a location at the Central School as designated by Lessor.

5.2 Lessee shall be responsible to perform all repairs the need for which is caused by Lessee's use of the premises except that Lessor shall be responsible to perform major repairs of a structural nature. Lessor shall be responsible to arrange for removal of waste and rubbish from the

location designated as the deposit location for lessees. All costs incurred by Lessor pursuant to the obligations of this Paragraph shall be included within "operating costs".

5.3 Lessor shall provide custodian services for the common areas of Central School. Costs incurred by Lessor in providing such custodian services shall be included within "operating costs".

ARTICLE 6 - UTILITIES

6.1 Lessor shall furnish such heat, water, sewer, electricity, elevator services, central air conditioning and garbage removal in and about the leased premises as shall be necessary, in Lessor's judgment, for comfortable occupancy of the leased premises, under normal business conditions. Lessor's obligation to provide electricity to the leased premises shall include only electricity for standard building lighting and office use. Any electricity supplied to the leased premises for extraordinary purposes, such as kitchen equipment, refrigeration equipment and air conditioning units, shall be paid by the Lessee upon Lessor's billing of same.

It is understood and agreed that Lessee shall be responsible to pay to Lessor, as additional rent, the cost of separately-metered-electricity supplied to the leased premises. Lessee shall also be responsible for the construction of insulation of a separate electrical meter when required.

6.2 Lessee shall conserve heat, water and electricity and shall not neglect or misuse water, fixtures, electrical lights, or other equipment or facilities furnished in conjunction with Lessor's provisions of utilities pursuant to this Article.

6.3 In the event energy use restrictions are established by Federal or State authorities or that an energy supply emergency is declared by Federal or State authorities, Lessor may reduce the quantity or quality of any utilities or other services to be provided under this Article as may be necessary to comply with directives and regulations promulgated by said authorities.

6.4 Lessor shall be responsible to provide light, heat and other utility services to the common areas of the Central School as, in Lessor's discretion, is appropriate. The cost of providing such heat, lighting and other utilities shall be included within "operating costs".

ARTICLE 7 - BUILDING USE, REGULATIONS, SECURITY

7.1 Lessee shall use the leased premises only for the purpose of purposes generally described in Exhibit "B". Lessee shall keep the leased premises in a clean, orderly and safe condition and shall not permit any hazardous or dangerous activity thereon or any activity which will increase insurance risks or premiums on the leased premises. Lessee shall at all times comply with all statutes, ordinances, codes, and regulations of any governmental authority concerning the use and maintenance of the leased premises and the Central School. Lessee shall not overload the floors in the leased premises.

7.2 Lessee shall use the leased premises and the common areas of the Central School in accordance with such reasonable rules and regulations as may from time to time be promulgated by Lessor for the general safety, comfort and convenience of Lessor and Lessees of the Central School and their invitees and Lessee shall cause its clients, employees and invitees to abide by such rules and regulations. The Lessor will allow the Lessee to utilize up to 12 square feet of floor space in the common areas adjacent to the Lessee's business for display purposes only. Storage of equipment, recycling, or anything deemed not to be display items, is prohibited. The items placed in this space must not be affixed permanently to the floor or wall in any way. The usage of a table, shelf, or rack is acceptable. The Lessee will adhere to all fire and building access codes.

If the Lessee wishes to use more than 12 square feet of floor space, a written letter to the Lessor with the Lessee's intent is required. The Lessee cannot proceed with their plans until the Lessor has granted the request in writing.

The Lessee is required to supply the Lessor with documentation from the Lessee's insurance company that the Lessee's property is covered while in the common areas of Central School.

7.3 Lessee shall keep the leased premises open to the public during such days and hours of operation of the Central School as may from time to time be determined by Lessor.

7.4 Lessee shall be responsible for securing the leased premises by locking doors and windows providing direct access to the leased premises. Lessor covenants that other Lessees within the Central School will have similar responsibilities to those required of Lessee under this Paragraph.

7.5 Lessee shall pay to Lessor on demand for any damage done to the Central School or the leased premises, including broke glass, caused by Lessee, Lessee's agents or employees, or Lessee's invitees.

7.6 Lessee shall not conduct or permit to be conducted on the leased premises any business or permit any act which is contrary to or in violation of the laws, ordinances or regulations of any governmental unit, federal, state or local.

ARTICLE 8 - COMMON AREAS, EXTERNAL GROUNDS

8.1 Lessee's use of the common areas and external grounds of Central School shall be in compliance with rules and regulations which may be promulgated from time by Lessor.

8.2 Lessee shall place nothing in the common areas of the Central School, including displays, advertising, merchandise, or other items of any sort whatsoever, without the advance written approval of the Grand Rapids Economic Development Authority.

8.3 Lessee shall place no signs which will be visible outside the leased premises, including no signs which may be visible through a window and no signs which may be visible within the common areas of the Central School or from the external grounds of the Central School or beyond, without the advance written approval of Lessor. Lessor shall provide signs, of a number, style and quality as deemed appropriate in Lessor's exclusive judgment, to be placed on the external grounds of the Central School, which signs will identify the lessees within Central School. Cost incurred by Lessor in providing said signs shall be included within "operating costs". Signs within the interior common areas of Central School shall be approved in advance by Lessor and, if provided by Lessor, the expense thereof shall be included within "operating costs".

ARTICLE 9 - INSURANCE

9.1 Lessor shall maintain general liability, fire and extended coverage insurance on the Central School, including common areas and exterior grounds, and Lessor's fixtures and equipment and Lessor shall cause Lessee to be named as an additional insured. Lessee shall insure its own personal property on the premises as it sees fit. All personal property placed upon or in the leased premises or common areas or external grounds shall be at the risk of Lessee or the owner of the personal property and Lessor shall not be liable to Lessee or any other party for any damage or destruction of said personal property arising from any cause whatsoever. Lessee shall maintain at its own cost and expenses general liability insurance required herein. All insurance coverage is subject to approval of the City of Grand Rapids and shall be maintained by Lessee at all times this Agreement is in effect. Lessee further agrees that to protect themselves as well as the City of Grand Rapids under the indemnity Contract set forth above, the Lessee shall at all times during the term of the Agreement have and keep in force insurance protection as specified by Minn. Stat. Cpt. 466.04, subd. 1 as may be modified from time to time by the State Legislature and Lessee shall name Lessor as an additional insured on said policy. Throughout the term of this Lease Agreement, Lessee shall provide Lessor with evidence that Lessee has obtained the insurance required by this Article and that Lessor is an additional insured under said policies of insurance. All costs incurred by Lessor in maintaining insurance coverage pursuant to this Article shall be included within "operating costs".

9.2 Notwithstanding anything in this Lease Agreement to the contrary, Lessor shall not be liable to Lessee and Lessee shall not be liable to Lessor for any damage to or destruction of the Central School Building by fire or other perils or for any claim or cause of action arising out of any death, injury or damage to property in, on or about the leased premises or the common areas or exterior grounds of Central School. Lessor and Lessee shall furnish to each other appropriate written consents from their respective insurers to this waiver of liability provision.

ARTICLE 10 - LESSOR ACCESS

10.1 Lessor, its agents and employees shall have the right to enter the leased premises upon reasonable advance notice for the purpose of inspection, cleaning, repairing, altering or improving the premises, or to exhibit the premises to prospective tenants. Lessor's reserved rights hereunder shall include, without limitation, free, unhampered and unobstructed access to the airways,

equipment ducts, stairways, access panels and all utilities and services to the Central School. There shall be no diminution of rent and no liability on the part of Lessor by reason of any inconvenience, annoyance or injury to business caused by Lessor's reasonable exercise of rights reserved by Lessor in this Article.

ARTICLE 11 - FIRE OR OTHER CASUALTY: CONDEMNATION

11.1 If during the term of this Lease the leased premises shall be damaged or destroyed by fire or other casualties so that the premises shall thereby be rendered unfit for use or occupation, Lessor shall have the option to either (a) repair such damage with all reasonable diligence and restore the premises to substantially the condition immediately prior to such event, and until such premises have been duly repaired and restored the rent herein reserved, or a just and proportionate part thereof according to the nature and extent of the injury which has been sustained shall be abated, or (b) Lessor may terminate this lease and end the term hereof, and in case of such termination and cancellation the rent shall be paid to the date of such fire or other casualty and all other further obligations on the part of either party hereto shall cease. Lessor is required to notify Lessee of whether it will repair or terminate within thirty (30) days of the date of such damage or destruction. Provided, however, that in the event the premises are not so restored within one hundred eighty (180) days after the occurrence, Lessee may, at its option, terminate this lease.

11.2 Lessee shall be entitled in any full or partial taking by eminent domain to take that portion of the net award representing payment for Lessee's leasehold interest, trade fixtures, moving expenses or business interruption. All amounts paid pursuant to an agreement with a condemning authority in connection with any taking shall be deemed to constitute an award on account of such taking. Lessee agrees that this Lease shall control rights of Lessor and Lessee in any such award, and any contrary provision of any present or future law is hereby waived. If any taking shall result in Lessee being deprived of space in excess of 5 percent of the space then leased to Lessee, Lessee shall have the right on thirty (30) days advance written notice, to terminate the obligations hereunder effective as of such taking. If Lessee continues occupancy following a partial taking, rent will be adjusted 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: Brenda Valtinson
Address?
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:

GREDA President

GREDA Executive Director

Date: _____

LESSEE:

BY: _____

BY: _____

Its _____

Date: _____

Exhibit A – Location in the Building

Brenda Valtinson is located on the First Floor in the Southeast Corner Room (Suite 101) consisting of a total of 867 sq. ft.

Exhibit B – Use of Space

Brenda Valtinson will use the space to operate periodic sales and product demonstrations of her Mary Kay Cosmetics business.

Exhibit C – Improvements

None