



# GRAND RAPIDS ECONOMIC DEVELOPMENT AUTHORITY MEETING AGENDA

Thursday, May 23, 2024  
4:00 PM

NOTICE IS HEREBY GIVEN, that a regular meeting of the Grand Rapids Economic Development Authority will be held in the City Council Chambers in the Grand Rapids City Hall, 420 North Pokegama Avenue, in Grand Rapids, Minnesota on Thursday, May 23, 2024 at 4:00 PM.

CALL TO ORDER

CALL OF ROLL

SETTING OF THE REGULAR AGENDA - *This is an opportunity to approve the regular agenda as presented, or to add/delete an agenda item by a majority vote of the Commissioners present .*

APPROVE MINUTES

- [1.](#) Consider approval of the minutes from the May 9th, 2024 regular meeting.

APPROVE CLAIMS

- [2.](#) Consider approval of claims in the amount of \$19,381.23

BUSINESS

- [3.](#) Discussion with Minnesota Department of Iron Range Resources and Rehabilitation
- [4.](#) Consider approval of a resolution forgiving certain loans and approving the purchase by GREDA of certain property located in the City of Grand Rapids and a corresponding purchase agreement.
- [5.](#) Consider approval of a Downtown Entertainment Loan to KAXE Northern Community Radio for the 2024 Riverfest.
- [6.](#) Consider approval of a Commercial Building Improvement Loan with Danielle Hernesman for improvements to 1421 NW 4th St.

UPDATES

ADJOURN

## MEMBERS & TERMS

Tom Sutherland - 12/31/2024 Council Representative  
Molly MacGregor - 12/31/2024 Council Representative  
Wayne Bruns - 3/1/25  
Sholom Blake - 3/1/25

Al Hodnik - 3/1/27  
Bill Martinetto - 3/1/27  
Malissa Bahr - 3/1/30



# GRAND RAPIDS ECONOMIC DEVELOPMENT AUTHORITY MEETING MINUTES

Thursday, May 09, 2024  
4:00 PM

NOTICE IS HEREBY GIVEN, that a regular meeting of the Grand Rapids Economic Development Authority will be held in the City Council Chambers in the Grand Rapids City Hall, 420 North Pokegama Avenue, in Grand Rapids, Minnesota on Thursday, May 9th, 2024 at 4:00 PM.

CALL TO ORDER

CALL OF ROLL

PRESENT

Commissioner Al Hodnik  
President Sholom Blake  
Commissioner Wayne Bruns  
Commissioner Bill Martinetto  
Commissioner Molly MacGregor  
Commissioner Malissa Bahr

ABSENT

Commissioner Tom Sutherland

SETTING OF THE REGULAR AGENDA - *This is an opportunity to approve the regular agenda as presented, or to add/delete an agenda item by a majority vote of the Commissioners present .*

Approved without addition.

APPROVE MINUTES

1. Consider approval of minutes from the April 25, 2024 regular meeting.

Motion by Commissioner Bruns, second by Commissioner MacGregor to approve the minutes from the April 25th, 2024 regular meeting. The following voted in favor thereof: Hodnik, Bruns, MacGregor, Blake, Martinetto, Bahr. Opposed: None, passed unanimously.

APPROVE CLAIMS

2. Consider approval of claims in the amount of \$7,457.11.

Motion by Commissioner Hodnik, second by Commissioner Bruns to approve claims in the amount of \$7,457.11. The following voted in favor thereof: Bahr, Martinetto, Blake, MacGregor, Bruns, Hodnik. Opposed: None, passed unanmiously.

BUSINESS

- 3. Consider the approval of a resolution approving certain lender documents related to the L&M Supply Distribution Center Project

Community Development Director Mattei provided background information.

Motion by Commissioner Bruns, second by Commissioner Martinetto to adopt a resolution approving certain lender document related to the L&M Supply Distribution Center Project. The following voted in favor thereof: Hodnik, Bruns, MacGregor, Blake, Martinetto, Bahr. Opposed: None, passed unanimously.

- 4. Select two Commissioners to review a Commercial Building Improvement Loan application and a Downtown Entertainment Loan application

Commissioners Hodnik and Martinetto volunteered to review the loan applications.

- 5. Consider approving a lease with Miller & Holmes, Inc.

Motion by Commissioner Bruns, second by Commissioner Bahr to approve a lease with Miller and Holmes, Inc. The following voted in favor thereof: Bahr, Martinetto, Blake, MacGregor, Bruns, Hodnik. Opposed: None, motion passed unanimously.

UPDATES

Mr. Mattei stated that Commissioners from the IRRRB will be at the next GREDA meeting.

An overview of the downtown planning trip was provided by Mr. Mattei, Commissioners Bahr and Martinetto.

ADJOURN

There being no further business the meeting adjourned at 4:20 p.m.

MEMBERS & TERMS

- Tom Sutherland - 12/31/2024 Council Representative
- Molly MacGregor - 12/31/2024 Council Representative
- Wayne Bruns - 3/1/25
- Sholom Blake - 3/1/25
- Al Hodnik - 3/1/27
- Bill Martinetto - 3/1/27
- Malissa Bahr - 3/1/30

DATE: 05/17/2024  
 TIME: 12:08:19  
 ID: AP443GR0.WOW

CITY OF GRAND RAPIDS  
 DEPARTMENT SUMMARY REPORT

PAGE: 1

INVOICES DUE ON/BEFORE 05/23/2024

VENDOR #	NAME	AMOUNT DUE
-----		
EDA - CAPITAL PROJECTS		
DWNTOWN PLAN PJT-BLANDIN GRNT		
0504100	ECONOMIC DEVELOPMENT SERVICES	11,238.55
2018225	TREASURE BAY PRINTING	296.00
T001516	TROBEC'S BUS SERVICE	5,294.00
	TOTAL DWNTOWN PLAN PJT-BLANDIN GRNT	16,828.55
L&M DISTRIBUTION CENTER		
1900225	SEH	1,200.00
	TOTAL L&M DISTRIBUTION CENTER	1,200.00
	TOTAL UNPAID TO BE APPROVED IN THE SUM OF:	\$18,028.55
CHECKS ISSUED-PRIOR APPROVAL		
PRIOR APPROVAL		
1309170	MN DEED	1,000.00
1621130	P.U.C.	68.82
2209665	VISA	283.86
	TOTAL PRIOR APPROVAL ALLOWED IN THE SUM OF:	\$1,352.68
	TOTAL ALL DEPARTMENTS	\$19,381.23



## REQUEST FOR GRAND RAPIDS EDA ACTION

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**AGENDA DATE:** May 23, 2024

**STATEMENT OF ISSUE:** Consider approval of a resolution forgiving certain loans and approving the purchase by GREDA of certain property located in the City of Grand Rapids and a corresponding purchase agreement.

**PREPARED BY:** Rob Mattei, Executive Director

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### **BACKGROUND:**

GREDA previously provided two loans to the Itasca County Farm Service Association (Farm Co-op). One of the loans was a Commercial Building Improvement Loan (CBIL) of \$35,000 in December of 2016 and the other was an Emergency Working Capital Loan (EWCL) of \$15,000 provided during the COVID 19 pandemic in April of 2020.

The Farm Co-op filed for bankruptcy in August of 2021, with unsatisfied debts of \$24,591 for the CBIL and \$15,000 for the EWCL. Through the bankruptcy, Deerwood Bank, the senior debt holder acquired the Farm Co-op property.

Deerwood would like to sell the property to GREDA under the attached Purchase Agreement for the purchase price of \$1.00. This purchase by GREDA would ensure that this property is redeveloped in a manner that is aligned with GREDA's goals to improve the vitality of the Hwy 2 West commercial corridor by addressing the existence of contaminations found through an environmental study, removing blight and encouraging private investment.

The attached resolution forgives the loans and approves the purchase from Deerwood Bank.

### **RECOMMENDATION:**

**REQUIRED ACTION:** Pass a motion adopting a resolution forgiving certain loans and approving the purchase by GREDA of certain property located in the City of Grand Rapids and a corresponding purchase agreement.

**GRAND RAPIDS ECONOMIC DEVELOPMENT AUTHORITY**

**RESOLUTION NO. \_\_\_\_\_**

**RESOLUTION FORGIVING CERTAIN LOANS AND APPROVING THE PURCHASE BY THE EDA OF CERTAIN PROPERTY LOCATED IN THE CITY OF GRAND RAPIDS AND A CORRESPONDING PURCHASE AGREEMENT**

BE IT RESOLVED by the Board of Commissioners (“Board”) of the Grand Rapids Economic Development Authority (“Authority”) as follows:

Section 1. Background and EDA Loans.

1.01. The Authority has established its Development District No. 1 (the “Development District”) within the City of Grand Rapids (the “City”).

1.02. On December 2, 2016, the Authority issued a \$35,000 Commercial Buildings Improvement Loan (the “Improvements Loan”) to Itasca County Farm Service Association, a Minnesota cooperative (the “Farm Co-Op”), for commercial building improvements, which was evidenced by a promissory note and secured by a subordinate mortgage from the Farm Co-Op to the Authority (the “Authority Mortgage”) on the Farm Co-Op’s property located at 900 NW 4<sup>th</sup> Street in the City of Grand Rapids, Minnesota (the “City”) and legally described in Exhibit A attached hereto (the “Co-Op Property”).

1.03. As of this date, the Improvements Loan is outstanding in the amount of \$24,591.

1.04. On April 27, 2020, the Authority issued an \$15,000 loan (the “Emergency Loan”) to the Farm Co-op to assist the business when they faced financial hardships related to the COVID-19 pandemic, which is unsecured and evidenced by a promissory note.

1.05. As of this date, the Emergency Loan is outstanding in the amount of \$15,000.

1.06. On August 13, 2021, the Farm Co-Op filed for bankruptcy and through the bankruptcy proceedings, Deerwood Bank, a Minnesota banking corporation and the holder of a senior mortgage on the Co-Op Property (“Deerwood Bank”), acquired the Co-Op Property.

Section 2. Co-Op Property Sale.

2.01. Deerwood Bank seeks to sell the Co-Op Property. The Authority wishes to purchase the Co-Op Property to curb and reverse growing conditions of blight on and around the Co-Op Property. Deerwood Bank has presented the Authority with a Purchase Agreement (“Agreement”) pursuant to which Deerwood Bank will convey to the Co-Op Property to the Authority for a purchase price of \$1.00.

2.02. The Board has determined that the purchase of the Co-Op Property as described in this resolution is in the best interest of the City and its residents for the purpose of furthering the Authority’s economic development and redevelopment objectives.

Section 3. Purchase of Co-Op Property Approved; Loans Forgiven; Further Proceedings.

3.01. The Board approves the Purchase Agreement in substantially the form presented to the Board, together with any related documents necessary in connection therewith, including without limitation all documents, exhibits, certifications, or consents referenced in or attached to the Agreement including without limitation any documents required by the title company relating to the purchase of the Co-Op Property (the

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“Conveyance Documents”). The Board hereby approves the purchase of the Co-Op Property from Deerwood Bank in accordance with the terms of the Purchase Agreement.

3.02 The Board hereby authorizes the President and Executive Director, in their discretion and at such time, if any, as they may deem appropriate, to execute the Purchase Agreement and the Conveyance Documents on behalf of the Authority, and to carry out, on behalf of the Authority, the Authority’s obligations thereunder when all conditions precedent thereto have been satisfied. The Purchase Agreement shall be in substantially the form on file with the Authority and the approval hereby given to the Purchase Agreement includes approval of such additional details therein as may be necessary and appropriate and such modifications thereof, deletions therefrom and additions thereto as may be necessary and appropriate and approved by legal counsel to the Authority and by the officers authorized herein to execute said documents prior to their execution; and said officers are hereby authorized to approve said changes on behalf of the Authority. The execution of any instrument by the appropriate officers of the Authority herein authorized shall be conclusive evidence of the approval of such document in accordance with the terms hereof. This resolution shall not constitute an offer and the Purchase Agreement shall not be effective until the date of execution thereof as provided herein.

3.03. Authority staff and officials are authorized to take all actions necessary to perform the Authority’s obligations under the Purchase Agreement as a whole, including without limitation execution of the Conveyance Documents.

3.04. In connection with the acquisition of the Co-Op Property pursuant to the Conveyance Documents, the Authority agrees to forgive the Improvements Loan and the Emergency Loan and the related promissory notes and release the Authority Mortgage from the Co-Op Property. The Executive Director and President are authorized execute and deliver a release of the Authority Mortgage and any other documents necessary to effectuate the forgiveness of the Improvements Loan and the Emergency Loan.

3.05. The Executive Director, Authority staff, and Authority consultants are hereby authorized and directed to take any and all additional steps and actions necessary or convenient in order to accomplish the intent of this resolution.

Approved by the Board of Commissioners of the Grand Rapids Economic Development Authority this 25th day of April, 2024.

\_\_\_\_\_  
President

ATTEST:

\_\_\_\_\_  
Secretary



**EXHIBIT A****Legal Description of Co-Op Property**

Parcel 1: Lots 1-12, inclusive, Block 26, together with that part of vacated Tenth Avenue West Appertaining thereto, and that portion of the vacated Ninth Avenue West lying East of Block 26, all in Grand Rapids Second Division, Itasca County, Minnesota

Except: The East 25 feet of Lots 1-6, Block 26, Grand Rapids Second Division, Itasca County, Minnesota.

Parcel 2: All of the Eastern 100 feet of Lots 1, 2,3, 4, 5 and 6, Block 25 AND all that portion of the West Half (W1/2) of vacated 10<sup>th</sup> Avenue West lying between and Easterly extensions of the North and South lines of said Block 25, excepting therefrom all those portions of Lots 5 and 6 of said Block 25 West of a line drawn parallel to and distant 60 feet Westerly of the East line of Block 25 AND except the East 4.72 feet of the West ½ (W1/2) of vacated tenth avenue West lying between the Easterly extension of the North and South lines of said Block 25, Second Division of Grand Rapids

**COMMERCIAL-INDUSTRIAL  
PURCHASE AGREEMENT**  
900 NW 4<sup>th</sup> Street, Grand Rapids, MN 55744

Date: April \_\_\_\_\_, 2024

The Grand Rapids Economic Development Authority, a Minnesota public body corporate and politic (the “Buyer”) agrees to purchase that certain real property and all the fixtures and personal property located thereon as of the date of this Commercial-Industrial Purchase Agreement (“Purchase Agreement”) which is situated in the City of Grand Rapids, County of Itasca, State of Minnesota, and is more particularly described on attached Addendum A (the “Real Property”).

Subject to the terms and conditions set forth herein, Deerwood Bank, a Minnesota banking corporation (the “Seller”), agrees to sell, and Buyer agrees to purchase, the Real Property for the sum of One and 00/100 dollar (\$1.00), which Buyer agrees to pay in the following manner: One and 00/100 dollars (\$1.00) in cash or immediately available funds, on the Closing Date (hereinafter defined). As used herein, the term “Closing Date” shall mean the date on which the closing of the transaction contemplated herein is held, which shall occur on \_\_\_\_\_, 2024 or such earlier date as the parties shall agree.

1. **DEED/ TITLE.** Subject to performance by the Buyer, the Seller agrees to execute and deliver a Quit Claim Deed to the Real Property to the Buyer. Seller agrees to provide a satisfaction of mortgage for (i) that certain Mortgage dated May 4, 2021, filed June 1, 2021 as Document Number 752766, in the original amount of \$113,746.32, and (ii) that certain Mortgage dated May 4, 2021, filed June 1, 2021 as Document Number 752767, in the original amount of \$100,000.00. Seller makes no representation or warranty as to the marketability of title for the Real Property.
2. **CONTINGENCIES.** Buyer’s obligation to purchase the Real Property is contingent upon the following:
  - (a) Approval of this Purchase Agreement by Buyer’s governing body. Nothing in this Purchase Agreement shall be interpreted to limit or restrict the discretion of Buyer’s governing body to grant or withhold approval of the conveyance. This contingency may not be waived by either party;
  - (b) Buyer having confirmed satisfactory condition of title; and
  - (c) Buyer being satisfied with the condition of the Real Property.

Buyer shall have until the Closing Date to remove or waive the foregoing contingencies. The contingencies are solely for the benefit of Buyer and may be waived in writing by Buyer. If one or more of the contingencies are not satisfied or are not satisfied by the Closing Date and are not waived by Buyer, this Purchase Agreement shall thereupon be void at the written option of Buyer and the parties shall execute and deliver to each other documentation effecting the termination of this Purchase Agreement.

3. **REAL ESTATE TAXES.** Real estate taxes due and payable in the year of closing shall be paid by Buyer. Real estate taxes payable in the years prior to closing shall be paid by Buyer. Real estate taxes payable in the years subsequent to closing shall be paid by Buyer.

4. **SPECIAL ASSESSMENTS.** Buyer shall pay on the Closing Date all installments of special assessments certified for payment with the real estate taxes due and payable in the year of closing. Buyer shall pay on the Closing Date all other special assessments levied as of the date of this Purchase Agreement. Buyer shall provide for payment of special assessments pending that are pending as of the date of this Purchase Agreement, for improvements that have been ordered by the City Council or other governmental assessing authorities. If a special assessment becomes pending **after** the date of this Purchase Agreement and **before** the Closing Date, Buyer shall assume payment of the pending special assessment without adjustment to the purchase price. Buyer shall pay on the Closing Date any deferred real estate or special assessments payment of which is required as a result of the closing of this sale.
5. **PRORATIONS.** All items customarily prorated and adjusted in connection with the closing of the sale of the Real Property, including but not limited to rents, operating expenses, interest on any debt assumed by Buyer, shall be paid by Buyer.
6. **DAMAGES TO REAL PROPERTY.** If there is any loss or damage to the Real Property between the date hereof and the Date of Closing, for any reason, the risk of loss shall be on the Seller. If the Real Property is destroyed or substantially damaged before the Closing Date, this Purchase Agreement shall become null and void, at Buyer's option. Buyer shall have the right to terminate this Purchase Agreement within 30 days after Seller notifies Buyer of such damage. Upon said termination, the Deposit shall be refunded to Buyer and Buyer and Seller agree to sign a cancellation of Purchase Agreement.
7. **EXAMINATION OF TITLE.** Within a reasonable time after the date on which this Purchase Agreement is executed by both parties (the "Execution Date"), Buyer shall order, at Buyer's cost, a commitment for an owner's policy of title insurance in the amount of the Purchase Price covering the Real Property, together with proper searches covering bankruptcies and State and Federal judgments, liens, and levied and pending special assessments, and together with copies of all documents noted as exceptions to title set forth therein (the "Title Evidence"). The Title Evidence (together with electronic links to the documents noted as exceptions to title therein) shall be made available to Seller via email to [jeremy.sobtzak@deerwoodbank.com](mailto:jeremy.sobtzak@deerwoodbank.com) with copy to [david@lutzlawfirm.com](mailto:david@lutzlawfirm.com). In the event that title to the Real Property cannot be made marketable or is not made marketable by Seller by the Closing Date, then this Purchase Agreement may be terminated at the option of Buyer.
7. **POSSESSION.** Seller shall deliver possession of the Real Property on the Date of Closing.
8. **REPRESENTATIONS AND WARRANTIES.** Seller represents and warrants to Buyer that Seller is a Minnesota banking corporation, duly qualified to do business in Minnesota and that it has the full power and authority to execute, deliver and perform its obligations under this Purchase Agreement. Buyer represents and warrants to Seller that Buyer is a Minnesota public body, duly qualified to do business in Minnesota and that it has the full power and authority to execute, deliver and perform its obligations under this Purchase Agreement.

9. **CONDITION OF PROPERTY / ENVIRONMENTAL.** Buyer shall have the right to enter upon the Real Property to conduct such surveying, inspections, investigations, soil borings and testing, as Buyer may elect. Buyer shall hold Seller harmless from any liability caused by such entry. Buyer agrees to indemnify Seller against any liens, claims, losses, or damage directly attributable by Buyer's exercise of its right to enter and work upon the Real Property. Buyer agrees to provide Seller with a copy of any report prepared as a result of such inspection, examination, or testing, upon request by Seller.

Buyer acknowledges that it has inspected and conducted, or as of the Closing will have had an adequate opportunity to inspect and conduct, tests and studies of the Real Property, and that Buyer is familiar with its general condition. Buyer understands and acknowledges that the Real Property may be subject to fire, floods, erosion, high water table, dangerous underground soil conditions, hazardous materials, and similar occurrences that may alter its condition or affect its suitability for any proposed use. Seller shall have no responsibility or liability with respect to any such occurrence. Buyer represents and warrants that Buyer is acting, and will act only, upon information obtained by Buyer directly from Buyer's own inspection of the Real Property. Notwithstanding anything to the contrary contained in this Purchase Agreement, the suitability or lack of suitability of the Assets for any proposed or intended use, or availability or lack of availability of (a) permits or approvals of governmental, quasi-governmental or regulatory authorities, or (b) easements, licenses or other rights with respect to any such proposed or intended use of the Real Property shall not affect the rights or obligations of the Buyer hereunder. Buyer acknowledges receipt of a Phase I Environmental Site Assessment prepared by Stantec Consulting Services Inc. in 2023 for the Real Property and that certain Phase II Environmental Site Assessment report prepared by Stantec Consulting Services Inc. in 2023 for the Real Property and hereby acknowledges and agrees to be responsible for any and all remediation or clean up associated with any and all recognized environmental conditions ("REC") for the Real Property and any other environmental concerns related to the Real Property (the "Environmental Issues").

10. **INDEMNIFICATION.** As partial consideration for this purchase agreement, Buyer shall indemnify Seller, its directors, officers, employees, agents, contractors, licensees, invitees, and the respective heirs, legal representatives, successors and assigns of all such persons and parties (hereinafter collectively referred to as "**Indemnified Parties**") against, shall hold the Indemnified Parties harmless from, and shall reimburse the Indemnified Parties for, any and all loss, damage, liability, cost and expense directly or indirectly incurred by the Indemnified Parties, including reasonable attorneys' and consultants' fees, resulting from: (a) the presence or discovery of any hazardous substance in, upon, under or over, or emanating from, the Real Property, whether or not Buyer is responsible therefor, and whether or not it was placed, located, deposited or released by the Buyer; and/or (b) any violation of any federal, state, or local law, statute, code, ordinance, rule, regulation or requirement; and/or any Environmental Issues. Buyer agrees that the Indemnified Parties shall have no responsibility for, and Buyer hereby release the Indemnified Parties from responsibility for, damage or injury to human health, property, the environment or natural resources caused by hazardous substances and for abatement, clean-up, detoxification, removal or disposal of, or otherwise with respect to, hazardous substances. The indemnity contained in this paragraph 10 shall be deemed continuing for the benefit of the Indemnified Parties, and shall survive the delivery of the deed and/or any acquisition of title to the Real

Property or any part thereof by anyone claiming by, through or under Seller or Buyer, by deed or otherwise.

11. **LIABILITY.** The liability of Buyer under this Purchase Agreement shall not be subject to any limitations on liability, with the exception of the tort liability limits set forth in Minnesota Statutes Chapter 466. The obligations and liability of the Buyer under this Purchase Agreement shall in no way be waived, released, discharged, reduced, mitigated or otherwise affected by the presence of any hazardous substance on, in, about or under the Real Property or any property adjoining or in the vicinity of the Real Property, or of any violation of any environmental regulation or any condition or state of facts or circumstances which with notice or lapse of time or both might ripen into such a violation, or by any neglect, delay or forbearance of Seller in demanding, requiring or enforcing payment or performance of the obligations and liability of Buyer hereunder, or by the receivership, bankruptcy, insolvency or dissolution of Buyer or any affiliate thereof. No action or proceeding brought or instituted under this Purchase Agreement, and no recovery made as a result thereof, shall be a bar or a defense to any further action or proceeding under any other agreement. Buyer shall reimburse Seller for all reasonable attorneys' fees and expenses incurred in connection with the enforcement of Seller's rights under this Purchase Agreement, including those incurred in any case, action, proceeding or claim under the Federal Bankruptcy Code or any successor statute. The covenants, representations and warranties contained herein shall be deemed continuing covenants, representations and warranties for the benefit of Seller, including any purchaser at a mortgage foreclosure sale, any transferee of the title of Seller or any subsequent purchaser at a foreclosure sale, and any subsequent owner of the Real Property and shall survive any foreclosure of the Mortgage and any acquisition of title by Seller or Buyer or anyone claiming through or under them.
12. **RELOCATION BENEFITS; INDEMNIFICATION.** Seller acknowledges that it is not being displaced from the Real Property as a result of the transaction contemplated by this Purchase Agreement and that it is not eligible for relocation assistance and benefits or in the event that Seller is deemed eligible for relocation assistance and benefits, that the purchase price includes compensation for any and all relocation assistance and benefits for which Seller may be eligible.
13. **TIME IS OF THE ESSENCE FOR ALL PROVISIONS OF THIS CONTRACT.**
14. **WELL DISCLOSURE STATEMENT.** Buyer has received the well disclosure statement required by Minnesota Statutes §103L.235 if applicable.
15. **ADDENDUM.** There is an Addendum A.
16. **BROKERS.** There are no brokers involved in this transaction.
17. **CONDITION OF THE PROPERTY.** Buyer accepts the Real Property in its "as-is", "where-is", and "with all faults condition".
18. **CLOSING COSTS.** Notwithstanding anything contained herein to the contrary, Buyer shall pay all closing costs, expenses, and any related transaction costs and expenses to effectuate the

transaction contemplated herein and in no event shall Seller net less than \$1.00 after completion of the transaction.

19. **DEFAULT.** If Buyer defaults under this Purchase Agreement, Seller has the right to terminate this Agreement by giving written notice of such election to Buyer, which notice shall specify the default. If Buyer fails to cure such default within 15 days of the date of such notice, Seller may terminate this Agreement. The termination of this Agreement shall be the sole remedy available to Seller for such default by Buyer, and Buyer will not be further liable for damages. If Seller defaults under this Agreement, Buyer shall have the right: (i) to terminate this Agreement; or (ii) to enforce and recover from Seller's specific performance of this Agreement. The termination of this Agreement, or the enforcement and recovery from Seller of specific performance of this Purchase Agreement, shall be the sole remedies available to Buyer for such default by Seller, and Seller shall not be further liable for damages.

20. **MISCELLANEOUS PROVISIONS.**

- (a) **Survival.** All of the warranties, representations, and covenants of this Purchase Agreement shall survive and be enforceable after the closing.
- (b) **Entire Agreement; Modification.** This Purchase Agreement constitutes the complete agreement between the parties and supersedes any prior oral or written agreements between the parties regarding the Real Property. There are no verbal agreements that change this Agreement and no waiver of any of its terms will be effective unless in writing executed by the parties.
- (c) **Successors and Assigns.** This Purchase Agreement may not be assigned by either party without the prior written consent of the other party. If this Purchase Agreement is assigned with the consent of the other party, all provisions of this Purchase Agreement shall be binding on successors and assigns.
- (d) **Counterparts.** This Purchase Agreement may be simultaneously executed in several counterparts, each of which shall be an original and of which shall constitute one and the same instrument.
- (e) **Governing Law.** The provisions of this Purchase Agreement shall be governed by and construed in accordance with the laws of the State of Minnesota.
- (f) **Partnership or Joint Venture.** Nothing in this Purchase Agreement shall be construed or interpreted as creating a partnership or joint venture between the parties relative to the Real Property.

**THIS IS A LEGALLY BINDING CONTRACT. IF NOT UNDERSTOOD, SEEK COMPETENT ADVICE.**

**SELLER: Deerwood Bank**

**BUYER: Grand Rapids Economic  
Development Authority**

By: \_\_\_\_\_

By: \_\_\_\_\_

Its: \_\_\_\_\_

Its: \_\_\_\_\_

Dated: \_\_\_\_\_

Dated: \_\_\_\_\_

By: \_\_\_\_\_

Its: \_\_\_\_\_

Dated: \_\_\_\_\_

**Addendum “A”**  
**Legal Description of the Real Property**

Parcel 1: Lots 1-12, inclusive, Block 26, together with that part of vacated Tenth Avenue West Appertaining thereto, and that portion of the vacated Ninth Avenue West lying East of Block 26, all in Grand Rapids Second Division, Itasca County, Minnesota Except: The East 25 feet of Lots 1-6, Block 26, Grand Rapids Second Division, Itasca County, Minnesota.

Parcel 2: All of the Eastern 100 feet of Lots 1, 2,3, 4, 5 and 6, Block 25 AND all that portion of the West Half (W1/2) of vacated 10<sup>th</sup> Avenue West lying between and Easterly extensions of the North and South lines of said Block 25, excepting therefrom all those portions of Lots 5 and 6 of said Block 25 West of a line drawn parallel to and distant 60 feet Westerly of the East line of Block 25 AND except the East 4.72 feet of the West ½ (W1/2) of vacated tenth avenue West lying between the Easterly extension of the North and South lines of said Block 25, Second Division of Grand Rapids





## REQUEST FOR GRAND RAPIDS EDA ACTION

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**AGENDA DATE:** May 23, 2024

**STATEMENT OF ISSUE:** Consider approval of a Downtown Entertainment Loan to KAXE Northern Community Radio for the 2024 Riverfest.

**PREPARED BY:** Rob Mattei, Executive Director

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### **BACKGROUND:**

KAXE Northern Community Radio submitted an application requesting a \$75,000 Downtown Entertainment Loan for the 2024 Riverfest to be held on September 7, 2024. The total budget for this entertainment festival, held on the north side of the Grand Rapids Area Library, is approximately a half a million dollars.

Contracts with the performers are executed and the lineup was publicly announced and tickets for the event went on sale April 26th.

Commissioners Martinetto and Hodnik have reviewed the application and all the required submittals with Staff and forward a recommendation for approval.

Approval of a loan agreement will be considered by GREDA at a later meeting date, upon approval of this action.

### **RECOMMENDATION:**

**REQUIRED ACTION:** Pass a motion approving a Downtown Entertainment Loan to KAXE Northern Community Radio for the 2024 Riverfest.



**Downtown Entertainment 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.grandrapidseda.com](http://www.grandrapidseda.com)

**Community Development  
Office Use Only**

Date Received \_\_\_\_\_  
GREDA Review Date \_\_\_\_\_  
GREDA Approval \_\_\_\_\_

Item 5.

The Grand Rapids Economic Development Authority (GREDA), in partnership with the Blandin Foundation, recognizes that creative placemaking, arts and culture strengthens our economy by providing engagement opportunities for our residents and tourists, creating places and spaces where people want to live, work and visit. Creative placemaking can preserve and grow existing community assets, such as our downtown central business district. The Downtown Entertainment Loan Program supports creative placement events and the positive economic impact they provide to our community. A Promissory Note will secure all loans. All loans made under the Downtown Entertainment Loan Program will be subject to the terms and conditions of this application and GREDA's Downtown Entertainment Loan Policy, which is accessible at [www.grandrapidseda.com](http://www.grandrapidseda.com)

**Applicant Information:**

The undersigned do hereby respectfully request the Grand Rapids Economic Development Authority's consideration of a Downtown Entertainment Loan:

Northern Community Radio - KAXE

Name of Applicant (*print*)

260 NE 2nd St

Address

Grand Rapids, MN 55744

City

State Zip

218-326-1234 | [sbignall@kaxe.org](mailto:sbignall@kaxe.org)

Telephone/ E-Mail

Name of Co-Applicant (*print*)

Address

City

State Zip

Telephone/E-Mail

Requested Loan Amount: \$ 75,000

**Event Information:**

Event Name: Grand Rapids Riverfest

Event Date: September 7, 2024

Event Description: A festival in downtown Grand Rapids along the Mississippi River featuring top quality

National acts that will attract a mix of local citizens and tourists to the area.

Event Location: Grand Rapids Library Amphitheater Planned/Anticipated Attendance: 3,700

List partners and their involvement in the proposed event:

City of Grand Rapids - Full partner in Riverfest, Grand Rapids Public Works Dept - venue set up & street

Preparation, Grand Rapids Area Library - Use of amphitheater and building as green room, Grand Rapids

Police Department - public safety and security for the event, United Way of 1000

Lakes - Volunteer Portal, Itasca Life Options - Assistance with merchandise prep and day of volunteers,

MN North Wrestling - Volunteers, Glorvigen, Tierney & Co - Use of space and parking lot, Rick Harding - Use

of property for fencing

**Required Submittals with Application:**

- Application Fee - \$0.00
- Event Marketing Plan
- Copies of Form 990 (most recent 2 years)
- Statement – How will this event achieve the loan program policy goals?
- Detailed Event Budget/Cash Flow Projection
- Statement – Describe your capacity to implement this Event.
- Description of required contracts for the Event and their status.
- Description of all other funding sources for the Event and their status.

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

- Security in the form of a Promissory Note (*form provided by GREDA*)

**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 true, accurate and complete and includes all required information and submittals.



04/24/24

Signature(s) of Applicant(s)

Date

**Grand Rapids Economic Development Authority  
Emergency Working Capital Loan Application**

**TENESSEN WARNING: DATA PRIVACY STATEMENT**

The information provided in the application materials or to be obtained separately as a part of the application process will be used by the lender to determine whether you qualify as a prospective borrower for the Grand Rapids Economic Development Authority (GREDA) Emergency Working Capital Loan program. The information provided in the application and information authorized above for assistance will become a matter of public record with the exception of those items protected under Minnesota Statutes Chapter 13, *Minnesota Government Data Practices Act*.

The groups or individuals with whom this private data information may be shared includes:

1. The GREDA Loan Review Committee and GREDA; and
2. Staff who are involved in program administration; and
3. Auditors who perform required audits of the program; and
4. Authorized personnel from other County, State, Federal or Regional Agencies providing funding assistance to you; and
5. Those other persons who you authorize to see the information; and
6. Law Enforcement personnel in the case of suspected fraud

Unless otherwise authorized by MN Statutes or Federal Law, other government agencies using the private data must also handle the data as private. You may wish to exercise your rights as contained in the MN Government Data Practices Act. Those rights include:

1. The right to see and obtain copies of the data maintained on you; and
2. Be told the contents and meaning of the data; and
3. Challenge the accuracy and completeness of the data

To exercise these rights, contact the Grand Rapids Economic Development Authority Executive Director at (218) 326.7622 or 420 Pokegama Avenue North, Grand Rapids, MN 55744.



## REQUEST FOR GRAND RAPIDS EDA ACTION

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**AGENDA DATE:** May 23, 2024

**STATEMENT OF ISSUE:** Consider approval of a Commercial Building Improvement Loan with Danielle Hernesman for improvements to 1421 NW 4<sup>th</sup> St.

**PREPARED BY:** Rob Mattei, Executive Director

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### **BACKGROUND:**

Ms. Danielle Hernesman, owner of the commercial building located at 1421 NW 4<sup>th</sup> Street has requested a Commercial Building Improvement Loan of \$40,000 for interior improvements that will convert a former retail space to accommodate a new med spa business. The proposed \$87,500 project will also add handicap parking spaces located on the Hwy 2 frontage of the property.

As you'll recall, the CBIL can provide up to \$40,000 per project or 75% of the total project cost, whichever is less. The CBIL program provides these funds at a 2% interest rate, amortized over a 20-year periods with a balloon payment at the end of year five.

GREDA is funding CBIL program loans, currently, through a Blandin Foundation Program Related Investment non-recourse note and, thus the principal and interest collected from these loans are paid to the Blandin Foundation.

Commissioners Hodnik and Martinetto have reviewed this application with staff and have recommended approval of this loan.

### **RECOMMENDATION:**

**REQUIRED ACTION:** Pass a motion approving a Commercial Building Improvement Loan with Danielle Hernesman for improvements to 1421 NW 4<sup>th</sup> St.



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

**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](http://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.)*

Danielle Herniman  
Name of Applicant (print)

1421 NW 4th Street  
Address

Grand Rapids MN 55744  
City State Zip

218-259-8058  
Telephone/ E-Mail

Solace Spa  
Doing business as:

Danielle Herniman  
Name of Owner (print)

" "  
Address

City State Zip

Telephone/E-Mail

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

- Own the Business  Lease the building
- Purchasing the building on contract for deed  Other: \_\_\_\_\_

**Project Information:**

Tax Parcel # 91-705-1330

Existing Zoning: Brick + Mortar

Existing Use: Brick + Mortar

Proposed Use: Med Spa

Property Address / Location: 1421 NW 4th Street Grand Rapids MN 55744

Legal Description: \_\_\_\_\_  
*(attach additional sheet if necessary)*

Description of your proposed commercial building improvement project: change of use from retail to med spa - remodel additional rooms, pavement + parking spaces  
*(attach additional sheet if necessary) handicap accessibility additions*

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? March 2021

How much time will be needed to complete the project? 3-4 months

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)
Contractor/Materials for remodel	30,000 <sup>00</sup>
Exterior awning/signage	3,000 <sup>00</sup>
Exterior-pavement/dirt work	25,000 <sup>00</sup>
Lighting/Electrician	18,000 <sup>00</sup>
Plumbing/H.V.A.C.	10,000 <sup>00</sup>
Interior+Misc	7,000 <sup>00</sup>
<b>Total Estimated Cost:</b>	<b>93,000<sup>00</sup></b>

(attach additional sheet if necessary)

\$80,500<sup>00</sup>

Please provide a list of proposed/secured financing sources:

Source	Secured (yes/no)	Amount
GREDA Commercial Bldg. Improvement Loan (requested amount)	<del>40,000</del>	40,000 <sup>00</sup>
Bank	150,000 <sup>00</sup> YES	150,000 <sup>00</sup>
Cash		
Other (specify)		
Other (specify)		
<b>Total \$</b>		<b>190,000<sup>00</sup></b>

**Required Submittals with Application:**

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

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

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

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

**INCOMPLETE APPLICATIONS WILL NOT BE ACCEPTED**

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

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

Signature(s) of Applicant(s)

Date