

GRAND RAPIDS ECONOMIC DEVELOPMENT AUTHORITY

Thursday, August 20, 2015

4:00pm

Grand Rapids City Hall

NOTICE IS HEREBY GIVEN, that a special meeting of the Grand Rapids Economic Development Authority will be held in Conference Room 2A in the Grand Rapids City Hall, 420 North Pokegama Avenue, in Grand Rapids, Minnesota on Thursday, August 20, 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 July 16, 2015 and July 27, 2015 special meetings
5. Consider approval of claims
6. IEDC Update – Mark Zimmerman
7. Small Cities Development Program (SCDP) rehabilitation grant update – Amanda MacDonell
8. Consider approval of the amended SCDP and CBIL loan application submitted by Dan and Jean Anderson.
9. Consider approval of the SCDP and CBIL loans submitted by Nicole Toivonen dba Toivo's Restaurant.
10. Consider approval of SCDP and CBIL loans, submitted by Gabe and Brandi Miskovich dba Dutch Room Inc.
11. Consider approval of a CBIL loan submitted by Itasca Co. Farms Service
12. Discuss the preliminary findings of the soil investigation and environmental phase 1 regarding the Kent acquisition.
13. Consider approving payment for Kent acquisition.
14. Updates:
15. 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, JULY 16, 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, July 16, 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: Dale Christy, Chris Lynch, Rick Blake, Mike Przytarski, Cory Jackson. Absent: Sholom Blake, Michael Stefan.

APPROVAL OF CLAIMS:

MOTION BY COMMISSIONER CHRISTY, SECOND BY COMMISSIONER BLAKE TO APPROVE CLAIMS IN THE AMOUNT OF \$59,116.44.

Itasca County H.R.A	\$57,140.52	Itasca County Recorder	\$46.00
Kennedy & Graven	\$1268.50	Miller Dunwiddie Architecture	\$661.42

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

DRAFT

APPROVAL OF MINUTES:

MOTION BY COMMISSIONER PRZYTARSKI, SECOND BY COMMISSIONER CHRISTY TO APPROVE THE MINUTES OF THE JUNE 29, 2015 SPECIAL MEETING. The following voted in favor thereof: Jackson, R. Blake, Christy, Lynch, Przytarski. Opposed: None, passed unanimously.

Consider adoption of a resolution approving a Purchase Agreement with John C., Lorette M., and Andrew J. Kent.

Community Development Director Mattei provided a power point presentation. Through the purchase and prompt sale of a 25 acre tract along Co. Rd. 63 (portion of the former Ainsworth OSB Plant), GREDA realized a demand for large industrial sites; a demand, going forward, that would not adequately be served by GREDA's present inventory of smaller industrial sites.

To better position the City of Grand Rapids for the future attraction of larger industrial developments, GREDA, in both the 2014 and 2015 *Work Plan*, set a goal to "explore potential for the purchase of a large tract for industrial development" and to "consider a proactive approach to land investment options".

Several property owners, in this area of the Airport Rd., were contacted by an acquisition facilitator under contract with GREDA. Only one owner, John, Lorette and Andrew Kent, (Kents) responded with interest.

The Kent property is well suited for industrial development for the following reasons:
The area is already zoned Industrial (I-1)
Adjacent to the Airport South Industrial Park and the Grand Rapids Itasca County Airport
Access to sanitary sewer and water utilities, as well as 3 phase power.
Access to all season heavy haul roads.
Favorable soil conditions
Flexibility of being developed to support aviation or general industries
Flexibility of being developed as a single 20 acre site or being subdivided into 2 or 3 large sites.

After months of negotiation a purchase agreement was drafted with the purchase price of \$575,000.00. The terms of the agreement included earnest money of \$ 5,000 non-refundable which will be applied to the purchase price, a buyers pre-closing inspection, a closing date of on or before September 1, 2015, all timber on the property is included in the sale and no relocation expenses are to be paid.

The Blandin Foundation will provide a PRI of \$350,000 which will be a 20 year term with 0% interest and annual payments of \$17,500, GREDA will use their capital projects fund for the remaining \$225,000.

Commissioner Lynch expressed concern over the purchase price and appraisals. Steve Welliver, GREDA's acquisition facilitator, explained the appraisals and how they came to the purchase price of \$575,000.00. The Commissioners discussed the possibility of renting out the home on the property in order to make the loan payments to the Blandin Foundation.

MOTION BY COMMISSIONER PRZYTARSKI, SECOND BY COMMISSIONER R. BLAKE TO ADOPT RESOLUTION 15-03 APPROVING A PURCHASE AGREEMENT WITH JOHN C. KENT, LORETTE M. KENT AND ANDREW J. KENT. The following roll call vote was taken: Yea: Przytarski, Christy, Jackson, R. Blake. Nay: Lynch, motion passed.

Consider approving payment of \$5,000.00 in earnest money to John C. Kent, Lorrette M. Kent, and Andrew J. Kent.

MOTION BY COMMISSIONER BLAKE, SECOND BY COMMISSIONER CHRISTY TO APPROVE PAYMENT IN THE AMOUNT OF \$5,000.00 IN EARNEST MONEY TO JOHN C. KENT, LORETTE M. KENT, AND ANDREW J. KENT. The following voted in favor thereof: R. Blake, Jackson, Christy, Lynch, Przytarski. Opposed: None, motion passed unanimously.

Consider adoption of a resolution approving a Program Related Investment between the Grand Rapids Economic Development Authority and the Blandin Foundation.

The Blandin Foundation has agreed to a 20 year 0% interest loan in the amount of \$350,000.00 to be used toward the purchase of the Kent property.

MOTION BY COMMISSIONER CHRISTY, SECOND BY COMMISSIONER PRZYTARSKI TO ADOPT RESOLUTION 15-04 APPROVING A PROGRAM RELATED INVESTMENT AGREEMENT BETWEEN THE GRAND RAPIDS ECONOMIC DEVELOPMENT AUTHORITY AND THE BLANDIN

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

Consider approving a proposal from Braun Intertec Inc., in the total amount of \$7,600.00 to provide professional services in the preparation of a Phase 1 Environmental Site Assessment and Geotechnical Evaluation of the Kent acquisition property.

Braun will drill six test borings in the development area to determine if there are unfavorable soils. This will take place prior to the closing.

MOTION BY COMMISSIONER JACKSON, SECOND BY COMMISSIONER CHRISTY TO APPROVE A PROPOSAL FROM BRAUN INTERTEC INC., IN THE TOTAL AMOUNT OF \$7,600.00 TO PROVIDE PROFESSIONAL SERVICES IN THE PREPARATION OF A PHASE 1 ENVIRONMENTAL SITE ASSESSMENT AND GEOTECHINICAL EVALUATION OF THE KENT ACQUISITION PROPERTY. The following voted in favor thereof: R. Blake, Jackson, Christy, Lynch, Przytarski. Opposed: None, passed unanimously.

Review and consider recommendations for draft 2016 GREDA Operations Budget and levy for Capital Project Fund.

Community Development Director  Maeda reviewed the proposed budget with the Commissioners.

MOTION BY COMMISSIONER PRZYTARSKI, SECOND BY COMMISSIONER R. BLAKE TO APPROVE THE 2016 GREDA OPERATING BUDGET AND A LEVY REQUEST OF \$60,000.00. The following voted in favor thereof: Przytarski, Lynch, Christy, Jackson, R. Blake. Opposed: None, passed unanimously.

There being no further business the meeting adjourned at 5:17 p.m.

Respectfully submitted:

Aurimy Groom, Recorder

**GRAND RAPIDS ECONOMIC DEVELOPMENT AUTHORITY
SPECIAL MEETING
MONDAY, JULY 27, 2015
8:00 A.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 Monday, July 27, 2015 at 8:00 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, Chris Lynch, Rick Blake, Mike Przytarski, Cory Jackson. Absent: Dale Christy, Michael Stefan.

Consider adoption of a resolution approving the amended loan agreement with Minnesota Energy Resources Inc. and the City of Grand Rapids.

The Minnesota PUC issued a new order to MERC to put a new service model into place. The new model has reduced the cost of the CIAC from \$264,444.00 to 133,538.86.

MOTION BY COMMISSIONER LYNCH, SECOND BY COMMISSIONER R. BLAKE TO ADOPT RESOLUTION 15-05 APPROVING AN AMENDED LOAN AGREEMENT FOR ADVANCE OF CERTAIN COSTS IN CONNECTION WITH NATURAL GAS INFRASTRUCTURE. The following voted in favor thereof: Jackson, R. Blake, Lynch, Przytarski, S. Blake. Opposed: None, passed unanimously.

Consider approving the revised payment of \$133,538.86 to Minnesota Energy Resources, pursuant to the loan agreement.

MOTION BY COMMISSIONER LYNCH, SECOND BY COMMISSIONER R. BLAKE TO APPROVE THE REVISED PAYMENT TO MINNESOTA ENERGY RESOURCES IN THE AMOUNT OF \$133,538.86. The following voted in favor thereof: R. Blake, S. Blake, Przytarski, Lynch, Jackson. Opposed: None, passed unanimously.

Consider approving reimbursement to the City of Grand Rapids in the amount of \$65,452.57.

MOTION BY COMMISSIONER R. BLAKE, SECOND BY COMMISSIONER LYNCH TO APPROVE REIMBURSEMENT TO THE CITY OF GRAND RAPIDS IN THE AMOUNT OF \$65,452.57. The following voted in favor thereof: Jackson, R. Blake, Przytarski, S. Blake, Lynch. Opposed: None, passed unanimously.

There being no further business the meeting adjourned at 8:08 a.m.

Respectfully submitted:

Aurimy Groom, Recorder

DRAFT

DATE: 08/13/2015
 TIME: 14:52:19
 ID: AP443000.CGR

CITY OF GRAND RAPIDS
 DEPARTMENT SUMMARY REPORT

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INVOICES DUE ON/BEFORE 08/20/2015

VENDOR #	NAME	AMOUNT DUE
ECONOMIC DEVELOPMENT AUTHORITY		
0718010	CITY OF GRAND RAPIDS	1,336.53
0718060	GRAND RAPIDS NEWSPAPERS INC	40.25
2308318	WHITE IVY GRAPHIC ARTS	42.50
TOTAL		1,419.28
EDA - CAPITAL PROJECTS		
MISCELLANEOUS PROJECT		
0718010	CITY OF GRAND RAPIDS	129.00
TOTAL MISCELLANEOUS PROJECT		129.00
STOREFRONT RENOVATION		
1105530	KENNEDY & GRAVEN	314.50
TOTAL STOREFRONT RENOVATION		314.50
AINSWORTH FACILITY REDEVELPMNT		
1105530	KENNEDY & GRAVEN	74.00
TOTAL AINSWORTH FACILITY REDEVELPMNT		74.00
TOTAL UNPAID TO BE APPROVED IN THE SUM OF:		\$ 1,938.78
CHECKS ISSUED-PRIOR APPROVAL		
PRIOR APPROVAL		
1309199	MINNESOTA ENERGY RESOURCES	133,538.86
T000424	JOHN C & LORETTE M KENT	5,000.00
TOTAL PRIOR APPROVAL ALLOWED IN THE SUM OF:		\$ 138,538.86
TOTAL ALL DEPARTMENTS		140,475.64

ITASCA COUNTY HOUSING & REDEVELOPMENT AUTHORITY

REPORT TO EDA COMMISSIONERS

FROM: Amanda MacDonell

REGARDING: SCDP Project Update

Date: 08/13/2015

Issue or Request:

To update the EDA on the progress of the SCDP grant that we are administering for the City of Grand Rapids.

Background Review:

On May 29, 2014, the City of Grand Rapids was awarded a comprehensive grant from Minnesota's Department of Employment and Economic Development (DEED) in the amount of \$615,552 to complete Owner Occupied, Rental, and Commercial Rehabilitation. Grant dollars are to be used for rehabilitation on 6 commercial projects, 12 residential projects, and 15 rental units. All grant dollars must be expended by December 31, 2016, which is the cycle of the grant.

PowerPoint presentation will breakdown project goals, showcase completed projects to date, and current status of the grant.

The same PowerPoint presentation was presented during the Itasca County HRA's Board of Commissioner's special meeting that was held on July 21st, 2015.

Staff Recommendation and Comments:

No recommendations at this point; progress update for board.

Action Requested:

No action needed, informational only.

SCDP Commercial Rehabilitation Applications

13-AUG-15

Rob Mattei:
Original project estimate was \$59,000. Full SCDP of \$32,000 was previously approved, no CBIL requested previously.

Rob Mattei:
Previous project submitted by D. Madden totaled \$24,695 with SCDP \$14,938 and CBIL \$9,958.

Business/Building Owner	Address	Proposed Project	Total Estim. Proj. Cost	SCDP Request	GREDA CBIL Request	Private Funding or Equity	8/13/2015 SCDP Project Recommendation	Update
Madden's Dutch Room/Dennis & Anita Madden	702 NW 4th St.	New doors to address code requirements, exterior painting and brick walls/scoring and bathroom remodel	\$68,700.00	\$32,000.00	\$35,000.00	\$1,700.00	Approve Revised Budget/Loan Amounts	New ownership. Gabe and Brandi Miskowich purchasing on CD from Denny M. Added bathroom remodel to scope of work
Haaca Co. Farm Service Association	900 NW 4th St.	front exterior renovation, accessibility upgrades to entrance and bathrooms, mill area roof replacement	\$108,011.00	\$32,000.00	\$35,000.00	\$41,011.00	Approve CBIL Loan	
Pasties Plus Bldg./Jan and Jean Anderson	1405 NW 4th St.	Siding, soffit, and fascia painting, new windows and doors and new roofing.	\$36,981.00	\$22,288.60	\$14,792.40	\$0.00	Approve Revised Budget/Loan Amounts	Project Completed
Davis Petroleum/Bret and Sandy Wagner	1301 NW 4th St.	New siding, roofing, extended soffits on station and warehouse	\$78,568.66	\$32,000.00	\$35,000.00	\$11,568.66		Project Completed
Prekup-1,000 Lakes-Sperling-Goods	525 NW 4th St.	Walls-siding, doors-parking-lift-mechanical	\$62,805.00	\$32,000.00	\$30,205.00	\$0.00		Withdrawn
Torvo's Restaurant - Nicole Tononen	1212 NW 4th St.	New coolers, refrigeration, air conditioning and turnace	\$84,779.00	\$32,000.00	\$35,000.00	\$17,779.00	Approve SCDP and CBIL Loans	
Subtotals:			\$377,039.66	\$150,188.60	\$154,792.40	\$72,058.66		
Rob Mattei:				\$192,000.00				
Previous approved project was \$31,017. SCDP and CBIL requests increased proportionally, based on 60/40 split				\$41,811.40				
Pine Grove Motel/Bill and Julie Randolph	1410 NW 4th St.	Structural roof repair and siding east building	\$75,000.00	\$32,000.00	\$35,000.00	\$8,000.00		Because of higher Debt/Value, withhold consideration until a review of financials to be submitted with CBIL application. Financials not received

**CITY OF GRAND RAPIDS
ECONOMIC DEVELOPMENT AUTHORITY**

**COMBINING STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE
FOR THE SIX MONTHS ENDING JUNE 30, 2015**

With Comparative Totals for the Period Ending June 30, 2014

	2014 ACTUAL	YTD ACTUAL TO 6/30/15	2015 ANNUAL BUDGET	
Fund Balance 1/1/XX:	\$ 80,858	\$ 69,164	\$ 69,164	
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REVENUES:				
Taxes	-	-		
Supplemental Aid	-	-		
Interest - Investments	60	54	500	11%
Interest - Loans	-	-	-	
Mortgage Payment	-	-	-	
Fund Balance Usage	-	-	17,100	0%
TOTAL REVENUES	<u>60</u>	<u>54</u>	<u>17,600</u>	<u>0%</u>
EXPENDITURES:				
Supplies/Materials	-	-	100	0%
Other Services/Charges	420	2,628	17,500	15%
TOTAL EXPENDITURES	<u>420</u>	<u>2,628</u>	<u>17,600</u>	<u>15%</u>
REVENUES > EXPENDITURES	<u>(360)</u>	<u>(2,574)</u>	<u>-</u>	
<hr/>				
FUND BALANCE				
Fund Balance Usage	<u>(360)</u>	<u>(2,574)</u>	<u>-</u>	
FUND BALANCE 06/30/XX	<u>\$ 80,498</u>	<u>\$ 66,591</u>	<u>\$69,164</u>	

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

*Schedule of Changes in Revenue, Expenditures, and Fund Balance
FOR THE SIX MONTHS ENDING JUNE 30, 2015*

Fund Balance 1/1/15	\$ 913,253
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REVENUES:	
Taxes	32,635
Supplemental Aid	-
ST/MN-IRRRB Grant	-
ST/MN DEED Grant	84,098
Interest-Investments	713
Interest-Loans	3,648
Developer Asst Reimbursements	-
Pymt from Govt Unit	-
Miscellaneous	4,029
Taconite Production Tax	-
Principal-Loan Payments	30,468
Sale of Land held in Inventory	-
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TOTAL REVENUES	155,591
EXPENDITURES:	
Annual Single Audit Fee	-
Contribution to Tourism Study	2,500
Community Marketing Taskforce	-
Central School Redevelopment	22,447
Commercial Building Improvement Loan Program	35,533
Downtown Block 18-21	-
Airport South Industrial Parks	90
Downtown Block 37	-
Ainsworth Facility Redevelopment	1,361
DEED Development Programs	118,121
MIRC	-
St Joseph Redevelopment	-
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TOTAL EXPENDITURES	180,052
2015 REVENUES > EXPENDITURES	(24,461)
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FUND BALANCE 6/30/15	888,793 (1)
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Please Note:

(1) The Fund Balance includes designations for Com Bldg Imp Loans of \$135,933