

GRAND RAPIDS ECONOMIC DEVELOPMENT AUTHORITY

Thursday, May 14, 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, May 14, 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 April 23, 2015 regular meeting
5. Consider approval of claims
6. Discuss request for GREDA loan to partially fund natural gas extension CIAC.
7. Discuss request from Central School tenants for advertising funding.
8. Updates:
 - a. SCDP Commercial Rehabilitation Projects
 - b.
9. Adjourn

GREDA Members/terms:

Dale Christy – 12/31/16 (with council term)

vacant – 12/31/18 (with council term)

Mike Przytarski – 3/1/21

Cory Jackson – 3/1/17

Mike Stefan – 3/1/18

Chris Lynch – 3/1/19

Sholom Blake – 3/1/19

**GRAND RAPIDS ECONOMIC DEVELOPMENT AUTHORITY
REGULAR MEETING
THURSDAY, APRIL 23, 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 Regular Meeting of the Grand Rapids Economic Development Authority (GREDA) was called to order on Thursday, April 23, 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, Mike Przytarski, Cory Jackson, Sholom Blake, Michael Stefan, Chris Lynch. Absent: None.

SETTING OF REGULAR AGENDA: **Approved without addition.**

APPROVAL OF MINUTES:

MOTION BY COMMISSIONER JACKSON, SECOND BY COMMISSIONER STEFAN TO APPROVE THE MINUTES OF THE APRIL 9, 2015 REGULAR MEETING. The following voted in favor thereof: Jackson, Christy, Blake, Przytarski, Lynch, Stefan. Opposed: None, passed unanimously.

APPROVAL OF CLAIMS:

MOTION BY COMMISSIONER LYNCH, SECOND BY COMMISSIONER PRZYTARSKI TO APPROVE CLAIMS IN THE AMOUNT OF \$51,597.69.

Itasca County H.R.A	\$11,537.00	Itasca County Recorder	\$46.00
Miller Dunwiddie Architecture	\$5,014.69	Bret & Sandy Wagner	\$35,000.00

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

Updates:

Mr. Mattei noted that Dustables will be terminating their lease.

There being no further business the meeting adjourned at 4:07 p.m.

Respectfully submitted:

Aurimy Groom, Recorder

DATE: 05/07/2015
 TIME: 14:57:26
 ID: AP443000.CGR

CITY OF GRAND RAPIDS
 DEPARTMENT SUMMARY REPORT

PAGE: 1

INVOICES DUE ON/BEFORE 05/14/2015

VENDOR #	NAME	AMOUNT DUE

ECONOMIC DEVELOPMENT AUTHORITY		
1105530	KENNEDY & GRAVEN	297.10
1916650	SPRINGSTED	1,500.00
TOTAL		1,797.10
EDA - CAPITAL PROJECTS		
STOREFRONT RENOVATION		
0920060	ITASCA COUNTY TREASURER	80.50
TOTAL STOREFRONT RENOVATION		80.50
AINSWORTH FACILITY REDEVELPMNT		
1105530	KENNEDY & GRAVEN	333.00
TOTAL AINSWORTH FACILITY REDEVELPMNT		333.00
DEED DEVELOPMENT PROGAMS		
0920051	ITASCA COUNTY H.R.A.	11,652.40
TOTAL DEED DEVELOPMENT PROGAMS		11,652.40
TOTAL UNPAID TO BE APPROVED IN THE SUM OF		\$ 13,863.00



MEMORANDUM

Date: May 5, 2015

To: Rob Mattei, Director of GREDA

From: Tom Pagel

CC: Barb Baird, Finance Director
Julie Kennedy, City Engineer

Re: Request for Loan to Fund Natural Gas Extensions

As discussed earlier this year, the City is working with Minnesota Energy Resources (MERC) to extend natural gas service to predominately low to moderate income neighborhoods. Because MERC is regulated by the State Public Utilities Commission, they cannot extend utilities and socialize the cost over the entire customer base. As a result, MER has to charge a Contribution In Aid of Construction (CIAC) fee. The CIAC for the proposed extensions is approximately \$264,000.

GREDA, by law, has the ability to prevent blight. By providing natural gas to these LMI areas and lower the cost of living for these households, the homeowner will have additional household income to invest in their homes and prevent blight. The CIAC is approximately \$2,222 per household which makes it very difficult for home owners to finance and convert to natural gas. By having the City/GREDA upfront the CIAC and finance the CIAC for the homeowners over a ten year period, it makes it affordable for them to connect to natural gas.

GREDA legally can pay the CIAC where the City does not have the authority. Because the City has limited general reserve funds and GREDA has just under \$1 million, the City is requesting that GREDA consider paying for half of the CIAC or \$132,000. As the City collects the individual CIAC from the homeowners, the City will first reimburse GREDA fully prior to repaying itself.

In the near future, the City will be providing some draft agreements to GREDA for consideration. If you have any questions or need further information, please contact me.

	Stoake	Remer	Strader	All 3 together
CIAC	\$30,145.00	\$72,983.00	\$161,316.00	\$264,444.00
Total Ex Res	59	46	54	159
Percent Hooked Up	75%	75%	75%	75%
Connected	44	34	40	119
Cost	\$685.11	\$2,146.56	\$4,032.90	\$7,222.22
Months	120	120	120	120
Monthly	\$5.71	\$17.89	\$33.61	\$18.52
Annually	\$68.51	\$214.66	\$403.29	\$222.22
				\$228.82
Use	Natl Gas	Propane	Fuel Oil	Electric
	800	837	576	23440.08889
Rate	\$0.74	\$1.99	\$2.19	\$0.0561
Cost	\$592.00	\$1,665.63	\$1,261.44	\$2,693.69
Add'l	115			79.8
Total	\$707.00	\$1,665.63	\$1,261.44	\$2,773.49
Svgs		\$958.63	\$554.44	\$2,066.49
CIAC	\$222.22			
Svgs		\$736.41	\$332.22	\$1,844.27
MONTHLY		\$61.37	\$27.68	\$153.69

Stroeke Remer Strader All 3 together

CIAC \$30,145.00 \$72,983.00 \$161,316.00 \$264,444.00

Total Ex Res 59 46 54 159

Percent Hooked Up 75% 75% 75% 75%

Connected 44 34 40 119

Cost \$685.11 \$2,146.56 \$4,092.90 \$2,222.22

Months 120 120 120 120

Monthly \$5.71 \$17.89 \$33.61 \$18.52

Annually \$68.51 \$214.56 \$403.29 \$222.22

Propane \$228.82

Gal LPG 600 900 900 500 750 500 750

Rate \$1.79 1.79 \$2.19 \$2.19

Propane Propane Propane Fuel Oil Fuel Oil Fuel Oil Fuel Oil

Rate \$1.79 1.79 \$2.19 \$2.09 2.09 \$2.29 \$2.29

Propane Propane Propane

Rate \$1.79 1.79 \$2.19 \$2.19

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Rate \$1.79 1.79 \$2.19 \$2.19

Equivalent Natural Gas Therms 573,137 859,705 573,137 859,705

Rate \$0.74 \$0.74 \$0.74 \$0.74

Meter Charge \$115.00 \$115.00 \$115.00 \$115.00

CIAC \$222.20 \$222.20 \$222.20 \$222.20

Total \$761.32 \$973.38 \$761.32 \$973.38

Savings <10 yrs \$312.68 \$637.62 \$552.68 \$997.62

monthly \$26.06 \$53.13 \$46.06 \$83.13

Savings >10 yrs \$534.88 \$859.82 \$774.88 \$1,219.82

monthly \$44.57 \$71.65 \$64.57 \$101.65

Equivalent Natural Gas Therms 694,537 1041,805 694,537 1041,805

Rate \$0.74 \$0.74 \$0.74 \$0.74

Meter Charge \$115.00 \$115.00 \$115.00 \$115.00

CIAC \$222.20 \$222.20 \$222.20 \$222.20

Total \$851.16 \$1,108.14 \$851.16 \$1,108.14

Savings <10 yrs \$193.84 \$459.36 \$293.84 \$609.36

monthly \$16.15 \$38.28 \$24.49 \$50.78

Savings >10 yrs \$416.04 \$681.56 \$516.04 \$831.56

monthly \$34.67 \$56.80 \$43.00 \$69.30

Equivalent Natural Gas Therms 694,537 1041,805 694,537 1041,805

Rate \$0.74 \$0.74 \$0.74 \$0.74

Meter Charge \$115.00 \$115.00 \$115.00 \$115.00

CIAC \$222.20 \$222.20 \$222.20 \$222.20

Total \$851.16 \$1,108.14 \$851.16 \$1,108.14

	Propane	Propane	Propane	Propane
Gal LPG	600	900	600	900
Rate	\$1.79	1.79	\$2.19	\$2.19
Add'l				
Total	\$1,074.00	\$1,611.00	\$1,314.00	\$1,971.00

	Fuel Oil	Fuel Oil	Fuel Oil	Fuel Oil
Gal Fuel Oil	500	750	500	750
Rate	\$2.09	2.09	\$2.29	\$2.29
Add'l				
Total	\$1,045.00	\$1,567.50	\$1,145.00	\$1,717.50

Equivalent Natural Gas Therms		Equivalent Natural Gas Therms		
Rate	\$0.74	\$0.74	\$0.74	
Meter Charge	\$115.00	\$115.00	\$115.00	
CIAC	\$222.20	\$222.20	\$222.20	
Total	\$761.32	\$973.38	\$761.32	\$973.38
Savings <10 yrs monthly	\$312.68	\$637.62	\$552.68	\$997.62
Savings >10 yrs monthly	\$26.06	\$53.13	\$46.06	\$83.13

Equivalent Natural Gas Therms		Equivalent Natural Gas Therms		
Rate	\$0.74	\$0.74	\$0.74	
Meter Charge	\$115.00	\$115.00	\$115.00	
CIAC	\$222.20	\$222.20	\$222.20	
Total	\$851.16	\$1,108.14	\$851.16	\$1,108.14
Savings <10 yrs monthly	\$193.84	\$459.36	\$293.84	\$609.36
Savings >10 yrs monthly	\$46.04	\$681.56	\$516.04	\$831.56

Savings <10 yrs monthly	\$26.06	\$53.13	\$46.06	\$83.13
Savings >10 yrs monthly	\$534.88	\$859.82	\$774.88	\$1,219.82

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Savings >10 yrs monthly	\$44.57	\$71.65	\$64.57	\$101.65

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Savings <10 yrs monthly	\$26.06	\$53.13	\$46.06	\$83.13
Savings >10 yrs monthly	\$44.57	\$71.65	\$64.57	\$101.65

Very Likely	CIAC FULL				CIAC FINANCED				Likely to Very Likely	Very Likely	HOOK UP IN FIRST 3 YEARS						
	Likely	Not Sure	Unlikely	Very Unlikely	Likely	Not Sure	Unlikely	Very Unlikely			within 1 year	2 - 3 years	4-10 years	first 3 yrs	first 10 yrs		
7	2	8	10	15	11	4	1	3	34	81%	25	6	1	31	74%	32	76%
3	1	3	5	6	4	1	2	2	11	61%	9	2	3	11	26%	14	33%
0	0	1	1	2	1	0	0	0	4	100%	2	2	0	4	10%	4	10%
0	0	0	1	2	0	0	2	2	1	33%	1	0	0	1	2%	1	2%
0	0	0	0	1	0	0	1	1	0	0%	0	0	0	0	0%	0	0%

Very Likely	CIAC FULL				CIAC FINANCED				Likely to Very Likely	Very Likely	HOOK UP IN FIRST 3 YEARS						
	Likely	Not Sure	Unlikely	Very Unlikely	Likely	Not Sure	Unlikely	Very Unlikely			within 1 year	2 - 3 years	4-10 years	first 3 yrs	first 10 yrs		
7	2	8	10	15	11	4	1	3	34	81%	25	6	1	31	74%	32	76%
3	1	3	5	6	4	1	2	2	11	61%	9	2	3	11	26%	14	33%
0	0	1	1	2	1	0	0	0	4	100%	2	2	0	4	10%	4	10%
0	0	0	1	2	0	0	2	2	1	33%	1	0	0	1	2%	1	2%
0	0	0	0	1	0	0	1	1	0	0%	0	0	0	0	0%	0	0%

Rob Mattei

From: Ashley P <a.promersberger@gmail.com>
Sent: Monday, May 11, 2015 11:46 AM
To: Rob Mattei
Subject: Fwd: Promoting OCS
Attachments: FullSizeRender(1).jpg; ideal impressions receipt.jpg; vrg invoice ocs total.jpg

Rob,

True North, Lake Lover Vintage, ABC's of Quilting and VGR would like to participate in this Buy Local commercial from KBJR/KDLH promoting the Old Central School as a Marketplace. Included in the commercial package are 162, 15 second commercial spots that would air with other non-competing Grand Rapids business ads for a cost of \$960. This cost includes the production of the commercial. You will find more information on the attached document. We feel that with the current situation the building is in, with loss of tenants, this would be very beneficial in letting people know we are still open and thriving. We are asking that the GREDA would pay for this commercial to help promote the building.

In the past we have conversed with GREDA about matching funds with the tenants of the OCS. We have compiled a partial list of expenses we as tenants have incurred while promoting the building as well as our individual business. We would like to use a portion of the funds GREDA agreed to match to pay for this ad.

The tenants of the OCS have collectively spent \$1720.00 advertising with VGR to attract tourism to our marketplace and downtown tourist attraction and would like funds matching this total.

In addition we would like funds to reprint, due to updates, our OCS rack card to be dispersed to area business and resorts at a total of \$287.80.

To summarize we are asking for support in advertising costs for a television commercial and rack cards that total \$1247.80. The funding, as stated above, will be provided by GREDA's offer to match funds spent by tenants.

--
Ashley Brubaker
Owner
True North Salon and Spa Inc.
218-340-6678
www.truenorthsalon.com

BUY LOCAL

Increase awareness of your local business and grow your customer base. Take advantage of this affordable advertising campaign from KBJR and KDLH.



KBJR 6 and KDLH 3 are committed to investing in the Northland. We value our local businesses and want to offer an affordable and effective way to market your unique services.

The following schedule runs as a minute commercial; a :10 "Buy Local" opening station promotional announcement followed by 3-:15 local non-competing business commercials and closed with a :05 station promotional close.

Buy Local Advertising Schedule

Days	Time Period	Number of Your Spots	Stations
Mon-Sun	5AM - 9AM	12 x :15	KBJR 6 / KDLH3
Mon-Sun	9AM - 3PM	18 x :15	KBJR 6 / KDLH3
Mon-Sun	3PM - 5PM	18 x :15	KBJR 6 / KDLH3
Mon-Sun	5PM - 10:35PM	12 x :15	KBJR 6 / KDLH3
Mon-Sun	10:35PM - 12AM	18 x :15	KBJR 6 / KDLH3
Mon-Sun	5AM-12AM	42 x :15	KBJR 6/ KDLH 3/ CW/ My9
Plus			
Mon-Sun	6AM - 11:00PM	42 x :15	CW/ My9

Total Investment: \$960

162 x :15 Announcements

*All spots air no longer than 12 weeks for best results | *Production included at no additional cost



Ideal Impressions Printing
 1120 NW 4th St.
 Grand Rapids, MN 55744

Invoice

DATE	INVOICE NO.
12/05/14	26085

BILL TO
 Old Central School Marketplace
 Lake Lover Vintage

SHIP TO

P.O. NO.	TERMS	DUE DA...	REP	SHIP D...	SHIP VIA	FOB	PROJECT
		12/05/14		12/05/14			
ITEM	DESCRIPTION	QTY	RATE	AMOUNT			
Printing	3000-Rack Cards (3 3/8" x 8 1/2" on Astroparache Ancient Gold 65# Cover) MN Sales Tax		269.29 6.875%	269.29 18.51			
	\$41.15						
				<i>pp. 12-5-14 08.17.14 #200 #300 C</i>			
Total							\$287.80



March 19, 2015

Visit Grand Rapids
10 NW 5th St Suite 212
Grand Rapids, MN 55744

This letter is to notify you that the tenants of Central School have chosen to advertise in our 2015 Visitor Guide with a total advertising cost of \$1720.00.

Sincerely,

A handwritten signature in black ink that reads "Trisha Zimmerman". The signature is written in a cursive style.

Trisha Zimmerman, Tourism Business Manager
Visit Grand Rapids

Visit Grand Rapids 10 NW 5th Street, Grand Rapids, MN 55744
www.visitgrandrapids.com
Phone: 218-326-9607 Fax: 218-326-8219 Email: info@visitgrandrapids.com


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Segetis to build \$105 million facility in Northern Minnesota

| December 22nd, 2014

BusinessNorth Exclusives

Iron Range invests to secure its place in advancing biochemical economy

9/4/2014

by Manja Holter

Photo: The Segetis' pilot plant in Golden Valley is generating information that will be used to design manufacturing systems for the new Hoyt Lakes development. Submitted photo

Traditional segments of the region's forest products industry (paper and lumber) declined drastically as a result of the 2008 national slump in new home construction and never fully recovered. But today, experts are drawing hope from biotechnology firms that use wood fiber to make a wide range of products - from bio-chemicals to fuels and bio-plastics.

- One of the first companies that made such investments in Northern Minnesota was Lonza Inc., a Swiss pharmaceutical supplier that extracts the chemical arabinogalactan, often called LAG, from tamarack trees. It is used in dietary supplements, shampoos, lotions and cosmetics. They opened a plant in Cohasset during 2011 and currently employ 15 people.
- Last year, Minnesota's largest paper mill, Sappi Fine Paper in Cloquet, completed a \$170 million conversion that switched from paper pulp production to using pulp for clothing, known as chemical cellulose.
- The third and most recent vanguard to make a significant investment into Minnesota's new timber-based biochemical industry is Segetis, Inc. Founded in 2006, the renewable biochemical company uses levulinic acid to produce chemical building blocks, which find their application in flexible plastics, personal care products and industrial cleaners.

The 30-employee company runs its pilot plant in Golden Valley and is currently obtaining levulinic acid from corn sugars. Yet another source that Segetis is hoping to tap is cellulosic sugars, the kind that's found in trees.

The state of Minnesota has about five million cords of "sustainable harvest" timber available per year, according to the Minnesota Department of Natural Resources' 2010 Forest Resource Assessment, but only 2.3 million have been harvested in recent years. This underutilization means there is an ample supply of trees that were once heavily used by the paper mills - like aspen, birch and pine - but also underutilized species such as tamarack and red pine.

Those trees are found in the northern parts of Minnesota, so it comes as no surprise that Segetis plans to build its first commercial-scale facility right in the midst of the state's wood basket, at the Laskin Energy Park in Hoyt Lakes.

Project costs are estimated at \$105.1 million, with the bulk, \$73.8 million, invested by Segetis. ALLETE Inc., which generates electricity at the park, will supply \$3 million for infrastructure improvements, including a utility building, steam boilers and storage for industrial gasses. (Minnesota power, a division of ALLETE, is one of the establishing partners of the Laskin Energy Park.) The remaining sum is covered by public funding through a \$21.2 million loan from the Iron Range Resources and Rehabilitation Board (IRRRB) and a \$7.1 million contribution by the Minnesota Department of Employment and Economic Development (DEED).

The biggest chunk of the IRRRB loan, \$20 million, administered out of the Douglas J Johnson Trust Fund, will be used to erect the facility while the remaining \$1.2 million dollars were given to the city of Hoyt Lakes to purchase an existing structure, owned by Nott Corp. Nancy Aronson Norr, Minnesota Power director of regional development, states that the sale of the building was recently finalized and can now be used by Segetis as a staging area for its start-up location.

The renewable biochemical firm plans to fully convert from corn sugars to woody biomass sugars by 2018, using 90,000 cords of wood per year, with an expansion potential to 400,000 cords per year. It anticipates producing 25 million pounds of levulinic acid, nine million pounds of formic acid and 7.5 million pounds of bio-char annually.

Construction of the new facility is expected to start in the spring of 2015 with completion anticipated in two years. Construction employment will be about 245. Once the initial operation is running, 50 new jobs will be created: 10 warehouse and support staff jobs at \$33,000-\$45,000 yearly; 30 plant operator jobs at \$55,000-\$65,000 yearly and 10 management positions at \$ 80,000 - \$130,000 yearly. Once the conversion to wood is finalized, 20 additional jobs at \$55,000-\$65,000 could be needed.

Minnesota's forest industry is on the cusp of entering a new era of manufacturing. The advantages are clear: Not only is the timber resource readily available, but wood-based biochemical products have an estimated opportunity market of \$50 billion.

The Iron Range hopes to get a chunk of that money.

"Segetis will provide an economic stimulus and badly needed jobs, and I could not be more pleased for the East Range area," said ALLETE Chairman, President and CEO Al Hodnik.

His forecast is verified by an independent study from the University of Minnesota Extension Center for Community Vitality, which analyzed 14 potential bio-based industrial product facilities in Minnesota. They predict the Segetis project will have an annual economic impact of \$55 million, supporting 545 jobs through indirect supply chains.

The IRRRB, which has followed Segetis' advancements since 2006, has a special interest to diversify the Iron Range's economic profile and views the firm as a perfect fit.

"Segetis is on the leading edge of the biochemical economy and will add value to our timber and forest products economy," said IRRRB Commissioner Tony Sertich in an April 2014 press release. "This innovative company's presence in our region will help position the Iron Range as a national leader in the biochemical economy."

Other companies and community partners will help to strengthen Northeast Minnesota's appeal for biochemical investments. UPM, owner of Blandin Paper in Grand Rapids, is exploring the biochemical market, and Itasca Community College is launching a newly designed biochemical engineering program to educate the soon-needed workforce.

As for Segetis' new plant, the goals are clear.

"We're excited to be an anchor tenant in the new bio-economy of the Iron Range," says Andrew Skinner, vice president of operations.



Comments are closed.

University Enterprise Laboratories

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1000 Westgate Drive, Suite 101
St. Paul, MN 55114
info@uelmn.org



Website maintained by IMG