



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

**CITY COUNCIL MEETING AGENDA**  
**Monday, November 28, 2022**  
**5:00 PM**

CALL TO ORDER: Pursuant to due notice and call thereof, a Regular meeting of the Grand Rapids City Council will be held on Monday, November 28, 2022 at 5:00 PM in City Hall Council Chambers, 420 North Pokegama Avenue, Grand Rapids, Minnesota.

CALL OF ROLL:

PUBLIC FORUM:

COUNCIL REPORTS:

APPROVAL OF MINUTES:

1. Approve Council minutes for Monday, November 14, 2022 Worksession and Regular Meetings.

VERIFIED CLAIMS:

2. Approve the verified claims for the period November 8, 2022 to November 21, 2022 in the total amount of \$730,070.78.

ACKNOWLEDGE MINUTES FOR BOARDS AND COMMISSIONS:

3. October 12, 2022 Library Board meeting  
October 18, 2022 Gold Board meeting  
October 27, 2022 GREDA meeting

CONSENT AGENDA:

4. Consider adopting a resolution approving the retirement of canine Radar and authorize a resolution transferring ownership of canine to Officer Gary O'Brien.
5. Consider approving Credit Card Merchant Agreement
6. Consider hiring Warming House Attendants.
7. Consider adopting a resolution accepting a \$47,000.00 Development Infrastructure Grant from Iron Range Resources and Rehabilitation (IRRR) for the Itasca County Family YMCA fire alarm and HVAC system upgrades project.
8. Consider entering into a Sports Medicine Services Agreement with Grand Itasca Clinic and Hospital for services provided at the IRA Civic Center.

- [9.](#) Consider adopting a resolution accepting \$1000.00 from Minnesota Pipeline Community Awareness Emergency Response.
- [10.](#) Consider approval of a MN DEED Special Appropriation Grant Application for the IRA Civic Center.
- [11.](#) Consider adopting an Ordinance enacting Chapter 62, Article III of the City Municipal Code, Local Sales and Use Tax.
- [12.](#) Consider approving the official meeting calendar for 2023.

SET REGULAR AGENDA:

COMMUNITY DEVELOPMENT:

- [13.](#) Consider approval of a Lease Agreement with Rapids Brewing Company, LLC.

GOLF:

- [14.](#) Consider purchasing 50 Club Car Golf Carts.

POLICE:

- [15.](#) Consider adopting a resolution accepting a donation of \$200.00 from MN State Patrol Troopers Association and a donation of \$100 from the McNichols family toward Grand Rapids Police Shop with a Hero Program.

PUBLIC HEARINGS: (scheduled to begin no earlier than 5:30 PM)

- [16.](#) Conduct a Public Hearing to consider the adoption of an Ordinance amending and updating several sections of Article VI Zoning within Chapter 30 Land Development Regulations.

COMMUNITY DEVELOPMENT:

- [17.](#) Consider the recommendation of the Planning Commission regarding the adoption of an ordinance, amending and updating several sections of Article VI *Zoning* within Chapter 30 *Land Development Regulations*.

PUBLIC HEARINGS: (scheduled to begin no earlier than 5:30 PM)

- [18.](#) Conduct a public hearing to consider the establishment of Tax Increment Financing District 1-14; Voyageur Capital/Arbor Wood.

COMMUNITY DEVELOPMENT:

- [19.](#) Consider adopting a resolution approving a modification to the development program for the Municipal Development District 1 and the establishment of Tax Increment Financing District No. 1-14: Arbor Wood, and a Tax Increment Plan.
- [20.](#) Consider adopting a resolution authorizing interfund loan for advance of certain costs in connection with Tax Increment Financing District No. 1-14: Arbor Wood.

ADJOURNMENT:

NEXT REGULAR MEETING IS SCHEDULED FOR DECEMBER 5, 2022 AT 6:30 PM

Hearing Assistance Available: This facility is equipped with a hearing assistance system.

MEETING PROTOCOL POLICY: Please be aware that the Council has adopted a Meeting Protocol Policy which informs attendees of the Council's desire to conduct all City meetings in an orderly manner which welcomes all civil input from citizens and interested parties. If you are unaware of the policy, copies (orange color) are available in the wall file by the Council entrance.

ATTEST: Kimberly Gibeau, City Clerk



CITY OF  
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**CITY COUNCIL WORKSESSION MINUTES**  
**Monday, November 14, 2022**  
**4:30 PM**

Councilor Toven called the meeting to order at 4:30 PM.

In the absence of Mayor and Mayor Pro-Tem, a call is made to appoint a Councilmember to lead the meeting.

Motion made by Councilor Blake, Second by Councilor Adams to appoint Councilor Toven to lead the Council meetings in the absence of Mayor Christy and Mayor Pro-tem Connelly. Voting Yea: Councilor Adams, Councilor Toven, Councilor Blake

PRESENT: Councilor Dale Adams, Councilor Michelle Toven, Councilor Rick Blake

ABSENT: Mayor Dale Christy, Councilor Tasha Connelly

STAFF: Tom Pagel, Chad Sterle, Steve Schaar, Will Richter

DEPARTMENT HEAD REPORT:

1. Library - Will Richter, Director of Library Services

Mr. Richter provided semi-annual update of library activities and annual events. A full report is available for review upon request.

REVIEW OF REGULAR AGENDA:

Item presented for addition:

- Consider hiring a Civic Center Maintenance/Warming House Attendant as 14a.

No further changes or additions are noted.

There being no further business, the meeting adjourned at 4:41 PM.

Respectfully submitted:

*Kimberly Gibeau*  
Kimberly Gibeau, City Clerk





CITY OF  
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**CITY COUNCIL MEETING MINUTES**  
**Monday, November 14, 2022**  
**5:00 PM**

**CALL TO ORDER:** Pursuant to due notice and call thereof, a Regular meeting of the Grand Rapids City Council will be held on Monday, November 14, 2022 at 5:00 PM in City Hall Council Chambers, 420 North Pokegama Avenue, Grand Rapids, Minnesota.

Councilor Toven called the meeting to order at 5:00 PM.

**CALL OF ROLL:**

**PRESENT:** Councilor Dale Adams, Councilor Michelle Toven, Councilor Rick Blake

**ABSENT:** Mayor Dale Christy, Councilor Tasha Connelly

**STAFF:** Tom Pagel, Chad Sterle, Barb Baird, Steve Schaar, Will Richter, Rob Mattei

**ELECTION CANVASS:**

1. Consider adopting a resolution canvassing and declaring the results of the November 8, 2022 City of Grand Rapids Elections.

Motion made by Councilor Adams, Second by Councilor Blake to adopt **Resolution 22-98** declaring the results of the November 8, 2022 City of Grand Rapids elections. Voting Yea: Councilor Adams, Councilor Toven, Councilor Blake

**PUBLIC FORUM:**

No one from the public wished to speak.

**COUNCIL REPORTS:**

Councilor Adams congratulates Mayor Christy, Tom Sutherland and Molly MacGregor on their recent election success. Thank you to the residents of Grand Rapids for successfully passing the Local Sales Tax referendum.

Councilor Toven thanks all those who served on elections.

**APPROVAL OF MINUTES:**

2. Approve Council minutes for Monday, October 24, 2022 Regular meeting.

Motion made by Councilor Blake, Second by Councilor Adams to approve Council minutes as presented. Voting Yea: Councilor Adams, Councilor Toven, Councilor Blake

**VERIFIED CLAIMS:**

3. Approve the verified claims for the period October 18, 2022 to November 7, 2022 in the total amount of \$1,543,639.09.

Motion made by Councilor Adams, Second by Councilor Blake to approve the verified claims. Voting Yea: Councilor Adams, Councilor Toven, Councilor Blake

**CONSENT AGENDA:**

4. Consider approving temporary liquor license for IEDC event on December 2, 2022.
5. Consider approving Monitoring Agreement with American Eagle
6. Consider adopting a resolution authorizing a grant application to the IRRR Development Infrastructure Grant program for development infrastructure costs associated with the Arbor Wood project located at 502 W. County Rd. 63, Grand Rapids, MN 55744.

**Resolution 22-99**

7. Consider authorizing Mayor Christy to sign a Professional Services Proposal with Encompass Inc.-Exterior Repair Design & Bid Phases.
8. Consider awarding a contract for GPZ Garage Door replacement
9. Consider an Agreement with Heath Smith to reinstate FTO
10. Consider Change Order #002 for IRA Civic Center
11. Consider Attachment I to Grant Agreement with DEED for IRA Civic Center.
12. Consider approving temporary liquor license for Klockow Brewing event on December 2, 2022.
13. Consider a labor agreement with the Public Works Union
14. Consider a labor agreement with the Library Union
- 14a. Consider hiring a Civic Center Maintenance/Warming House Attendant

Motion made by Councilor Blake, Second by Councilor Adams to approve the Consent agenda as amended with the addition of 14a. Voting Yea: Councilor Adams, Councilor Toven, Councilor Blake

SET REGULAR AGENDA:

Motion made by Councilor Adams, Second by Councilor Blake to approve the Regular agenda as presented. Voting Yea: Councilor Adams, Councilor Toven, Councilor Blake

Meeting recessed at 5:08 PM for scheduled public hearing.

PUBLIC HEARINGS: (scheduled to begin no earlier than 5:30 PM)

15. Conduct a Public Hearing approving Tax Abatement related to the IRA Civic Center in the City of Grand Rapids and providing preliminary approval to the issuance of General Obligation Bonds.

Councilor Toven notes the reason for the public hearing. City Clerk Gibeau states that all official notices have been made and no correspondence has been received in the Clerk's office relative to this matter.

Motion made by Councilor Adams, Second by Councilor Blake to open the public hearing. Voting Yea: Councilor Adams, Councilor Toven, Councilor Blake

No one from the public wished to speak, therefore the following motion was made.

Motion made by Councilor Blake, Second by Councilor Adams to close the public hearing. Voting Yea: Councilor Adams, Councilor Toven, Councilor Blake

FINANCE: Reconvened regular meeting at 5:33 PM.

16. Consider adopting a resolution approving Property Tax Abatement related to the IRA Civic Center in the City of Grand Rapids and providing preliminary approval to the issuance of General Obligation Bonds.

Rebecca Kurtz, Ehlers, provided overview and identified parcels for abatement.

Motion made by Councilor Blake, Second by Councilor Adams to adopt **Resolution 22-100**, approving property tax abatement related to the IRA Civic Center and providing preliminary approval to the issuance of General Obligation Bonds. Voting Yea: Councilor Adams, Councilor Toven, Councilor Blake

17. Consider adopting a resolution providing for the sale of \$10,000,000 Taxable General Obligation Temporary Bonds, Series 2022A.

Director of Finance, Barb Baird provides information regarding the approved local tax and civic center project and bonds.

Motion made by Councilor Adams, Second by Councilor Blake to adopt **Resolution 22-101**, providing for the sale of \$10,000,000 Taxable General Obligation Temporary Bonds, Series 2022A. Voting Yea: Councilor Adams, Councilor Toven, Councilor Blake

ADJOURNMENT:

There being no further business, the meeting adjourned 5:40 PM.

Respectfully submitted:

*Kimberly Gibeau*  
Kimberly Gibeau, City Clerk

DATE: 11/23/2022  
 TIME: 10:34:48  
 ID: AP443GR0.WOW

CITY OF GRAND RAPIDS  
 DEPARTMENT SUMMARY REPORT

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INVOICES DUE ON/BEFORE 11/28/2022

| VENDOR #                            | NAME                          | AMOUNT DUE |
|-------------------------------------|-------------------------------|------------|
| GENERAL FUND                        |                               |            |
| CITY WIDE                           |                               |            |
| 0715808                             | GOVCONNECTION INC             | 2,201.10   |
| 1309090                             | SUPERONE FOODS NORTH          | 25.42      |
| 1900225                             | SEH                           | 2,504.86   |
| TOTAL CITY WIDE                     |                               | 4,731.38   |
| SPECIAL PROJECTS-NON BUDGETED       |                               |            |
| 0508450                             | EHLERS AND ASSOCIATES INC     | 7,500.00   |
| TOTAL SPECIAL PROJECTS-NON BUDGETED |                               | 7,500.00   |
| ADMINISTRATION                      |                               |            |
| 0421725                             | DUTCH ROOM INC                | 271.96     |
| 0618080                             | FRAME UP LLC                  | 155.99     |
| 1301020                             | MADDEN GALANTER HANSEN, LLP   | 3,553.10   |
| 1309090                             | SUPERONE FOODS NORTH          | 350.79     |
| TOTAL ADMINISTRATION                |                               | 4,331.84   |
| BUILDING SAFETY DIVISION            |                               |            |
| 0118100                             | ARAMARK UNIFORM SERVICES      | 52.89      |
| 0221525                             | BUNES SEPTIC SERVICE INC      | 180.00     |
| 0301685                             | CARQUEST AUTO PARTS           | 13.15      |
| 0315455                             | COLE HARDWARE INC             | 128.94     |
| 1401650                             | NARDINI FIRE EQUIPMENT CO INC | 699.20     |
| TOTAL BUILDING SAFETY DIVISION      |                               | 1,074.18   |
| COMMUNITY DEVELOPMENT               |                               |            |
| 0718060                             | GRAND RAPIDS HERALD REVIEW    | 119.00     |
| TOTAL COMMUNITY DEVELOPMENT         |                               | 119.00     |
| FINANCE                             |                               |            |
| 0405450                             | DELUXE                        | 1,937.57   |
| TOTAL FINANCE                       |                               | 1,937.57   |
| FIRE                                |                               |            |
| 0118100                             | ARAMARK UNIFORM SERVICES      | 27.56      |

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CITY OF GRAND RAPIDS  
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INVOICES DUE ON/BEFORE 11/28/2022

| VENDOR #               | NAME                         | AMOUNT DUE |
|------------------------|------------------------------|------------|
| GENERAL FUND           |                              |            |
| FIRE                   |                              |            |
| 0221650                | BURGGRAF'S ACE HARDWARE      | 41.97      |
| 0517750                | EQUIPMENT MANAGEMENT COMPANY | 1,532.26   |
| 0601690                | FASTENAL COMPANY             | 31.46      |
| 1901535                | SANDSTROM'S INC              | 111.07     |
|                        | TOTAL FIRE                   | 1,744.32   |
| INFORMATION TECHNOLOGY |                              |            |
| 0715808                | GOVCONNECTION INC            | 485.56     |
| 1405735                | NETWRIX CORPORATION          | 1,770.30   |
|                        | TOTAL INFORMATION TECHNOLOGY | 2,255.86   |
| PUBLIC WORKS           |                              |            |
| 0100046                | ASV HOLDINGS INC             | 1,971.68   |
| 0103325                | ACHESON TIRE INC             | 1,509.92   |
| 0104799                | ADVANCED SERVICES INC        | 1,705.00   |
| 0120725                | ATTACHMENTS DIRECT LLC       | 616.90     |
| 0121721                | AUTO VALUE - GRAND RAPIDS    | 7.34       |
| 0221650                | BURGGRAF'S ACE HARDWARE      | 4.28       |
| 0315455                | COLE HARDWARE INC            | 226.36     |
| 0514802                | ENVIROTECH SERVICES INC      | 8,280.96   |
| 0601690                | FASTENAL COMPANY             | 968.17     |
| 0718215                | GREEN AGAIN LAWN & AERATION  | 8,210.00   |
| 1201730                | LATVALA LUMBER COMPANY INC.  | 55.54      |
| 1301213                | MARTIN'S SNOWPLOW & EQUIP    | 2,114.81   |
| 1909700                | SIR LINES-A-LOT, LLC         | 750.00     |
| 2018560                | TROUT ENTERPRISES INC        | 150.00     |
| 2209421                | VIKING ELECTRIC SUPPLY INC   | 244.10     |
| T001419                | 218 TREE SERVICE LLC         | 700.00     |
|                        | TOTAL PUBLIC WORKS           | 27,515.06  |
| FLEET MAINTENANCE      |                              |            |
| 0301685                | CARQUEST AUTO PARTS          | 176.42     |
| 1201850                | LAWSON PRODUCTS INC          | 317.70     |
| 1801615                | RAPIDS WELDING SUPPLY INC    | 88.07      |
|                        | TOTAL FLEET MAINTENANCE      | 582.19     |
| POLICE                 |                              |            |
| 0103325                | ACHESON TIRE INC             | 25.00      |

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| VENDOR #                     | NAME                          | AMOUNT DUE |
|------------------------------|-------------------------------|------------|
| GENERAL FUND                 |                               |            |
| POLICE                       |                               |            |
| 0221650                      | BURGGRAF'S ACE HARDWARE       | 11.99      |
| 0301685                      | CARQUEST AUTO PARTS           | 44.52      |
| 1105445                      | DR MICHAEL KELLER, PHD        | 1,300.00   |
| 1415545                      | NORTHLAND LAWN & SPORT, LLC   | 3.05       |
| 1605665                      | PERSONNEL DYNAMICS LLC        | 72.90      |
| 1800149                      | RCB COLLECTIONS               | 50.00      |
| 1801899                      | RAYS SPORT & CYCLE            | 801.42     |
| 1920555                      | STOKES PRINTING & OFFICE      | 41.37      |
| 2018067                      | TRAF-O-TERIA SYSTEM           | 400.48     |
| TOTAL POLICE                 |                               | 2,750.73   |
| CENTRAL SCHOOL               |                               |            |
| 0118100                      | ARAMARK UNIFORM SERVICES      | 55.73      |
| 1601753                      | PAULS LOCKS AND KEYS LLC      | 175.00     |
| 1801610                      | RAPIDS PLUMBING & HEATING INC | 3,970.00   |
| 1901535                      | SANDSTROM'S INC               | 40.10      |
| TOTAL                        |                               | 4,240.83   |
| AIRPORT                      |                               |            |
| 1900225                      | SEH                           | 368.75     |
| TOTAL                        |                               | 368.75     |
| CIVIC CENTER                 |                               |            |
| GENERAL ADMINISTRATION       |                               |            |
| 0118100                      | ARAMARK UNIFORM SERVICES      | 121.92     |
| 0118230                      | ARENA WAREHOUSE, LLC          | 780.00     |
| 1801613                      | RAPIDS PRINTING               | 96.00      |
| 1901535                      | SANDSTROM'S INC               | 662.75     |
| 1920555                      | STOKES PRINTING & OFFICE      | 14.37      |
| TOTAL GENERAL ADMINISTRATION |                               | 1,675.04   |
| CEMETERY                     |                               |            |
| 1301213                      | MARTIN'S SNOWPLOW & EQUIP     | 30.99      |
| TOTAL                        |                               | 30.99      |

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CITY OF GRAND RAPIDS  
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| VENDOR #                          | NAME                          | AMOUNT DUE |
|-----------------------------------|-------------------------------|------------|
| DOMESTIC ANIMAL CONTROL FAC       |                               |            |
| 0118100                           | ARAMARK UNIFORM SERVICES      | 30.00      |
| 1401650                           | NARDINI FIRE EQUIPMENT CO INC | 378.15     |
| TOTAL                             |                               | 408.15     |
| MUNICIPAL ST AID MAINTENANCE      |                               |            |
| 7TH STREET OVERLAY                |                               |            |
| 1100295                           | KGM CONTRACTORS INC           | 12,128.96  |
| 1900225                           | SEH                           | 1,320.00   |
| TOTAL 7TH STREET OVERLAY          |                               | 13,448.96  |
| CAPITAL EQPT REPLACEMENT FUND     |                               |            |
| CAPITAL OUTLAY-FIRE DEPT          |                               |            |
| 1301014                           | MACQUEEN EMERGENCY GROUP      | 576.39     |
| TOTAL CAPITAL OUTLAY-FIRE DEPT    |                               | 576.39     |
| 2021 INFRASTRUCTURE BONDS         |                               |            |
| 2015-3 HIGHWAY 2 WEST TRAIL       |                               |            |
| 0221652                           | BNSF RAILWAY COMPANY          | 31,021.99  |
| TOTAL 2015-3 HIGHWAY 2 WEST TRAIL |                               | 31,021.99  |
| CIVIC CENTER CAPITAL IMP PJT      |                               |            |
| IRA CIVIC CENTER RENOVATION       |                               |            |
| 0715808                           | GOVCONNECTION INC             | 9,806.89   |
| 0718060                           | GRAND RAPIDS HERALD REVIEW    | 3,364.00   |
| 2000522                           | TNT CONSTRUCTION GROUP, LLC   | 44,650.00  |
| TOTAL IRA CIVIC CENTER RENOVATION |                               | 57,820.89  |
| 2022 INFRASTRUCTURE/ARPA          |                               |            |
| 21ST STREET IMPROVEMENTS          |                               |            |
| 0218115                           | BRAUN INTERTEC CORPORATION    | 5,198.75   |
| 1900225                           | SEH                           | 21,477.89  |
| 2000522                           | TNT CONSTRUCTION GROUP, LLC   | 46,173.45  |
| TOTAL 21ST STREET IMPROVEMENTS    |                               | 72,850.09  |



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CITY OF GRAND RAPIDS  
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INVOICES DUE ON/BEFORE 11/28/2022

| VENDOR #                              | NAME                                       | AMOUNT DUE   |
|---------------------------------------|--|--------------|
| PIR-PERMANENT IMPRV<br>NO PROJECT     | REVOLV FND                                 |              |
| 0801825                               | HAWKINSON CONSTRUCTION CO INC              | 121,025.00   |
|                                       | TOTAL NO PROJECT                           | 121,025.00   |
| STORM WATER UTILITY                   |  |              |
| 0801825                               | HAWKINSON CONSTRUCTION CO INC              | 26,985.00    |
| 2018560                               | TROUT ENTERPRISES INC                      | 75.00        |
|                                       | TOTAL                                      | 27,060.00    |
|                                       | TOTAL UNPAID TO BE APPROVED IN THE SUM OF: | \$385,069.21 |
| CHECKS ISSUED-PRIOR<br>PRIOR APPROVAL | APPROVAL                                   |              |
| 0100053                               | AT&T MOBILITY                              | 3,883.51     |
| 0113105                               | AMAZON CAPITAL SERVICES                    | 938.75       |
| 0205640                               | LEAGUE OF MN CITIES INS TRUST              | 513.89       |
| 0305530                               | CENTURYLINK QC                             | 259.00       |
| 0315515                               | COMPUTERSHARE TRUST CO, NA                 | 400.00       |
| 0315543                               | CONSTELLATION NEWENERGY -GAS               | 689.16       |
| 0405200                               | CITY OF DEER RIVER                         | 188.90       |
| 0718015                               | GRAND RAPIDS CITY PAYROLL                  | 270,885.55   |
| 0900060                               | ICTV                                       | 9,616.14     |
| 0920055                               | ITASCA COUNTY RECORDER                     | 46.00        |
| 0920059                               | ITASCA COUNTY SHERIFFS DEPT                | 607.02       |
| 1001520                               | CONLEY JANSSEN                             | 185.75       |
| 1015323                               | KIM JOHNSON-GIBEAU                         | 37.50        |
| 1105225                               | CITY OF KEEWATIN                           | 2,088.41     |
| 1301146                               | MARCO TECHNOLOGIES, LLC                    | 364.82       |
| 1301220                               | JAMES T. MARTINETTO                        | 18.50        |
| 1309098                               | MINNESOTA MN IT SERVICES                   | 453.21       |
| 1309199                               | MINNESOTA ENERGY RESOURCES                 | 419.27       |
| 1309335                               | MINNESOTA REVENUE                          | 2,288.00     |
| 1401705                               | CITY OF NASHWAUK                           | 388.14       |
| 1415479                               | NORTHERN DRUG SCREENING INC                | 142.00       |
| 1621130                               | P.U.C.                                     | 45,649.34    |
| 1920800                               | AUGUST STOVALL                             | 184.50       |
| 1921620                               | SUPERIOR USA BENEFITS CORP                 | 195.00       |
| 2000490                               | TDS Metrocom                               | 645.37       |
| 2209665                               | VISA                                       | 2,931.40     |
| 2305300                               | MATTHEW WEGWERTH                           | 312.50       |
| T001103                               | COLLEEN NARDONE                            | 3.75         |
| T001107                               | KATHY KROOK                                | 32.00        |
| T001110                               | JAMES NARDONE                              | 6.25         |
| T001111                               | CINDY ECKERT                               | 5.56         |

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CITY OF GRAND RAPIDS  
 DEPARTMENT SUMMARY REPORT

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INVOICES DUE ON/BEFORE 11/28/2022

| VENDOR #                     | NAME                | AMOUNT DUE |
|------------------------------|---------------------|------------|
| -----                        |                     |            |
| CHECKS ISSUED-PRIOR APPROVAL |                     |            |
| PRIOR APPROVAL               |                     |            |
| T001117                      | MICHAEL ECKERT      | 3.00       |
| T001118                      | EMMET STEMWEDEL     | 7.50       |
| T001334                      | SHEILA BROGGER      | 27.50      |
| T001335                      | LAURIE HALLILA      | 30.00      |
| T001338                      | MICHELLE TOVEN      | 4.38       |
| T001438                      | PAMEY CASIO         | 15.00      |
| T001439                      | JOYLEEN CASTLE      | 5.00       |
| T001440                      | MARGIE HAANPAA      | 1.25       |
| T001441                      | REBECCA MAUNU       | 16.25      |
| T001442                      | MARK SHUEY          | 5.00       |
| T00145                       | KETTI ROSE LINDBERG | 500.00     |
| T001458                      | ANDREA SANBORN      | 7.50       |

TOTAL PRIOR APPROVAL ALLOWED IN THE SUM OF: \$345,001.57

TOTAL ALL DEPARTMENTS \$730,070.78



CITY OF  
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 IT'S IN MINNESOTA'S NATURE

**POKEGAMA GOLF COURSE BOARD  
 MEETING MINUTES**

**Tuesday, October 18, 2022  
 7:30 AM**

**CALL TO ORDER:** Pursuant to due notice and call thereof, a Regular Meeting of the Pokegama Golf Course Board will be held on Tuesday, October 18, 2022 at 7:30 AM at Pokegama Golf Course, 3910 Golf Course Road, Grand Rapids, Minnesota. Pat Pollard called the meeting to order at 7:30AM.

**ROLL CALL:** Kelly Kirwin, Bob Cahill, Steve Ross, John Ryan, and Pat Pollard

**PUBLIC INPUT:** None

**SETTING THE AGENDA:** (This is an opportunity to approve the regular agenda as presented or add/delete an Agenda item by a majority vote of the Board members present.) Bob Cahill asked us to add 2023 Budget under new business. Kelly made a motion to accept the agenda with this one addition. John second. Motion Carried.

**APPROVE MINUTES:**

1. Approve Golf Board Minutes for September, 2022 Golf Board Meeting. John made a motion to approve the Minutes. Kelly Second. Motion Carried

**CLAIMS AND FINANCIAL STATEMENTS:**

1. A review of the financials took place. John made a motion to approve the claims in the amount of \$85,376.90. Kelly Second. Motion Carried.

**VISITORS:** No visitors today

**REPORTS:** Steve Ross Report: Steve said the aerification process went well. Now working on a lot of leaf blowing and fall cleanup. Steve reviewed that the greens mower that was already approved by the Board is still on order. He also made a request to review his 3 quotes regarding the 72", 30 year old diesel engine rough and woods mower that has officially broke down and not worth repair. The quotes will be reviewed by the board and looked at during the 2023 budgeting process. The big yellow rock eater rental is going to be a spring project. The carts are going to storage soon. During this inventory process, Steve will repair the handful of seat covers in need of upholstery repair so that they are ready to go in the spring. Steve also reviewed that the seal coating project will continue in the spring.

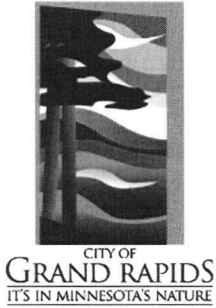
**Business:**

1. 2023 Budget: Bob is putting together the draft for the 2023 budget. A special meeting was called for this review and discussion: Wednesday, November 9<sup>th</sup> at 7:30AM at PGC.

CORRESPONDENCE AND OPEN DISCUSSION:

ADJOURN: At 8:30AM, Motion made by John. Second by Kelly. Motion Carried.

Minutes respectfully submitted by Kelly Kirwin



# GRAND RAPIDS AREA LIBRARY BOARD MEETING MINUTES

Wednesday, October 12, 2022

5:00 PM

CALL TO ORDER: Pursuant to due notice and call thereof, a Regular meeting of the Grand Rapids Area Library Board will be held on Wednesday, October 12, 2022 at 5:00 PM in City Council Chambers, 420 North Pokegama Avenue, Grand Rapids, Minnesota.

Chair MacDonell called the meeting to order at 5:00 PM

## CALL OF ROLL:

Present: Blocker, Lassen, MacDonell, Martin, Richards, Squadroni, Tabbert, Teigland

Absent: Kee

Staff: Will Richter, Library Director

## APPROVAL OF AGENDA:

Motion to approve agenda as presented

Mover: Martin

Seconder: Blocker

Result: Approved 8-0

## PUBLIC COMMENT (if anyone wishes to address the Board):

## APPROVAL OF MINUTES:

1. Consider approval of Library Board Meeting Minutes from 09-14-2022

Motion to approve Minutes from 09-14-2022

Mover: Blocker

Secunder: Richards

Result: Approved 8-0

COMMUNICATIONS:

None

FINANCIAL REPORT & CLAIMS (Roll Call Vote Required):

2. Consider approval of financial reports and payment of bills as presented

Motion to approve financial reports and payment of bills as presented

Mover: Teigland

Secunder: Richards

Result: Approved 8-0 on a roll-call vote

CONSENT AGENDA (Roll Call Vote Required):

3. Contract for Afterschool with Miss Amy

4. Resolution 2022-10 Accepting Donations

Motion to approve the Consent Agenda as presented

Mover: Martin

Secunder: Richards

Result: Approved 8-0 on a roll-call vote

REGULAR AGENDA:

5. Set 2023 Library Calendar

Motion to approve 2023 Library Calendar

Mover: Blocker

Secunder: Teigland

Result: Approved 8-0

6. MINITEX Cooperative Purchasing

Informational

7. Consider authorizing city staff to obtain bid specifications for recommended repairs at the Library

Motion to authorize city staff to obtain bid specifications for recommended repairs at the Library (with the exception of roof replacement) and forward a recommendation for City Council approval

Mover: Richards

Secunder: Blocker

Result: Approved 8-0 on a roll-call vote

UPDATES:

Friends update:

Lassen: book sale first weekend in November at CPC.

Foundation update:

Tabbert: 4<sup>th</sup> quarter meeting 11/17 (5 PM) at CPC

STAFF REPORTS:

8. Library Reports and Statistics (September 2022)

Informational

ADJOURNMENT:

Chair MacDonell adjourned the meeting at 5:31 PM

NEXT REGULAR MEETING IS SCHEDULED FOR November 9, 2022, AT 5:00 PM.

Respectfully submitted,

A handwritten signature in black ink that reads "Lisa Tabbert". The signature is written in a cursive style with a long, sweeping tail on the letter "t".

Lisa Tabbert

Library Board Secretary



DATE: 10/04/2022  
 TIME: 08:15:04  
 ID: AP443GR0.WOW

CITY OF GRAND RAPIDS  
 DEPARTMENT SUMMARY REPORT

PAGE: 1

INVOICES DUE ON/BEFORE 10/12/2022

| VENDOR #       | NAME                           | AMOUNT DUE |
|----------------|--------------------------------|------------|
| -----          |                                |            |
| PUBLIC LIBRARY |                                |            |
| 0112700        | AL'S RESTORATION LLC           | 940.00     |
| 0113100        | AMAZON.COM                     | 301.82     |
| 0118100        | ARAMARK UNIFORM SERVICES       | 88.44      |
| 0118660        | ARROWHEAD LIBRARY SYSTEM       | 20.80      |
| 0201428        | BAKER & TAYLOR LLC             | 4,091.90   |
| 0405500        | DEMCO INC                      | 1,435.56   |
| 0502705        | EBSCO SUBSCRIPTION SERVICE     | 25.80      |
| 0514145        | ENCOMPASS                      | 6,275.93   |
| 0609525        | FINDAWAY WORLD LLC             | 335.70     |
| 0701650        | GARTNER REFRIGERATION CO       | 5,693.46   |
| 0718010        | CITY OF GRAND RAPIDS           | 1,700.00   |
| 0914325        | INGRAM ENTERTAINMENT INC.      | 111.18     |
| 0914540        | INNOVATIVE OFFICE SOLUTIONS LL | 988.10     |
| 0914800        | INVEST EARLY PROJECT           | 400.00     |
| 1015325        | JOHNSON CONTROLS FIRE          | 600.00     |
| 1115500        | NORTHERN LIGHTS ICE LLC        | 2,068.00   |
| 1920555        | STOKES PRINTING & OFFICE       | 350.37     |
| 2114356        | UNIQUE MANAGEMENT SERVICES     | 104.85     |

TOTAL UNPAID TO BE APPROVED IN THE SUM OF: \$25,531.91

CHECKS ISSUED-PRIOR APPROVAL  
 PRIOR APPROVAL

|         |                                |           |
|---------|--------------------------------|-----------|
| 0100053 | AT&T MOBILITY                  | 54.45     |
| 0718015 | GRAND RAPIDS CITY PAYROLL      | 41,022.89 |
| 1301146 | MARCO TECHNOLOGIES, LLC        | 120.43    |
| 1305725 | METROPOLITAN LIFE INSURANCE CO | 76.14     |
| 1309199 | MINNESOTA ENERGY RESOURCES     | 45.00     |
| 1309335 | MINNESOTA REVENUE              | 42.05     |
| 1516220 | OPERATING ENGINEERS LOCAL #49  | 9,162.00  |
| 1601750 | PAUL BUNYAN COMMUNICATIONS     | 322.50    |
| 1621130 | P.U.C.                         | 3,145.64  |
| 2301700 | WM CORPORATE SERVICES, INC     | 141.62    |

TOTAL PRIOR APPROVAL ALLOWED IN THE SUM OF: \$54,132.72

TOTAL ALL DEPARTMENTS \$79,664.63



October 12, 2022

Amy Savela  
1525 NW 9<sup>th</sup> St.  
Grand Rapids, MN 55744

Dear Ms. Savela:

I am pleased that you will be leading a series of six monthly afterschool programs developed for school age children. These programs will be held 10/19/2022, 11/16/2022, 1/18/2023, 2/15/2023, 3/15/2023, and 4/19/2023.

The Library will pay you \$75 for each program. This fee will include your prep time, as well as set-up, programming, and clean-up time. In addition, the Library will provide \$50 per program for supplies and materials. (For a total of \$125.) Payments will be made monthly, after the programs are completed. If these arrangements are agreeable, please sign below, and return this contract to the library.

My e-mail is: wrichter@ci.grand-rapids.mn.us. Don't hesitate to contact me if you have questions or concerns about the arrangements for your programs.

Sincerely,

Will Richter  
Library Director

These terms are acceptable:

Amy Savela  
Signature

Oct 12, 2022  
Date

Approved for the Board of Directors:

Jan MacDowell  
Board President

10/12/22  
Date

Board member  
adoption:

introduced the following resolution and moved for its

RESOLUTION NO. 2022-09  
SETTING 2023 LIBRARY CALENDAR

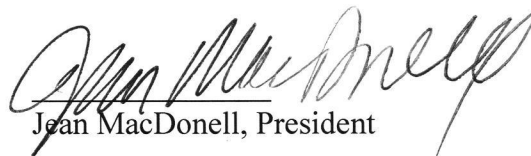
WHEREAS, THE Library Board is responsible for establishing the library calendar of dates open and closed and the time and location of its regular meetings,

NOW THEREFORE BE IT RESOLVED that the following calendar is established for 2022:

|                     |                        |        |
|---------------------|------------------------|--------|
| H Mon January 2     | New Year's Holiday     | Closed |
| H Mon January 16    | Martin Luther King Day | Closed |
| H Mon February 20   | President's Day        | Closed |
| H Mon May 29        | Memorial Day           | Closed |
| H Tue July 4        | Independence Day       | Closed |
| H Mon September 4   | Labor Day              | Closed |
| H Fri November 10   | Veteran's Day          | Closed |
| H Thurs November 23 | Thanksgiving           | Closed |
| H Fri November 24   | Day after thanksgiving | Closed |
| H Fri December 22   | Christmas Holiday      | Closed |
| H Mon December 25   | Christmas Holiday      | Closed |

The Library Board will meet the in City Council Chambers the second Wednesday of the month at 5 p.m.

Adopted this 12th day of October 2022.

  
Jean MacDonell, President

Attest:  
  
Lisa Tabbert, Secretary

Board member  
voted in favor thereof:

seconded the foregoing resolution and the following

And the following voted against same:

And the following abstained:

Whereby the resolution was declared duly passed and adopted.

RESOLUTION NO. 2022-10  
A RESOLUTION ACCEPTING DONATIONS

WHEREAS, Minnesota State Statutes 465.03, states that cities may accept gifts of real or personal property, including money, and use them in accordance with the terms the donor prescribes, and

WHEREAS, every such acceptance shall be by resolution of the governing body adopted by a two-thirds majority of its members,

NOW THEREFORE, BE IT RESOLVED, that the Library Board of the City of Grand Rapids, Itasca County, Minnesota, accepts the listed donations and terms of the donors as follows:

**Library Foundation**

**\$2,068.00 for 517 servings of Kona Ice at Summer Celebration**

**\$517.81 for Non-Fiction Collection Development**

**\$400.00 for Online Storytime**

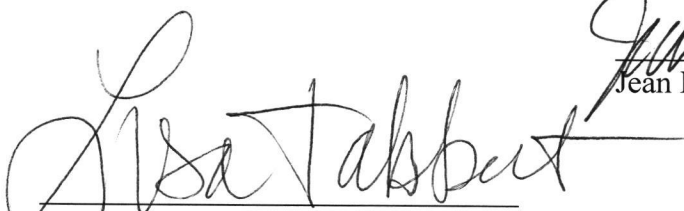
**Catholic Community Foundation (via Library Foundation)**

**\$3000.00 for book drop project labor and materials**

**Wickman Family**

**\$200.00 No designation**

Adopted this 12th day of October, 2022

  
\_\_\_\_\_  
Lisa Tabbert, Secretary

  
\_\_\_\_\_  
Jean MacDonell, President



# GRAND RAPIDS ECONOMIC DEVELOPMENT AUTHORITY MEETING MINUTES

Thursday, October 27, 2022  
4:00 PM

President Blake called the meeting to order at 4:03 PM.

## CALL OF ROLL

PRESENT: Commissioner Al Hodnik, Commissioner Mike Korte, President Sholom Blake, Commissioner Tasha Connelly, Commissioner Wayne Bruns

ABSENT: Commissioner Cory Jackson, Commissioner Rick Blake

STAFF: Rob Mattei, Eric Trast

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 .*

Additions include:

Transportation update  
2023 Workplan

## APPROVE MINUTES

1. Consider approval of the October 13, 2022 regular meeting.

Motion made by Commissioner Connelly, Second by Commissioner Korte to approve GREDA minutes as presented. Voting Yea: Commissioner Hodnik, Commissioner Korte, President Blake, Commissioner Connelly, Commissioner Bruns

## APPROVE CLAIMS

2. Consider approval of claims in the amount of \$40,944.69.

Motion made by Commissioner Korte, Second by Commissioner Hodnik to approve verified claims as presented. Voting Yea: Commissioner Hodnik, Commissioner Korte, President Blake, Commissioner Connelly, Commissioner Bruns

## PRESENTATION

3. Itasca Economic Development Corporation Annual Report - Tamara Lowney

Tamara Lowney, President & CED of IEDC, provided annual report, specifically noting recent soft opening for coHaus, awards and partnerships, training and outreach. A complete report is available upon request.

## PUBLIC HEARING

4. Conduct a public hearing concerning submittal of an application to the Minnesota Department of Employment and Economic Development (DEED) Minnesota Investment Fund (MIF) program for the Arbor Wood Co. Project

President Blake states the reason for the public hearing, confirming requirements for notices and posting have been met.

Mr. Mattei provided overview of project description and schedule and recommends application.

Motion made by Commissioner Connelly, Second by Commissioner Brunns to open the public hearing. Voting Yea: Commissioner Hodnik, Commissioner Korte, President Blake, Commissioner Connelly, Commissioner Brunns

No one from the public wished to speak, therefore the following motion was made.

Motion made by Commissioner Connelly, Second by Commissioner Brunns to close the public hearing. Voting Yea: Commissioner Hodnik, Commissioner Korte, President Blake, Commissioner Connelly, Commissioner Brunns

## BUSINESS

5. Consider adopting a resolution authorizing an application to the Minnesota Department of Employment and Economic Development (DEED) Minnesota Investment Fund (MIF) grant for the Arbor Wood Co. Project.

Motion made by Commissioner Hodnik, Second by Commissioner Korte to adopt Resolution 22-10, authorizing application to MN DEED Investment Fund grant for Arbor Wood Co. project. Voting Yea: Commissioner Hodnik, Commissioner Korte, President Blake, Commissioner Connelly, Commissioner Brunns

6. Consider the requested termination of the lease agreement with Visit Grand Rapids for Suite 201 of Central School.

Visit Grand Rapids is transitioning to remote work for employees. They have requested that the current lease be terminated prior to expiration. Story Art & Museum is interested in taking over the space and assuming rent for the remaining term. Mr. Mattei recommends approving the request.

Motion made by Commissioner Hodnik, Second by Commissioner Connelly to terminate current lease with Visit Grand Rapids and authorize renting the space to Story Art & Museum for the remaining term of the contract. Voting Yea: Commissioner Hodnik, Commissioner Korte, President Blake, Commissioner Connelly, Commissioner Brunns

7. Consider approval of a lease agreement with Story Art & Museum for Suite 201 of Central School

As previously stated, Story Art and Museum would like to take over the remaining term of the lease with Visit Grand Rapids.

Motion made by Commissioner Korte, Second by Commissioner Bruns to approve lease agreement with Story Art & Museum as presented. Voting Yea: Commissioner Hodnik, Commissioner Korte, President Blake, Commissioner Connelly, Commissioner Bruns

## UPDATES

8. ASV Expansion

Update included information regarding executed loan agreement, plan review and facility expansion.

### Work Plan Update

Process will begin at the November 17, 2022 meeting. Mr. Mattei encouraged members to review the 2022 plan and come prepared. Also noted that the Downtown Plan is expected December/January.

### Transportation Update

Commissioner Hodnik provided overview of meeting at EWS on October 21, 2022 as relative to transportation. Definite interest in conducting a study in 2023 depending on faculty and student availability. Discussed ideas for funding, etc.

## ADJOURN

There being no further business, the meeting adjourned at 5:11 PM.

Respectfully submitted:

*Kimberly Gibeau*  
Kimberly Gibeau, City Clerk



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

## REQUEST FOR COUNCIL ACTION

**AGENDA DATE:** November 28, 2022

**AGENDA ITEM:** Consider adopting a resolution approving the retirement of canine Radar and authorize a resolution transferring ownership of canine to Officer Gary O'Brien.

**PREPARED BY:** Captain Andy Morgan

---

### **BACKGROUND:**

On behalf of the Grand Rapids Police Department and our city, we would like to announce the retirement of K9 Radar on December 6<sup>th</sup>, 2022. Radar is currently nine and a half years of age and proudly served the community of Grand Rapids and Itasca County for the last eight years. Radar and his handler, Officer Gary O'Brien, have dedicated the past eight years making our community a safer place. K9 Radar had a successful career locating lost citizens, tracking down suspects, sniffing out illicit drugs, and being a part of local community events and performing K9 demonstrations representing the City of Grand Rapids. Radar is highly intelligent, highly trained, and put his life on the line on a regular basis to help protect the public and his handler.

### **REQUESTED COUNCIL ACTION:**

Make a motion to approve the retirement of canine Radar and authorize a resolution transferring ownership of canine Radar to Officer Gary O'Brien.





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

GRAND RAPIDS POLICE DEPARTMENT

420 NORTH POKEGAMA AVENUE, GRAND RAPIDS, MINNESOTA 55744-2662



On behalf of the Grand Rapids Police Department and our city, we would like to announce the retirement of K9 Radar on December 6<sup>th</sup>, 2022. Radar is currently nine and a half years of age and proudly served the community of Grand Rapids and Itasca County for the last eight years. Radar and his handler, Officer Gary O'Brien, have dedicated the past eight years making our community a safer place. K9 Radar had a successful career locating lost citizens, tracking down suspects, sniffing out illicit drugs, and being a part of local community events and performing K9 demonstrations representing the City of Grand Rapids. Radar is highly intelligent, highly trained, and put his life on the line on a regular basis to help protect the public and his handler.

Please join us in honoring K9 Radar and Officer O'Brien

Radar's Retirement Party at City Hall Chambers

December 6<sup>th</sup>, 2022

1:00 p.m. to 2:00 p.m.

Council member introduced the following resolution and moved for its adoption:

RESOLUTION NO. 22-

A RESOLUTION TO APPROVE THE RETIREMENT OF POLICE CANINE RADAR EFFECTIVE DECEMBER 6, 2022 AND AUTHORIZE TRANSFERRING OWNERSHIP OF THE RETIRED POLICE CANINE RADAR FROM THE CITY TO OFFICER GARY O'BRIEN.

WHEREAS, for the past eight (8) years Radar and Officer Gary O'Brien have been involved with successfully locating lost citizens, tracking down suspects, sniffing out illicit drugs, being a part of local community events and performing K9 demonstrations representing the City of Grand Rapids and

WHEREAS, Following a discussion with Officer Gary O'Brien, Police Department leadership believes Radar's retirement is well deserved following his eight (8) years of dedicated service

NOW THEREFORE, BE IT RESOLVED, the City Council of the City of Grand Rapids, Itasca County, Minnesota, approves the retirement of Police canine Radar effective December 6, 2022 and authorize transferring ownership of the retired Police canine from the City to Officer Gary O'Brien.

Adopted this 28<sup>th</sup> day of November, 2022

\_\_\_\_\_  
Dale Christy, Mayor

Attest:

\_\_\_\_\_  
Kimberly Johnson-Gibeau, City Clerk

Councilmember seconded the foregoing resolution and the following voted in favor thereof: ; and the following voted against same: None, whereby the resolution was declared duly passed and adopted.



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

## REQUEST FOR COUNCIL ACTION

**AGENDA DATE:** November 28, 2022

**AGENDA ITEM:** Consider approving Credit Card Merchant Agreement

**PREPARED BY:** Bob Cahill

---

**BACKGROUND: SEE ATTACHED.**

Please see attached Notice from our Tee Sheet/Point of Sale vendor Club Prophet. Credit card processing services will no longer be available with them as of December 13. To continue using integrated payments with Club Prophet, we would like to switch to ProphetPay. ProphetPay has done an analysis of our annual Merchant processing fees and estimates that we will save approximately \$900 annually with their fees vs what we were paying with Club Prophet.

**REQUESTED COUNCIL ACTION:**

Make a motion to approve the attached Agreement for services with Credit Card Merchant Prophet Pay. Funding of this Agreement will be from within the 2023 Pokegama Golf Course Operating Budget.

## SUB-MERCHANT

### PAYMENT PROCESSING AGREEMENT

**This Sub-Merchant Payment Processing Agreement** ("Agreement") is entered into by and between Fullsteam Operations LLC with its principal office at 540 Devall Drive, Suite 301, Auburn, AL 36832 ("Provider") and sub-merchant ("Sub-merchant"), in connection with Provider's payment processor ("Processor") and Processor's designated Member Bank.

**Whereas**, Provider as a Payment Service Provider ("PSP") and/or as a Payment Facilitator as defined in the Operating Regulations, in connection with Processor and/or Member Bank participates in programs affiliated with MasterCard, VISA, American Express, Discover, and Other Networks which enable Cardholders, by use of their Cards, to purchase goods and services from selected merchants located in the United States.

**Whereas**, Provider wishes to provide payment processing services to Sub-merchant for its United States locations, for sale of its goods and services to Cardholders by use of their Cards.

**NOW, THEREFORE, IN CONSIDERATION OF THE FOREGOING RECITALS AND OF THE MUTUAL PROMISES CONTAINED HEREIN, BY CLICKING "I AGREE," AS AN AUTHORIZED REPRESENTATIVE OF SUB-MERCHANT, SUB-MERCHANT AND PROVIDER AGREE TO BE BOUND BY ALL TERMS AND CONDITIONS OF THIS AGREEMENT, INCLUDING, WITHOUT LIMITATION, ALL DOCUMENTS, POLICIES, AND PROCEDURES INCORPORATED HEREIN BY REFERENCE.**

#### **1. Definitions.**

For the purposes of this Agreement, the following terms shall have the following meanings:

Account shall mean an open transaction account at a financial institution acceptable to Processor which Member Bank, Processor or their agents can access through the ACH system.

Account Change means a change in the Account or the financial institution where the Account is located.

ACH shall mean the Federal Reserve's Automated Clearing House ("ACH") system.

Agreement means this Sub-Merchant Payment Processing Agreement and each exhibit, schedule, and addendum attached hereto or referenced to in this Agreement, as well as all documents and other materials incorporated herein by reference.

American Express shall mean American Express Travel Related Services Company, Inc.

Application shall mean the Sub-merchant's application for payment processing services as required by Provider as a prerequisite for obtaining the Services.

Association means VISA, MasterCard, Discover, American Express, or any Other Network, as the same are defined herein.

Cardholder shall mean any person authorized to use a Card or the accounts established in connection with a Card.

Cards shall mean MasterCard, VISA, Discover, American Express and Other Network cards, account numbers assigned to a Cardholder or other methods of payment accepted by Processor on behalf of Provider, for which pricing is set forth in the Application.

Data Incident shall mean any alleged or actual compromise, unauthorized access, disclosure, theft, or unauthorized use of Card or Cardholder information, regardless of cause, including without limitation, a breach of or intrusion into any system, or failure, malfunction, inadequacy, or error affecting any server, wherever located, or hardware or software of any system, through which Card information resides, passes through, and/or could have been compromised.

Discover shall mean Discover Financial Services, LLC.

Event of Default shall mean each event listed in Section 7 below.

Float Event shall mean a circumstance where Provider or Processor, for whatever reason, advances settlement or any amounts and/or delays the assessment of any fees.

Force Majeure Event shall mean, labor disputes, fire, weather or other casualty, power outages, and funding delays, however caused, governmental orders or regulations, or any other cause, whether similar or dissimilar to the foregoing, beyond a party's reasonable control.

Initial Term shall mean a one (1) year period beginning on the date Provider processes the first transaction for Sub-merchant.

MasterCard shall mean MasterCard International, Inc.

Member Bank shall mean a member of VISA, MasterCard and/or Other Networks, as applicable, that provides sponsorship services in connection with this Agreement.

Merchant Supplier shall mean a third party other than Processor used by Provider or Sub-merchant in connection with the Services received hereunder, including but not limited to, Sub-merchant's software providers, equipment providers, and/or third party processors.

Operating Regulations means the by-laws, operating regulations and/or all other rules, guidelines, policies and procedures of VISA, MasterCard, Discover, American Express and/or Other Networks, and all other applicable rules, regulations and requirements of Processor, Member Bank, providers, banks, institutions, organizations, associations, or networks which govern or affect any services provided under this Agreement, and all state and federal laws, rules and regulations which govern or otherwise affect the activities of Sub-merchant, including, but not limited to, those of the National Automated Clearing House Association ("NACHA") and the Federal Trade Commission ("FTC"), as any or all of the foregoing may be amended and in effect from time to time.

Other Network shall mean any network or card association other than VISA, MasterCard, Discover or American Express that is identified in the Application or any subsequent amendment to this Agreement and in which Sub-merchant participates hereunder.

Payments shall mean payments initiated by Cardholders using a Card or by means of an ACH transfer.

Payor shall mean any customer of Sub-merchant who authorizes a payment to Sub-merchant.

PCI DSS shall mean the Payment Card Industry Data Security Standard.

Rules Summary means the Bank Card Merchant Rules and Regulations, as amended from time to time, which are incorporated into this Agreement by reference.

Service shall mean any and all services provided by Processor on behalf of Provider to Sub-merchant.

Service Delivery Process means Provider/Processor's then standard methods of communication, service and support, including but not limited to communication via an online Sub-merchant portal, email communication, statement notices, other written communications, etc.

Sub-merchant shall mean any entity (including a government agency) that contracts with Provider as a PSP and/or Payment Facilitator, as permitted in the Operating Regulations, to obtain payment services.

VISA shall mean VISA USA, Inc.

Website shall mean a website owned and/or provided/controlled by Provider.

## **2. Services.**

2.1 Pursuant to Provider's agreement with Processor, Processor and/or Member Bank will provide Sub-merchant with certain payment processing services ("Services") in accordance with the terms and conditions of this Agreement. Pursuant to the Provider's agreement with Processor, Provider has arranged for Processor to acquire, process and settle payment for transactions initiated by Sub-merchant's Payors. Such Services shall be made in accordance with the Operating Regulations using the channels set forth in Sub-merchant's Application, which includes: credit/debit card payments and may include electronic check ("eCheck") payments (collectively "Payments"). Provider agrees that it will fully comply, and to the extent practicable will assure all Sub-merchants comply, with any and all confidentiality and security requirements of the USA PATRIOT Act (or similar law, rule or regulation), VISA, MasterCard, Discover, and/or Other Networks, including but not limited to PCI, the VISA Cardholder Information Security Program, the MasterCard Site Data Protection Program, and any other program or requirement that may be published and/or mandated by the Associations. In consideration of Sub-merchant's receipt of credit or debit card funded payments, and participation in programs affiliated with MasterCard International Inc. ("MasterCard"), VISA U.S. A. Inc. ("VISA"), Discover ("Discover"), and certain similar entities (collectively, "Associations"), Sub-merchant is required to comply with the Operating Regulations (defined below) as they pertain to applicable credit and debit card payments.

## **3. Sub-merchant Responsibilities.**

3.1 Sub-merchant agrees to comply, and to cause third parties acting as Sub-merchant's agents ("Agents") to comply, with the Association's and other payment network's by-laws, operating regulations and/or all other rules, policies and procedures, including but not limited to the Payment Card Industry Data Security Standard, the VISA Cardholder Information Security Program, the MasterCard Site Data Protection Program, and any other program or requirement that may be published and/or mandated by the Associations or payment networks (collectively "Operating Regulations").



3.2 Sub-merchant may review excerpts from the VISA, MasterCard, American Express and Discover Operating Regulations online, including via:

<https://www.mastercard.us/en-us/business/overview/support/rules.html>;

<https://usa.visa.com/support/consumer/visa-rules.html>;

<https://www.americanexpress.com/merchantopguide>;

[https://www.discoverglobalnetwork.com/content/dam/discover/en\\_us/dgn/pdfs/MIT-Implementation-Guide.pdf](https://www.discoverglobalnetwork.com/content/dam/discover/en_us/dgn/pdfs/MIT-Implementation-Guide.pdf).

VISA, MasterCard, Discover, American Express, or any other applicable network's complete Operating Regulations are incorporated by reference into this Agreement and will control with respect to any conflict in terms between this Agreement and such Operating Regulation. Sub-merchant will not discriminate against Cards or Issuers (e.g., limited acceptance options) except in full compliance with the Operating Regulations, and will comply with all Operating Regulations, applicable laws, and regulations related to its business operations, PCI- DSS obligations, the use of VISA, MasterCard, Discover, American Express, or any other applicable network's marks, and each transaction acquired hereunder. Sub- merchant expressly agrees that it will accept Cards and protect, utilize, or restrict transaction data, including the magnetic stripe and CVV2, in accordance with the terms of this Agreement, applicable law or regulation, and the Operating Regulations, and will cooperate with any audit requested by VISA, MasterCard, Discover, American Express, or any other applicable network until such audit is completed.

3.3 Sub-merchant also agrees to comply with all applicable state, federal, and local laws, rules, and regulations. Without limiting the foregoing, Sub-merchant agrees that it will fully comply with any and all anti-money laundering laws and regulations, including but not limited to the Bank Secrecy Act, the US Treasury's Office of Foreign Assets Control (OFAC) and the Federal Trade Commission. For purposes of this section, Agents include, but are not limited to, Sub-merchant's software providers and/or equipment providers.

3.4 If appropriately indicated in Sub-merchant's agreement with Provider, Sub-merchant may be a limited-acceptance merchant, which means that Sub-merchant has elected to accept only certain Visa and MasterCard card types (i.e., consumer credit, consumer debit, and commercial cards) and must display appropriate signage to indicate the same. Provider and Processor have no obligations other than those expressly provided under the Operating Regulations and applicable law as they may relate to limited acceptance. Sub-merchant and not Provider or Processor, will be solely responsible for the implementation of its decision for limited acceptance, including but not limited to policing the card type(s) accepted at the point of sale.

3.5 In addition to complying with VISA, MasterCard, Discover, American Express, or any other applicable network's obligations or prohibitions related to acceptance, disbursement, or resubmission of a transaction, Sub-merchant]may not submit any illegal, fraudulent, or unauthorized transaction and shall only submit transactions for the sale of its own goods or services, and not any other person or company, and may not receive payment on behalf of or, unless authorized by law, redirect payments to any other party. Sub-merchant covenants that it is not a third-party beneficiary under any agreement with VISA, MasterCard, Discover, American

Express, or any other network, however, VISA, MasterCard, Discover, American Express, or any other applicable network may be a third-party beneficiary of this Agreement, and shall have the rights, but not any obligation, necessary to fully enforce the terms of this Agreement against the Sub-merchant.

3.6 Sub-merchant acknowledges and agrees that it is liable for all acts, omissions, customer disputes, and other customer service-related issues. Sub-merchant acknowledges and agrees that Provider, Processor and/or its Member Bank may refuse to process transactions for Sub-merchant's customers, and Sub-merchant agrees that Sub-merchant, and not Provider or Processor, shall be responsible for resolving any issues, problems, or disputes pertaining to its customers.

3.7 Sub-merchant agrees to notify Provider, Processor or its Member Bank by a detailed written communication, of any alleged breach by Provider, Processor or its Member Bank of this Agreement within thirty (30) days of the date on which the alleged breach first occurred. Failure to provide notice shall be deemed an acceptance by Sub-merchant and a waiver of all rights pertaining to the breach.

3.8 Sub-merchant may set a minimum transaction amount to accept a card that provides access to a credit account, under the following conditions: (i) the minimum transaction amount does not differentiate between card issuers; (ii) the minimum transaction amount does not differentiate between MasterCard, Visa, or any other acceptance brand; and (iii) the minimum transaction amount does not exceed ten dollars (or any higher amount established by the Federal Reserve). Sub-merchant may set a maximum transaction amount to accept a card that provides access to a credit account, under the following conditions: Sub-merchant is a (i) department, agency or instrumentality of the U.S. government; (ii) corporation owned or controlled by the U.S. government; or (iii) Sub-merchant whose primary business is reflected by one of the following MCCs: 8220, 8244, 8249 -Schools, Trade or Vocational; and the maximum transaction amount does not differentiate between MasterCard, Visa, or any other acceptance brand.

#### 4. **Sub-merchant Prohibitions.**

##### 4.1 Sale Transactions.

Sub-merchant agrees that it will not take any of the following Prohibited Actions and it will not permit any third party under its control to take the following actions in any situation where it has knowledge of such actions:

- (i) That adds any surcharge to the transaction, except to the extent authorized by the Operating Regulations or applicable law.
- (ii) That adds any tax to the transaction, unless applicable law expressly allows for the Sub-merchant to impose a tax. Any tax amount, if allowed, must be included in the transaction amount and not collected separately.
- (iii) That represents the refinancing or transfer of an existing Cardholder obligation that is deemed to be uncollectible or arises from the dishonor of a Cardholder's personal check or from the acceptance of a Card at a terminal that dispenses scrip.



- (iv) That is not a valid transaction between the Sub-merchant and a bona fide Cardholder.
- (v) That Sub-merchant knows or should have known to be fraudulent or not authorized by the Cardholder, or that it knows or should have known to be authorized by a Cardholder colluding with a third party for a fraudulent purpose.
- (vi) That Sub-merchant completes the transaction, and products were not shipped or the services were not performed, unless the Sub-merchant has obtained Cardholder consent for a recurring transaction.
- (vii) That a valid authorization was required but was not obtained.
- (viii) That is a transaction made up of multiple authorizations for amounts less than the total sale amount.
- (ix) That results in a disbursement of cash or cash equivalent to a Cardholder.
- (x) That establishes a maximum dollar sale transaction amount, except to the extent authorized by the Operating Regulations.

#### 4.2 Refund Transactions.

Sub-merchant will not submit any refund transaction to Provider and/or Processor:

- (i) That does not correlate to an original sales transaction from the Cardholder.
- (ii) That exceeds the amount shown as the total on the original sale transaction, unless the excess represents the exact amount required to reimburse the Cardholder for postage paid by the Cardholder to return merchandise in accordance with a policy applied consistently by the Sub-merchant to all its customers.
- (iii) For returned products that were acquired in a cash purchase from the Sub-merchant.
- (iv) That would cause an overdraft.
- (v) More than three (3) business days following either: (i) a regulatory requirement granting a Cardholder's right to a refund; or (ii) a non-disputed Cardholder request.

#### 4.3 Other Prohibited Activities.

Sub-merchant will not:

- (i) Use any Cardholder data or other transaction data received from a payor for any purpose not authorized by this Agreement.
- (ii) Disclose any Cardholder data or other transaction data to any entity except for necessary disclosures to affected Cardholders and Provider and through Processor to affected Association entities.
- (iii) Provide to Processor any inaccurate, incomplete, or misleading information.
- (iv) Transfer or attempt to transfer, its financial liability by asking or requiring Cardholders to waive their dispute rights.
- (v) Submit transactions on behalf of another entity that the Associations would consider a sub-ISO, Payment Service Sub-merchant (PSP), Payment Facilitator, or other third party payment Sub-merchant.

## **5. Authorization, Fees and Payment.**

5.1 Sub-merchant will maintain a commercial transaction account (“Account”) with a financial institution for the crediting and debiting of all payments and fees. Sub-merchant hereby authorizes Provider to facilitate the debiting and crediting of the bank account entered in its Application (“Account”), for purposes of depositing Payments to Sub-merchant’s Account, debiting from Sub-merchant’s Account any chargebacks, refunds, or reversals, and debiting any payment network fees, including, but not limited to, dues, fees, assessments or other amounts due Provider, and such authority shall remain in effect for a period of one (1) calendar year following the date of termination of this Agreement. Sub-merchant shall always maintain the Account with sufficient cleared funds to meet its obligations under this Agreement. Sub-merchant agrees to maintain this Account information up-to-date with Provider at all times. Failure to do so may result in Payments being misdirected, withheld, or returned to its Payors. Provider shall in no event be liable for any damages directly or indirectly resulting from incorrect Account information.

5.2 Sub-merchant authorizes Provider to conduct checks of Sub-merchant’s background, credit, or banking information, as necessary, and agrees that all information obtained under this Agreement may be shared with VISA, MasterCard, Discover, American Express, or any other applicable network. Sub-merchant acknowledges and agrees that it is responsible for its employees’ actions, it will notify Provider of any 3rd party that will have access to cardholder data, and it will immediately report all instances of a data breach to Provider immediately after it reasonably identifies an incident. Sub-merchant also authorizes any person or credit reporting agency to compile information to answer those inquires of Provider and to furnish all requested information to Provider.

## **6. Reserve Account Upon Mutual Agreement; Right of Setoff.**

6.1 Provider may upon mutual agreement with Sub-merchant, make one or more deductions or offsets to any payments otherwise due to Sub-merchant to fund the Reserve Account in an amount satisfactory to Provider based upon a reasonably anticipated risk of loss to Provider, Processor and/or Member Bank. To secure Sub-merchant’s obligations to Provider, Processor and/or Member Bank under this Agreement, Sub-merchant grants to Provider, Processor and/or Member Bank a lien and security interest in and to (i) any such Reserve Account, and (ii) any of Sub-merchant’s funds pertaining to the Card transactions contemplated by this Agreement now or hereafter in Provider, Processor and/or Member Bank’s possession, whether now or hereafter due or to become due to Sub-merchant. In addition, in the event of termination of this Agreement by either Provider or Sub-merchant, an immediate Reserve Account, if not already established, may be established by Provider and the Reserve Account will be held by Provider for six (6) months after termination of this Agreement or for such longer time as Provider may, in its sole discretion, deem necessary based upon Sub-merchant’s liability to Provider, Processor and/or Member Bank arising prior to or after termination of this Agreement, and Provider may deposit into and retain in the Reserve Account any and all amounts otherwise payable to Sub-merchant. Sub-merchant’s funds held in a Reserve Account may be held in a commingled account for the reserve funds

("Reserve Funds Account") of Provider's Sub-merchants, without involvement of an independent escrow agent. Sub-merchant agrees that it shall have no right, title or interest in or to the Reserve Funds Account. In addition to any rights now or hereafter granted under applicable law, and not by way of limitation of any such rights, Provider, Processor and/or Member Bank are hereby authorized by Sub-merchant at any time, without notice or demand to Sub-merchant or to any other person (and such notice and demand being hereby expressly waived), to set off, recoup and to appropriate and to apply any and all funds held in a Reserve Account established hereunder against and on account of obligations owed to Provider, Processor and/or Member Bank by Sub-merchant, whether such obligations are liquidated, unliquidated, fixed, contingent, matured or unmatured. Sub-merchant agrees to duly execute and deliver to Provider, Processor and/or Member Bank, as applicable, such instruments and documents as may reasonably be requested to perfect and confirm the lien or security interest set forth in this Agreement. The right of setoff shall be deemed to have been exercised immediately upon the occurrence of Sub-merchant's default under this Agreement without any action by Provider or notation in Provider's records, although Provider may thereafter enter such set off in its books and records. Any amount of Sub-merchant's Reserve Account remaining in the Reserve Funds Account when Provider determines that the Reserve Account may be closed, shall be released to Sub-merchant.

## **7. Default.**

The following events shall be considered an "Event of Default":

- (i) Sub-merchant becomes subject to any voluntary or involuntary bankruptcy, insolvency, reorganization or liquidation proceeding, a receiver is appointed for Sub-merchant, or
- (ii) Sub-merchant makes an assignment for the benefit of creditors, or admits its inability to pay its debts as they become due; or
- (iii) Sub-merchant fails to pay or reimburse the fees, expenses or charges referenced herein when they become due; or
- (iv) Sub-merchant violates the Operating Regulations or applicable law; or
- (v) Sub-merchant is subject to any adverse legal or regulatory actions by governmental or non-governmental entities; or
- (vi) Sub-merchant fails to remediate and resolve risks identified by Provider in a timely fashion; or
- (vii) Provider reasonably believes that there has been a material deterioration in Sub-merchant's financial condition; or
- (viii) Any standby letter of credit, if and as may be required, will be cancelled, will not be renewed, or is not in full force and effect; or
- (ix) Sub-merchant ceases to do business as a going concern, or there is a change in ownership of Sub-merchant which changes the identity of any person or entity having, directly or indirectly, more than 25% of either the legal or beneficial ownership of Sub-merchant; or

- (x) Sub-merchant is otherwise in default of any terms or conditions of this Agreement whether by reason of its own action or inaction or that of another, and fails to cure such default within thirty (30) days of Provider's notice of default.

Upon the occurrence of an Event of Default, Provider may at any time thereafter terminate this Agreement by giving Sub-merchant written notice thereof, and all amounts owed to Provider shall be immediately due and payable with no further notice.

## **8 Term and Termination.**

8.1 This Agreement shall be binding upon Sub-merchant upon Sub-merchant's clicking "I Agree" to this Agreement. The term of this Agreement shall begin, and the terms of the Agreement shall be deemed accepted and binding the date Provider processes the first transaction for Sub-merchant and shall continue for the Initial Term. Except as hereafter provided, unless either party gives written notice to the other party at least ninety (90) days prior to the expiration of any term, the Agreement shall be automatically extended for additional periods equal to the Initial Term.

8.2 Notwithstanding the foregoing, Provider may immediately cease providing Services and/or terminate this Agreement for cause, without notice if:

- (i) Sub-merchant fails to pay any amount to Provider or Processor when due; or
- (ii) Provider has received a request from Processor, Member Bank, or the Associations to terminate this Agreement; or
- (iii) Provider believes that the provision of a service to Sub-merchant may be a violation of the Operating Regulations or applicable law or regulation; or
- (iv) Provider believes that Sub-merchant has violated or is likely to violate the Operating Regulations or applicable law or regulation; or
- (v) Provider believes that Sub-merchant poses a financial or regulatory risk to Provider, Processor, Member Bank or an Association.

8.3 If Sub-merchant is terminated for cause, including but not limited to the reasons in Section 8.2 above, Provider may report Sub-merchant's business name and the names and other identification of its principals to the Terminated Merchant File. Sub-merchant expressly agrees and consents to such reporting, and Provider shall have no liability to Sub-merchant for any loss, expense or damage directly or indirectly sustained by Sub-merchant due to such reporting.

## **9. Indemnification.**

9.1 Sub-merchant shall indemnify, defend, and hold harmless Provider, and its directors, officers, employees, affiliates and agents from and against all proceedings, claims, losses, damages, demands, liabilities and expenses whatsoever, including all reasonable legal and accounting fees and expenses and all reasonable collection costs, incurred by Provider, Processor and/or Member Bank, its directors, officers, employees, affiliates and agents resulting from or arising out of the

Services in this Agreement, Sub-merchant's processing activities, the business of Sub-merchant or its customers, any sales transaction acquired by Provider, Processor or Member Bank, any noncompliance with the Operating Regulations (or any rules or regulations promulgated by or in conjunction with the Associations) by Sub-merchant, or its agents (including any Merchant Supplier), any issue, problems, or disputes between Sub-merchant and its customers, any Data Incident, any infiltration, hack, breach, or violation of the processing system of Sub-merchant, Merchant Supplier, or any other third party processor or system, or by reason of any breach or nonperformance of any provision of this Agreement, on the part of the Sub-merchant, or its employees, agents, Merchant Suppliers or customers.

#### **10. Limit of Liability; Force Majeure.**

10.1 EXCEPT FOR THOSE EXPRESS WARRANTIES MADE IN THIS AGREEMENT, PROVIDER, PROCESSOR AND MEMBER BANK DISCLAIM ALL WARRANTIES, INCLUDING, WITHOUT LIMITATION, ANY EXPRESS OR IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE. SUB-MERCHANT HEREBY ACKNOWLEDGES THAT THERE ARE RISKS ASSOCIATED WITH THE ACCEPTANCE OF CARDS AND SUB-MERCHANT HEREBY ASSUMES ALL SUCH RISKS EXCEPT AS MAY BE EXPRESSLY SET FORTH HEREIN. WITHOUT LIMITING THE FOREGOING, NO PARTY HERETO SHALL BE LIABLE FOR LOST PROFITS, LOST BUSINESS OR ANY INCIDENTAL, SPECIAL, CONSEQUENTIAL OR PUNITIVE DAMAGES (WHETHER OR NOT ARISING OUT OF CIRCUMSTANCES KNOWN OR FORESEEABLE BY ANY PARTY HERETO) SUFFERED BY ANY PARTY, INCLUDING BUT NOT LIMITED TO SUB-MERCHANTS, THEIR CUSTOMERS OR ANY THIRD PARTY IN CONNECTION WITH THE SERVICES PROVIDED HEREUNDER. However, nothing in the foregoing sentence is in any way intended, and shall not be construed, to limit (i) Sub-merchant's obligation to pay any payment network fees, including, but not limited to, dues, fees, assessments or penalties due under this Agreement, including but not limited to those imposed by telecommunications services providers, VISA, MasterCard and/or Other Networks; or (ii) any damages due from Sub-merchant related to an early termination of this Agreement; or (iii) any damages due from Sub-merchant related to the failure by Sub-merchant to exclusively receive the Services from Provider to the extent required by the Agreement, and/or (iv) Sub-merchant's obligation to indemnify Provider pursuant to this Agreement. In no event shall Provider be liable for any damages or losses that are wholly or partially caused by Sub-merchants or its employees, agents, or Merchant Suppliers.

10.2 Sub-merchant's sole and exclusive remedy for any and all claims against Provider, Processor or its Member Bank arising out of or in any way related to this Agreement or the Services shall be termination of this Agreement.

10.3 Neither Provider, Processor or its Member Bank shall be deemed to be in default under this Agreement or liable for any delay or loss in the performance, failure to perform, or interruption of any Services to the extent resulting, from a Force Majeure Event. Upon such an occurrence,

performance shall be excused until the cause for the delay has been removed and Provider, Processor or its Member Bank have had a reasonable time to again provide the Services. No cause of action, regardless of form, shall be brought by a party hereto more than one (1) year after the cause of action arose, other than one for the nonpayment of fees and amounts due Provider under this Agreement. Any restriction on Provider or Processor's liability under this Agreement shall apply in the same manner to Member Bank.

## **11. Security, Data Incidents.**

11.1 Sub-merchant will be solely responsible for the security, quality, accuracy, and adequacy of all transactions and information supplied hereunder, and will establish and maintain adequate audit controls to monitor the security, quality, maintenance, and delivery of such data. Without limiting the generality of the foregoing, Sub-merchant represents and warrants to Provider that it has implemented and will maintain secure systems for maintaining and processing information and for transmitting information via Provider to Processor. Neither Provider, Processor or Member Bank shall have any liability whatsoever for the security or availability of any communications connection used in connection with the Services provided hereunder. Sub-merchant acknowledges that Provider and Processor are responsible, respectively, only for the security of their own proprietary systems, and not for the systems of any third party, including without limitation any Merchant Supplier. Sub-merchant shall notify Provider immediately if Sub-merchant becomes aware of, or suspects a Data Incident. Sub-merchant agrees to fully cooperate with Provider, Processor and any Association with respect to any investigation and/or additional requirements related to a suspected Data Incident.

11.2 In the event that Sub-merchant receives such Card or other personal information in connection with the processing services provided under this Agreement, Sub-merchant agrees that it will not use it for any fraudulent purpose or in violation of any Card Organization Rules, including but not limited to Payment Card Industry Data Security Standards ("PCI DSS") or applicable laws or regulations. Sub-merchant must ensure compliance by itself and any third party service provider utilized by Sub-merchant, with all security standards and guidelines that are applicable to Sub-merchant and published from time to time, including without limitation those published by Visa, MasterCard or any other Card Organization, and including, without limitation, the Visa U.S.A. Cardholder Information Security Program ("CISP"), the MasterCard Site Data Protection ("SDP"), and (where applicable), the PCI Security Standards Council, Visa, and MasterCard PA-DSS ("Payment Application Data Security Standards") (collectively, the "Security Guidelines"). Provider will not be responsible for unauthorized use or access of Sub-merchant's customers' personal information or financial data, Sub-merchant's employees, or any other party associated with Sub-merchant, except to the extent such use or access is due to Provider's gross negligence or willful misconduct. Sub-merchant may not use any Card information other than for the sole purpose of completing the transaction authorized by the Payor for which the information was provided to Sub-merchant, or as specifically allowed by Card Organization Rules, Operating Regulations, or as required by applicable law. Provider may use any and all information gathered in the performance of the Services in accordance with its Privacy



Policy. In addition, Sub-merchant agrees that Provider may use such information for any lawful purpose, including marketing and advertising.

## **12. Investigations.**

Sub-merchant will promptly notify Provider in the event Sub-merchant becomes aware of any unusual or suspicious activity regarding its customers and will cooperate with Provider, Processor, Member Bank and the Associations, as applicable, in connection with any investigation of the customer's background or activity.

## **13. Electronic Check ("eCheck") Services.**

13.1 In the event that Sub-merchant, pursuant to its Application, receives eCheck services from Processor, the terms and conditions of this Section 13 will apply in addition to all other terms and conditions of the Agreement. The terms of this Section 13 do not modify Sub-merchant's due diligence obligations, including, without limitation, Sub-merchant's responsibility to satisfy all applicable anti-money laundering (AML) laws and regulations. Without limiting the generality of any other provision of the Agreement, Sub-merchant shall comply with Processor's and Member Bank's security procedures and any other requirements, including data retention and record-keeping requirements.

13.2 Sub-merchant will maintain a commercial transaction account ("Account") with a financial institution for the crediting and debiting of all payments and fees. Sub-merchant authorizes Processor and Member Bank to initiate and make transfers to and from the Account as contemplated by this Agreement. Any deficit in the Account shall be paid by Sub-merchant into the Account or as may be requested, directly to Processor or Member Bank to cover any deficit. Sub-merchant agrees to reimburse Provider, on demand, for any losses incurred as a result of insufficient funds in the Account. Provider will instruct Sub-merchant as to what data may be required by Provider to monitor the activity relative to the Account including any transfers to and from the Account.

13.3 During the term of this Agreement and for no less than one (1) year thereafter, Sub-merchant will maintain a positive balance in the Account, as defined in the Agreement at all times sufficient to accommodate all funding required by this Agreement. If at any time a deficit balance exists in the Account, Provider shall give Sub-merchant written notice of such deficit and Sub-merchant shall have two (2) business days to cure such deficit. Without limiting Sub-merchant's obligation to fund the Account as outlined in the first sentence of this Section, Provider reserves the right to require that Sub-merchant maintain a minimum balance in the Account in an amount to be reasonably determined by Provider. Any fees, interest expenses or other expenses with respect to the Account will be the sole responsibility of Sub-merchant and will be paid directly by Sub-merchant. If Processor or Provider incurs any fees, interest expenses or other expenses with respect to funding any deficit in the Account, such amount shall be reimbursed by Sub-merchant,

on demand by Provider. If Provider has required the establishment of a Reserve Account, Provider may, pursuant to Section 6 of this Agreement, offset such amount against the Reserve Account.

13.4 Processor has established a partitioned credit limit for eCheck transactions. In the event Sub-merchant receives eCheck Services from Processor, Processor may limit Sub-merchant's eCheck activity under this Agreement to maintain such limit. Sub-merchant acknowledges and agrees that Processor may at any time restrict the amount or type of transactions Processor, in its sole discretion, will accept. Processor and/or Member Bank may reject any ACH entry ("Entry") which does not comply with the requirements of this Agreement, the NACHA Operating Rules ("NACHA Rules"), applicable law or Member Bank's or Processor's requirements and specifications. Sub-merchant has no right to cancel or amend any Entry after its receipt by Processor or Member Bank. Sub-merchant agrees to be bound by the NACHA Rules and is responsible for payment for an Entry even if the Entry is erroneous or is a duplicate Entry. Sub-merchant agrees not to initiate any Entry or other transaction in violation of applicable United States law.

13.5 Sub-merchant ("Originator") must obtain the authorization of the applicable individual, corporation or other entity ("Receiver") to initiate a credit or debit Entry to the Receiver's account. This authorization must be in compliance with applicable law and the NACHA Rules. Sub-merchant will provide Processor with copies of any such authorizations upon request. Sub-merchant will maintain the original or a copy of each authorization for such period of time as may be required by the NACHA Rules or applicable law, whichever is longer.

13.6 Sub-merchant acknowledges and agrees that, if an Entry describes the Receiver inconsistently by name and account number, payment of the Entry transmitted by Member Bank to the Receiving Depository Financial Institution ("RDFI") may be made by the RDFI on the basis of the account number supplied by Sub-merchant, even if it identifies a person different from the named Receiver, and that Sub-merchant's obligation to pay the amount of the Entry to Processor and/or Member Bank is not excused in such circumstances. If Sub-merchant receives a Notification of Change ("NOC") Entry or corrected Notification of Change ("Corrected NOC") Entry, Sub-merchant shall ensure that changes requested by the NOC or Corrected NOC are made by, or on behalf of, the individual, corporation or other entity that initiated the entry within six (6) banking days of Sub-merchant's receipt of the NOC information or prior to initiating another entry to the Receiver's account, whichever is later. Sub-merchant shall retain data on file adequate to permit remaking of Entries, and shall provide such data to Processor upon its request.

13.7 Each time Sub-merchant transmits an Entry to Processor or Member Bank, Sub-merchant represents and warrants to Processor and Member Bank the following (i) that the Receiver has authorized Sub-merchant to transmit Entries to Processor and Member Bank in a manner that complies with the NACHA Rules, for processing and transmittal by Processor and Member Bank through the ACH system, which authorization has not been terminated and is in full force and effect, and Sub-merchant agrees to make payment for any credit Entries originated and for any debit Entries returned by the RDFI and that (ii) each Entry accurately reflects the entry data furnished to Sub-merchant and does not violate any agreement between Receiver and Sub-merchant.



13.8 Without limiting the generality of anything in the Agreement, Sub-merchant will be liable for, defend, hold harmless, and will indemnify Processor from and against all claims, losses, liabilities, damages, fines, fees, assessments, expenses (including attorneys' and collection fees and expenses) and other costs resulting from (i) inaccuracies in the Sub-merchants' bank account information provided to Processor, (ii) any instructions from Sub-merchant regarding the release or holding of Sub-merchants' settlement funds, and/or (iii) any breach by Sub-merchant of its obligations under the Agreement including this Section 13 or any misrepresentation by Sub-merchant under this Section 13.

#### **14. Employee Non-Solicit.**

During the term of this Agreement and for a one (1) year period following any termination of this Agreement, neither party will, either directly or indirectly, on its own behalf or on behalf of its affiliates or others, solicit, divert or hire away, or attempt to solicit, divert or hire away any person who is (or was, at any time during the term of the Agreement or such one (1) year period following) an employee of the other party. Notwithstanding the foregoing, it is understood that this employee non-solicitation provision shall not prohibit: (i) solicitation of any person who contacts a soliciting party on his or her own initiative without any solicitation by or encouragement from the soliciting party; (ii) generalized solicitations by advertising and the like which are not directed to specific individuals or employees of the protected party; (iii) solicitations of persons whose employment was previously terminated by the protected party; or (iv) solicitations of persons who have terminated their employment with the protected party without any prior solicitation by the soliciting party.

#### **15. Audits.**

At any reasonable time upon reasonable notice to Sub-merchant, Sub-merchant shall allow auditors, including the auditors of any Association or any third party designated by Provider or the applicable Association, to review the files held and the procedures followed by Sub-merchant at any or all of Sub-merchant's offices or places of business. Sub-merchant agrees that the cost of such audit shall be borne by Sub-merchant if the audit is conducted at the request of an Association or Member Bank. Sub-merchant will assist such auditors as may be necessary for them to complete their audit. In the event that a third-party audit is requested by an Association, Member Bank or regulatory agency, and/or required by the Operating Regulations or applicable law, Provider may, at its option, and at Sub-merchant's sole expense, either retain a third party to perform the audit, or require that Sub-merchant directly retain a specific third party auditor. If Provider requires that Sub-merchant directly retain the auditor, Sub-merchant shall arrange immediately for such audit to be performed, and will provide Provider and the Associations with a copy of any final audit report.

**16. Amendment of Agreement or Modification of Services.**

Provider may, without prior notice, amend this Agreement or modify the Services, including without limitation a change to the fees charged for the Services; provided that Provider will provide Sub-merchant at least thirty (30) calendar days' prior notice of such changes. Such notice may be made by means of email or a posting on the Website. Sub-merchant's continued use of the Services following notification of any change or amendment to this Agreement or the Services shall be taken as evidence of its consent and agreement to the modification and/or amendment. Posting notice of any modification or amendment on the Website shall be deemed adequate notification.

**17. Choice of Law; Jurisdiction; Venue.**

This Agreement shall be governed by, and construed and enforced in accordance with, the laws of the State of Delaware without regard to conflicts of law provisions. The parties hereby consent and submit to service of process, personal jurisdiction, and venue in the state and federal courts in the State of Delaware and select such courts as the exclusive forum with respect to any action or proceeding arising out of or in any way relating to this Agreement, and/or pertaining in any way to the relationship between Provider and Sub-merchant. PROVIDER AND SUB-MERCHANT HEREBY WAIVE THE RIGHT TO TRIAL BY JURY IN ANY MATTER UNDER, RELATED TO, OR ARISING OUT OF THIS AGREEMENT OR ANY TRANSACTIONS OR RELATIONSHIPS CONTEMPLATED HEREBY.

**18. Headings and Construction.**

The headings used in this Agreement are inserted for convenience only and will not affect the interpretation of any provision. The parties agree that the terms and conditions of this Agreement shall not be construed in favor of or against any party by reason of the extent to which any party or its professional advisors participated in the preparation of this document.

**19. Entire Agreement; Parties to the Agreement.**

This Agreement constitutes the agreement required by the Payment Facilitator Merchant Agreement between Provider and its Processor and Processor's Member Bank. VISA, MasterCard, Discover, American Express, or any other applicable networks may require that Sub-merchant also enter into a direct contractual relationship with Processor if Sub-merchant is categorized within certain MCC codes designated by VISA, MasterCard, Discover, American Express, or any other applicable network and Sub-merchant's card transaction volume exceeds \$1,000,000 for VISA, MasterCard, Discover, American Express, or any other applicable network or such other amount or criteria provided in the Operating Regulations. Where this direct contractual relationship is required by the Operating Regulations, by agreeing to this Agreement, Sub-merchant agrees to execute a direct processing agreement with Processor, in the form provided by Provider, and

Provider will provide Processor with a copy of such agreement. Moreover, in the event that this Agreement is assigned, Sub-merchant may be required to enter into a Direct Processing Agreement with a processor of the assignee's choice. Provider and Sub-merchant acknowledge and agree that Processor and Member Bank are hereby made parties to this Agreement for the purpose noted above and that upon an assignment of this Agreement a different processor and its member bank may become parties to this Agreement, and that Processor and Member Bank or processor and its member bank, as chosen by the assignee, each, as applicable, depending upon whether the Agreement has been assigned, shall have the right to enforce against Sub-merchant all terms and conditions of this Agreement, and any future amendments or addenda to which they are a party, that are set forth therein. This Agreement, its Exhibits and the Direct Processing Agreement, if applicable, shall constitute the entire agreement between the parties concerning the subject matter hereof. This Agreement shall not be superseded or replaced by the Direct Processing Agreement. In the event of a conflict between the terms of this Agreement and the Direct Processing Agreement, the terms of the Direct Processing Agreement shall control.

## **20. Authorization.**

Each of the parties hereto represents and warrants on behalf of itself that it has full power and authority to enter into this Agreement; that the execution, delivery and performance of this Agreement has been duly authorized by all necessary corporate, limited liability company or partnership or other appropriate authorizing actions; that the execution, delivery and performance of this Agreement will not contravene any applicable by-law, corporate charter, operating agreement, partnership or joint venture agreement, law, regulation, order or judgment; that execution, delivery and performance of this Agreement will not contravene any provision or constitute a default under any other agreement, license or contract which such party is bound; and, that this Agreement is valid and enforceable in accordance with its terms.

## **21. Assignment & Successors.**

Sub-merchant may not assign this Agreement or any of its rights or obligations hereunder without Provider's express written consent, and such consent shall not be unreasonably withheld. Provider may assign this Agreement at its sole discretion. The Agreement will be binding upon and inure to the benefit of the respective successors and assigns of the parties hereto.

## **22. Miscellaneous.**

This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors, transferees and assignees. This Agreement is for the benefit of and may be enforced only by Provider and Sub-merchant and is not for the benefit of, and may not be enforced by, any other party. Notwithstanding the foregoing, Provider and Sub-merchant acknowledge and agree that Processor and Member Bank are hereby made parties to this Agreement for the purpose set forth in Section 19 above. If any provision of this Agreement is determined to be illegal or

invalid, such illegality or invalidity of that provision will not affect any of the remaining provisions and this Agreement will be construed as if such provision is not contained in the Agreement. "Member Bank" as used in this Agreement shall mean a member of VISA, MasterCard and/or Discover, as applicable, that provides sponsorship services in connection with this Agreement. The Member Bank is a party to this Agreement. The Member Bank may be changed, and its rights and obligations assigned to another party by Processor at any time without notice to Provider or Sub-merchant.

### **23. American Express Program Participation.**

**The following applies only if Sub-merchant participates in the American Express Program, as controlled by the American Express OptBlue Program Operating Regulations:**

1. Sub-merchant must comply with, and accept Cards in accordance with, the terms of this Agreement and the American Express Merchant Operating Guide, as such terms may be amended from time to time.
2. Sub-merchant acknowledges that the American Express Merchant Operating Guide is incorporated by reference (available here: [https://icm.aexp-static.com/content/dam/gms/en\\_us/optblue/us-mog.pdf](https://icm.aexp-static.com/content/dam/gms/en_us/optblue/us-mog.pdf)).
3. Sub-merchant expressly authorizes Provider to submit transactions to, and receive settlement from, American Express on behalf of the Sub-merchant.
4. Sub-merchant expressly consents for (i) Provider to collect and disclose Transaction Data, Sub-merchant Data, and other information about the Sub-merchant to American Express; and (ii) American Express to use such information to perform its responsibilities in connection with the Program, promote the American Express Network, perform analytics and create reports, and for any other lawful business purposes, including commercial marketing communication purposes within the parameters of the Program Agreement, and important transactional or relationship communications from American Express.
5. Sub-merchant may opt-out of marketing messages by notifying Provider, however it will not preclude them from receiving important transactional or relationship communications from American Express. You may continue to receive marketing communications while American Express updates its records to reflect your choice. Opting out of commercial marketing communications will not preclude you from receiving important transactional or relationship messages from American Express.
6. Sub-merchant acknowledges and agrees that it may be converted from the OptBlue Program to a direct Card acceptance relationship with American Express if and when it becomes a High CV Merchant in accordance with the Operating Regulations. Sub-merchant further agrees that, upon conversion, (i) Sub-merchant will be bound by American Express' then-current Card Acceptance Agreement; and (ii) American Express will set pricing and other fees payable by the

Sub-merchant for Card acceptance. Additionally, with respect to commercial marketing communications from American Express:

By checking this box, Sub-merchant opts out of receiving future commercial marketing communications from American Express.

Note that you may continue to receive marketing communications while American Express updates its records to reflect your choice. Opting out of commercial marketing communications will not preclude you from receiving important transactional or relationship messages from American Express.

7. Sub-merchant acknowledges that American Express may use the information obtained in the Sub-merchant application at the time of setup to screen, communicate, and/or monitor Sub-merchant in connection with Card marketing and administrative purposes.

8. Sub-merchant acknowledges that it may not assign to any third party any payments due to it under this Agreement, and all indebtedness arising from Charges will be for bona fide sales of goods and services (or both) at its Establishments and free of liens, claims, and encumbrances other than ordinary sales taxes; provided, however, that the Sub-merchant may sell and assign future Transaction receivables to Provider, its affiliated entities and/ or any other cash advance funding source that partners with Provider or its affiliated entities, without consent of American Express.

9. American Express has third-party beneficiary rights, but not obligations, to this Agreement that will fully provide American Express with the ability to enforce the terms of the Agreement against the Sub-merchant.

10. Sub-merchant may opt out of accepting Cards at any time without directly or indirectly affecting its rights to accept Other Payment Products.

11. Provider may terminate Sub-merchant's right to accept Cards if it breaches any of the provisions in this Section or the American Express Merchant Operating Guide.

12. Provider has the right to immediately terminate a Sub-merchant for cause or fraudulent or other activity, or upon American Express' request.

13. Sub-merchant's refund policies for purchases on the Card must be at least as favorable as its refund policy for purchases on any Other Payment Products, and the refund policy be disclosed to Cardmembers at the time of purchase and in compliance with Applicable Law.

14. Sub-merchant is prohibited from billing or collecting from any Cardmember for any purchase or payment on the Card unless Chargeback has been exercised, the Sub-merchant has fully paid for such Charge, and it otherwise has the right to do so.

15. Sub-merchant shall comply with all Applicable Laws, rules and regulations relating to the conduct of the Sub-merchant's business.

16. Sub-merchant must comply with the DSR and PCI DSS, each as described in Chapter 15, "Data Security".

17. Sub-merchant must report all instances of a Data Incident immediately to Provider after discovery of the incident.

18. Sub-merchant shall cease all use of, and remove American Express Licensed Marks from the Sub-merchant's website and wherever else they are displayed upon termination of the Agreement or Sub-merchant's participation in the Program.

19. Sub-merchant shall ensure data quality and that Transaction Data and customer information is processed promptly, accurately and completely, and complies with the American Express Technical Specifications.

20. Sub-merchant is responsible for being aware of and adhering to privacy and data protection laws and provide specific and adequate disclosures to Cardmembers of collection, use, and processing of personal data.

EXHIBIT A  
SUB-MERCHANT PAYMENT PROCESSING AGREEMENT  
HARDWARE AND SUPPORT SERVICES

**Hardware** means the terminals, printers, readers, and hardware accessories necessary to support Sub-merchant's chosen payment processing solution. Sub-merchant may purchase or lease Hardware from Provider. This Exhibit A is an integral part of the Sub-merchant Payment Processing Agreement and is incorporated therein by reference.

**1. Buy Hardware from Provider.** Sub-merchant may, via email or phone, place an order to Provider to buy certain of its Hardware. Unless otherwise provided in the Hardware's documentation, Provider gives a one (1) year warranty, starting on the date of shipment to Sub-merchant, that the Hardware will be free from errors in workmanship or defects in materials. Hardware covered by this warranty, as stated above, will be repaired or replaced at no cost during the one (1) year warranty period, otherwise it may be repaired, if reasonably possible, or replaced and charged to Sub-merchant. Following the warranty period, at Sub-merchant's request, Provider will repair, if reasonably possible, or replace non-functioning Hardware and charge to Sub-merchant. If Sub-merchant returns Hardware which it bought from Provider within forty-five (45) days of purchase in original condition and never used, Provider will credit Sub-merchant the purchase price less a restocking fee of \$150. Provider cannot accept Hardware for credit after 45 days of the date of shipment to Sub-merchant.

**2. Lease Hardware from Provider.** Sub-merchant may, via email or phone, place an order to Provider to lease certain Hardware from Provider for a lease term of one (1) year ("Initial Term"). Except as hereafter provided, unless Sub-merchant gives notice to Provider at least ninety (90) days prior to the expiration of any Term, the lease shall renew for additional one (1) year terms ("Renewal Term") (collectively the "Term"). All Hardware which Provider may lease to Sub-merchant is the personal property of Provider and may not, under any circumstances, be considered fixtures. Sub-merchant may not sell, re-lease, encumber, or otherwise dispose of any Hardware leased from Provider and will keep the leased Hardware free of all liens, claims or encumbrances whatsoever. The leased Hardware will be replaced or repaired at no charge to Sub-merchant if the Hardware becomes inoperable through no fault of Sub-merchant, otherwise the Sub-merchant will be charged for the repairs. If the Hardware is damaged beyond repair, the Sub-merchant will be charged the current purchase price of the Hardware, minus any lease fees already paid. If the Sub-merchant requires new hardware, a new lease term or purchase agreement will be required. In the event that Sub-merchant wishes to return, or exchange hardware, Sub-merchant will be charged for the remainder of the lease for the returned or exchanged hardware and a new lease will be required for the new hardware. Sub-merchant must, within fifteen (15) days of receipt of any replacement Hardware, return the Hardware, which was replaced, to Provider at Merchant's expense. If Sub-merchant does not return the replaced Hardware, or if the Hardware became inoperative because of negligence or willful acts, Sub-merchant will be charged for the replacement value of the Hardware. If Sub-merchant terminates the Processing Agreement, which will automatically terminate the lease or terminates only the



lease prior to the end of its Term, payment for the remainder of the lease Term will be immediately due and payable to Provider. Upon termination of the lease, Sub-merchant must, within fifteen (15) days of the termination, return the leased Hardware to Provider at Merchant's expense or Merchant will be charged the replacement value of the Hardware.

**3. Promotional Lease Hardware from Provider.** Should a promotional lease offer be made available by Provider, Sub-merchant may, via email or phone, place an order for such Hardware to Provider to lease that certain Hardware from Provider for a lease term of one (1) year ("Initial Term"). Except as hereafter provided, unless Sub-merchant gives notice to Provider at least ninety (90) days prior to the expiration of any Term, the lease shall renew for additional one (1) year terms ("Renewal Term") (collectively the "Term"). With the exception of a replacement during the warranty period, as described below, any replacement or substitution of Hardware outside of the warranty period may be purchased or leased by the Sub-merchant from Provider at the then current pricing, terms and conditions. All Hardware which Provider may lease to Sub-merchant under such promotion is the personal property of Provider and may not, under any circumstances, be considered fixtures. Sub-merchant may not sell, re-lease, encumber, or otherwise dispose of any interest in any Hardware leased from Provider and will keep the leased Hardware free of all liens, claims or encumbrances whatsoever. During the manufacturer's warranty period only, the leased Hardware will be replaced at no charge to Sub-merchant if the Hardware becomes inoperable through no fault of Sub-merchant. If the required repairs were caused by negligence or willful acts, Sub-merchant will be charged for the repairs. Sub-merchant must, within fifteen (15) days of receipt of any replacement Hardware, return the Hardware, which was replaced, to Provider at Merchant's expense. If Sub-merchant does not return the replaced Hardware, or if the Hardware became inoperative because of negligence or willful acts, Sub-merchant will be charged for the replacement value of the Hardware. If Sub-merchant terminates the Processing Agreement, which will automatically terminate the lease or terminates only the lease prior to the end of its Term, payment for the remainder of the lease Term will be immediately due and payable to Provider. Upon termination of the lease, Sub-merchant must, within fifteen (15) days of the termination, return the leased Hardware to Provider at Merchant's expense or Merchant will be charged the replacement value of the Hardware.

**4. Support Services.** Provider's sole obligation with respect to a warranty claim received by Provider during the applicable warranty period shall be to repair or replace any malfunctioning Hardware, which may be with a refurbished product, provided that Sub-merchant has first utilized Provider's assistance services and has not resolved the problem. Hardware sent back to Provider for repair must be repairable for this service. From time to time, services may be interrupted for system maintenance and, furthermore, may also be interrupted for reasons beyond the control of Provider. Any extended warranty services, if any, shall be governed by the terms and conditions of such extended warranty.

**5. LIMITATION OF LIABILITY. PROVIDER ACCEPTS NO LIABILITY TO SUB-MERCHANT FOR INCIDENTAL, SPECIAL, CONSEQUENTIAL, INDIRECT OR EXEMPLARY DAMAGES, INCLUDING WITHOUT LIMITATION LOST PROFITS, REVENUES AND BUSINESS OPPORTUNITIES, OR DAMAGES FOR INJURY TO PERSONS OR PROPERTY, ARISING OUT OF OR IN CONNECTION WITH ANY**



**HARDWARE OR SOFTWARE PURCHASED OR LEASED, OR SERVICE OBTAINED FROM PROVIDER. THE LIABILITIES LIMITED BY THIS SECTION APPLY (i) REGARDLESS OF THE FORM OF ACTION, WHETHER IN CONTRACT, TORT, STRICT PRODUCT LIABILITY, OR OTHERWISE; (ii) EVEN IF PROVIDER IS ADVISED IN ADVANCE OF THE POSSIBILITY OF THE DAMAGES IN QUESTION AND EVEN IF SUCH DAMAGES WERE FORESEEABLE; AND (iii) EVEN IF PROVIDER'S REMEDIES FAIL FOR THEIR ESSENTIAL PURPOSE. IF APPLICABLE LAW LIMITS THE APPLICATION OF THE PROVISIONS OF THIS SECTION, PROVIDER'S LIABILITY WILL BE LIMITED TO THE MAXIMUM EXTENT PERMISSIBLE.**

**6. LIMITED WARRANTY. EXCEPT FOR THE EXPRESS WARRANTIES, PROVIDER MAKES NO ADDITIONAL REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, BEYOND THOSE STATED HEREIN. PROVIDER DISCLAIMS ALL WARRANTIES AS TO THE MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE OR NON-INFRINGEMENT OF THIRD PARTY RIGHTS. PROVIDER DOES NOT WARRANT THAT THE HARDWARE, SERVICE OR SOFTWARE WILL OPERATE WITHOUT INTERRUPTION OR BE ERROR-FREE; AND EXCEPT AS PROVIDED IN THE EXPRESS WARRANTIES IN THIS EXHIBIT A, THE HARDWARE AND SOFTWARE ARE PROVIDED "AS IS."**

U.S. GOVERNMENT RESTRICTED RIGHTS. The software and documentation are provided with RESTRICTED RIGHTS. Use, duplication, or disclosure by the Government is subject to restrictions as set forth in subparagraph (c) (1) (ii) of the Rights in Technical Data and Computer Software clause at DFARS 252.227-7013 or subparagraphs (c) (1) and (2) of the Commercial Computer Software Restricted Rights at 48 CFR 52.22719, as applicable.

EXPORT RESTRICTIONS. Sub-merchant acknowledges that the software acquired hereunder may include technical data subject to U.S. export control laws and regulations. Sub-merchant confirms that it will not export or re-export the software, directly or indirectly, either to: (i) any countries that are subject to U.S. export restrictions, (ii) any end user who Sub-merchant knows or has reason to know will utilize them in the design, development or production of nuclear, chemical or biological weapons; or (iii) any end user who has been prohibited from participating in the U.S. export Transactions by any federal agency of the U.S. government.

## EXHIBIT B

## GIFT CARDS AND SERVICES

In the event that Sub-merchant, herein referred to as Merchant, receives gift cards and services from Provider, herein referred to as Reseller, via the service provider, Valutec Card Solutions, LLC (“Valutec”), Merchant acknowledges and agrees that the Gift Card Program, Gift Cards and Services provided to Merchant shall be governed by and subject to this Exhibit B, the application and the Gift Card Terms and Conditions attached hereto (collectively the “Agreement”). Merchant’s use of the Digital Physical eCommerce and Marketing features are additionally subject to third Party terms and conditions. Merchant agrees to be bound by this Agreement and authorizes Reseller, Valutec and/or its third-party service providers to debit and credit via ACH Merchant’s bank or other financial account(s) on file with Reseller or Valutec for any obligation owing from or to Merchant under this Agreement. Merchant acknowledges and agrees that Valutec may jointly with Reseller or separately perform activities under this Agreement whereby Valutec: (i) without imposing any obligation on Reseller, is hereby a third-party beneficiary under this Agreement for purposes of Valutec’s activities under this Agreement; (ii) may directly perform and/or enforce any and all rights and/or obligations of Reseller hereunder, and (iii) may jointly with Reseller or individually assert or exercise any rights or remedies in the Agreement available to Reseller related to Reseller’s rights under this Agreement, including but not limited to, any right to obtain indemnity from Merchant and to avail itself of any limits of liability. Merchant agrees that the financial institution(s) that hold Merchant’s bank or other financial account(s) shall not be liable for any loss or damage incurred as a result of any ACH debit or credit made pursuant to this authorization.

### Gift Card Terms and Conditions

The following are the terms and conditions upon which Fullsteam Operations LLC (“Reseller”) via the service provider, Valutec Card Solutions, LLC, a Delaware limited liability company (“Valutec”) will provide Merchant Gift Cards and Services. Merchant agrees to be bound by these Gift Card Terms and Conditions and the Application effective as of the execution of the Application. References to Valutec below will mean, where applicable, Valutec and Reseller.

**1. Gift Card Program.** Merchant hereby requests and authorizes Valutec to provide the Services so that Merchant and, if applicable, any other Participating Merchant may process Gift Card Transactions under the Gift Card Program.

**2. Services.** Under the terms of this Agreement and any user documentation that may be furnished to Merchant by Valutec from time to time, Merchant will subscribe to, and Valutec will provide to Merchant, the services as set forth in this Section (collectively, the “Services”). As applicable, Valutec shall implement the Services at each of Merchant’s locations listed or referenced on the Application or a subsequent add location form or otherwise in accordance with an implementation schedule jointly developed by Valutec and Merchant. Merchant understands and agrees that some or all of the Services may be performed by Valutec’s third-party service providers and that Valutec may provide any and all data and information reasonably necessary for such service providers to provide the Services so long as such service providers are bound by the same or similar confidentiality obligations as set forth below in Section 12 applicable to Valutec. In the event (a) Merchant checks the box for any or all of the Valutec Services on the Application or any Valutec order form; or (b) Merchant is provided additional services by or through Valutec and Merchant does not object in writing to the provision of such services, Merchant subscribes to the applicable services, and Merchant agrees to be bound by and accept any and all terms and conditions provided or made available to Merchant applicable to the provision of the services, which services are part of the Services and may be provided directly by Valutec’s third-party service providers, Valutec, or a combination of Valutec’s third-party service providers and Valutec. Certain of the Services may require Merchant to have an active credit card processing service agreement with Valutec’s affiliated third-party processor and a member bank. Certain Gift Card Program features which are part of the Services include those set forth in the Application. Merchant acknowledges and agrees that Valutec may from time to time modify, expand, restrict, suspend, or terminate the Services or products that it offers to Merchant without obligation or liability to Merchant. As part of the Services Valutec will:

- i. Offer Merchant an electronic stored value payment instrument in the form of an electronic Gift Card and/or plastic Gift Card encoded with a magnetic stripe;
- ii. Increase or decrease, as applicable, the balance of a Gift Card upon the completion of a Gift Card Transaction;
- iii. Provide the capability for Cardholders to check their Gift Card balances online;
- iv. Decline a Gift Card Transaction if the then-current balance on the Gift Card is less than the transaction amount;
- v. Provide Merchant an online reporting package detailing the Gift Card Transactions for each Gift Card; and
- vi. Provide Merchant access to help desksupport for the Gift Card Program over the telephone.

**3. Merchant Obligations.**

A. **Transactions.** Merchant will honor, in accordance with the terms and conditions set forth in this Agreement, any Gift Card properly tendered by a Cardholder for use in a Gift Card Transaction. Merchant will not discriminate as to price, service or other conditions of sale with respect to any tendered Gift Card Transaction. Merchant will not present for processing any Gift Card Transaction not originated as a result of a transaction directly between Merchant and the Cardholder. If applicable, Merchant will check the signature and expiration date of each Gift Card presented and will not complete a Gift Card Transaction if the signature on the sales draft does not correspond with the signature on the Gift Card or if the Gift Card is not valid or has expired. Merchant will not request additional identification, or information, from a Cardholder unless necessary in order to complete the Gift Card Transaction or under the Rules. All disputes between Merchant and any Cardholder relating to any Gift Card Transaction will be settled between Merchant and the Cardholder. Valutec bears no responsibility for such disputes.

B. **Authorizations.** Merchant will obtain an authorization via a Valutec Integration when processing a Gift Card Transaction. Authorizations are not a guarantee of payment from a Participating Merchant and will not validate a fraudulent transaction.

C. **Process.** Merchant, at its sole cost and expense, shall maintain and be responsible for the Valutec Integration.

D. **Rules.** Merchant will comply with all rules and instructions provided to Merchant by Valutec. Merchant is responsible for ensuring that its Gift Cards, including the verbiage and terms contained on and that apply to the Gift Cards and Merchant’s issuance and usage of the Gift Cards, complies with all applicable local, state and federal laws, rules and regulations, including, but not limited to, the Credit Card Accountability Responsibility and Disclosure Act of 2009 and the Bank Secrecy Act of 1970, as amended, and its implementing regulations (collectively, the “Bank Secrecy Act”) (individually, a “Rule” and, collectively, the “Rules”). Merchant will redeem Gift Cards only for goods or services provided by Merchant and will not redeem Gift Cards for cash unless required under any Rule. Furthermore, Merchant specifically acknowledges and agrees that Valutec has not and is not expected to provide Merchant with any analysis, interpretation or advice regarding the compliance of any aspect of Merchant’s or Cardholder’s use of the Gift Card Program or other systems, services, products or programs of Merchant, with any third-party rights or Rules. Upon request, Merchant shall provide reasonable proof of compliance with the Rules and Valutec shall have no obligation to provide its services where Valutec reasonably believes that Merchant has not so complied.

E. **Content; Royalty Free License.** By Merchant’s submission to Valutec of images, brands, marks, verbiage, terms and/or other graphics (collectively the

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“Content”), Merchant, hereby authorizes and permits Valutec and its affiliated entities to reproduce such Content on Gift Cards and other collateral used by Merchant under the Gift Card Program. This authorization and permission is granted royalty-free. Merchant represents and warrants that it has the requisite ownership, license, and/or rights to the Content for its use and reproduction of same by Valutec and that such use and reproduction will not violate any third party intellectual property rights.

F. **Exclusivity.** During the term of this Agreement, Merchant will not participate in any program similar to the Gift Card Program not administered or otherwise provided by Valutec or contract with any entity other than Valutec that provides services similar to the Services.

G. **Information.** Merchant will provide Valutec with financial information as requested from time to time. Merchant will not use, sell, exchange, or provide to any third party, and will keep strictly confidential, any information related to the Gift Card Program, including, but not limited to, sales slips, monthly statements, Valutec documents, and this Agreement.

H. **Review and Reconciliation of Accounts.** Merchant agrees to review its Gift Card Transactions, Valutec’s reports (including those made available online), notices, and invoices, and balance and reconcile Merchant’s bank account(s) associated with the Gift Card Program on a daily and monthly basis. Merchant agrees to notify Valutec immediately of any error in or dispute with any report, notice, invoice, Service deficiency, and/or billing or payment error. Valutec has no obligation to correct any errors, disputes, or Service deficiencies that flow from Merchant’s failure to comply with the duties and obligations in this section.

I. **Gift Cards.** Merchant agrees to redeem Gift Cards for eligible purchases of goods and services during all normal business hours. Merchant shall not condition the purchase or reload of any Gift Card on the purchase of another good or service and shall accept all forms of payment for purchases or reloads of Gift Cards, except a Gift Card, that it accepts for purchases of any other goods or services. Merchant agrees that Gift Cards may be used repeatedly by a Cardholder for a retail purchase of any amount less than or equal to the then-current Gift Card balance. Merchant furthermore agrees that Gift Cards may be redeemed by a Cardholder at any Participating Merchant location for up to the dollar amount loaded on the Gift Cards and may be reloaded at any Participating Merchant location.

J. **Non-Clearing; Unauthorized Purchases.** Merchant agrees that Valutec is not responsible for the non-clearing payment of a Gift Card purchase or for any subsequent unauthorized purchases or Gift Card Transactions and that Merchant is solely liable for these events. Merchant agrees that non-electronic authorizations are not permitted.

K. **Audit.** Merchant agrees to cooperate and provide all information requested as reasonably necessary for Valutec and/or its third-party service providers to audit or review the Gift Card Program and/or Gift Card Transactions and furthermore agrees that Valutec may adjust such audited or reviewed Gift Card Transactions and take such other actions or steps as it deems reasonable as a result of any finding from such audits or reviews.

L. **Payments.** Merchant does hereby agree and authorize any obligation owing under this Agreement (including, without limitation, any Fees) to be charged and deducted from Merchant’s bank or other account(s) on file with Valutec by Valutec via an ACH debit. Merchant’s payment obligations under this Agreement shall survive the termination of this Agreement.

4. **Participating Merchants.** Merchant requests and authorizes Valutec to provide the Services to Merchant and to each of the merchants set forth on the Application as well as any subsequently added merchant as set forth in Section 5 (Merchant, each merchant set forth on the Application, and any and all such added merchants shall be referred to individually as a “Participating Merchant” and collectively as the “Participating Merchants”) so that Gift Cards issued by one Participating Merchant may be redeemed by Cardholders at all of the Participating Merchants. Merchant agrees to indemnify and hold harmless Valutec and its officers, directors, employees, agents and representatives from any loss, damage or claim relating to or arising from any action or inaction of any Participating Merchant. Valutec agrees to provide the Services to the Participating Merchants as a group under the terms of this Agreement; provided, however, that each Participating Merchant shall execute an Application.

5. **Additional Participating Merchants.** Merchant agrees that Valutec may, at any time and without notice to Merchant, add as a Participating Merchant any merchant that (A) uses the same or similar trade name as Merchant or (B) is a part of a chain of independently owned stores, independently owned franchisees or some other group of merchants commonly connected by or through a brand, web-site, club, affiliation or some other commonality. Merchant additionally agrees that Valutec may add as a Participating Merchant any merchant approved in writing by Merchant.

6. **Bank Secrecy Act Compliance.** In the event that the Gift Card Program qualifies as a “prepaid program” (as defined in the Bank Secrecy Act), Merchant agrees that it shall serve as the “provider of prepaid access” (as defined in the Bank Secrecy Act) and comply with all of the requirements of a provider of prepaid access under the Bank Secrecy Act, including, without limitation, the requirement to register as a money services business with the Financial Crimes Enforcement Network of the United States Department of the Treasury and identify the prepaid programs for which it is serving as the provider of prepaid access. Merchant acknowledges and agrees that it shall be solely responsible for limiting the associated value of a Gift Card to \$2,000 per day and implementing any and all policies and procedures reasonably adapted to prevent the sale of prepaid access to funds of more than \$10,000 to one individual per day and that failure to so limit such associated value and/or implement such policies and procedures may result in additional data collection, reporting, registration and other requirements being applicable to Merchant under the Rules. Merchant further acknowledges and agrees that, other than Valutec’s obligation to provide an online reporting package in accordance with Section 2, Valutec shall have no obligation to provide any information or assistance to Merchant in connection with Merchant’s compliance with any Rule.

#### 7. **ACH Transfer Services.**

A. **Use of ACH Transfer Services.** In the event (a) Valutec provides ACH Transfer Services to Merchant; and (b) Merchant accepts, permits, or does not object in writing to Valutec’s provision of such services, Merchant subscribes to the ACH Transfer Services, and the Services shall include the ACH Transfer Services. As part of Merchant’s subscription to the ACH Transfer Services, Merchant agrees to provide Valutec with its banking and bank account information to facilitate ACH transfers from the bank account of Merchant to the bank account of another Participating Merchant (directly or vis-à-vis a central merchant pooling bank account owned by Merchant, a Participating Merchant or another third party) in connection with Gift Card Transactions. In order to protect the Participating Merchants and their customers, Merchant agrees that it shall, at all times, have available funds in its bank account(s) to cover all outstanding Gift Card liability (directly or vis-à-vis a central merchant pooling bank account owned by Merchant, a Participating Merchant or another third party). Merchant authorizes Valutec to credit or debit Merchant’s bank account(s) for all payments on Valutec’s or a Participating Merchant’s behalf and to debit or credit Merchant’s bank account(s) for all Gift Card Transactions. If any type of overpayment to Merchant or other error occurs, Merchant’s bank account(s) may be debited or credited, without notice, and, if Merchant’s bank account(s) do not contain sufficient funds, Merchant agrees to immediately fund into such account(s) the amount owed. Merchant agrees not to, directly or indirectly, prevent, block or otherwise preclude any debit by Valutec to Merchant’s bank account(s) permitted hereunder. For purposes of this Agreement, the term “bank account” includes a financial account at a bank, a credit union or another financial institution.

B. **Non-Use of the ACH Transfer Services.** In the event that Merchant does not subscribe to the ACH Transfer Services, Merchant shall be solely responsible for reconciling and paying any amounts owed to any other Participating Merchant in connection with any Gift Card Transactions.

C. **General Terms, ACH Transfers.** Whether or not Merchant subscribes to the ACH Transfer Services, Merchant agrees that (i) it shall hold harmless and indemnify Valutec and its officers, directors, employees, agents, and representatives from any loss, damage, or claim relating to or arising out of any failure by Merchant or any other Participating Merchant to pay any amounts, or have adequate funds for ACH transfers, in connection with any Gift Card Transactions and (ii) Valutec, in the event of any such failure by Merchant or any other Participating Merchant, shall have no obligation to pay Merchant or any other Participating Merchant for any amounts owed to Merchant or any other Participating Merchant in connection with any Gift Card Transactions and shall have no liability for any failure of Merchant or any other Participating Merchant to pay such amounts.

#### 8. **Fees.**

A. **Application.** Merchant agrees to pay Valutec the fees set forth on the Application (collectively, the “Fees”). Valutec shall have the right to determine and modify the Fees in its sole discretion upon notice to Merchant.

B. **Gift Card and Other Order Forms.** In addition to the Fees, Merchant agrees to pay Valutec all fees (including, without limitation, any shipping or handling fees) set forth in any Gift Card or other Valutec provided order form submitted by Merchant. The fees specified in a Gift Card or other Valutec provided order form are

based on Merchant's representations as to the anticipated number of Gift Cards under the Gift Card Program and the Gift Card Program features selected by Merchant.

**9. Integration.** Not all POS systems or terminals are integrated with Valutec's Gift Card Program processing systems. Merchant agrees that Valutec shall have no obligation: (A) to integrate its Gift Card Program processing system(s) or any or certain of its features with any POS system or terminal; and (B) for any cost associated with a Valutec Integration or any upgrades or service fees charged by any POS developer or reseller.

**10. Information Security.**

A. **Information Security.** Merchant shall be responsible for maintaining security for its own systems, servers, and communications links as necessary to (i) protect the security and integrity of Valutec's systems and servers on which Cardholder Data or Gift Card Transaction data is stored and (ii) protect against unauthorized access to or use of Valutec's systems and servers on which Cardholder Data or Gift Card Transaction data is stored.

B. **Data Backup.** Merchant shall maintain, for the longer of ten (10) business days or the number of days required under any Rule, adequate records, including backup on magnetic tape or other electronic media, of Gift Card Transactions from which lost or damaged items or data can be reconstructed. Merchant assumes all responsibility and liability for any loss or damage resulting from failure to maintain such records.

C. **Transmission of Data.** The responsibility and expense for transmission of Gift Card Transaction and other data between Valutec and Merchant, and the risk of loss for data and media transmitted between Valutec and Merchant, shall be borne by Merchant. Data lost by Valutec following receipt shall, at Valutec's election, either be (i) restored by Valutec from its backup media or (ii) reconstructed from Merchant's backup media at no additional charge to Merchant.

D. **Reliance on Data.** Valutec will provide the Services on the basis of information furnished by Merchant. Valutec shall be entitled to rely upon any such information or instructions as provided by Merchant. If any error results from incorrect input supplied by Merchant, Merchant shall be responsible for discovering and reporting such incorrect input and/or error and supplying the data necessary to correct such input and/or error to Valutec for processing at the earliest possible time. Valutec will rely on the instructions and directions of Merchant in administering the Gift Card Program and will not be responsible for any liability arising from Valutec's performance in accordance with Merchant's instructions.

**11. Proprietary Interests.** Merchant shall have no interest whatsoever, including copyright interests, franchise interests, license interests, patent rights, property rights or other interest in the Gift Card Program and/or Services. This Agreement is not to be construed as granting to Merchant any patent rights or patent license in any patent which Valutec may obtain in respect of the Gift Card Program, Services or Valutec's software or equipment. Merchant will make no attempt to duplicate or otherwise ascertain the components, circuit diagrams, logic diagrams, flow charts, source and object code, schematics or operation of, or otherwise attempt to reverse engineer any Valutec provided equipment or software.

**12. Confidentiality.**

A. **Valutec Systems and Information.** Merchant acknowledges that it has no rights in any Valutec software, systems, documentation, guidelines, procedures and similar related materials or information used to administer the Gift Card Program or provide the Services or any modifications thereto provided by Valutec, except with respect to Merchant's use of the same in accordance with and during the term of this Agreement to process the Gift Card Transactions. It is acknowledged and agreed that Merchant is the owner of its Cardholder Data and Gift Card Transaction data and that Valutec shall have the right to freely use such data during and after the term of this Agreement to administer and operate the Gift Card Program, perform its obligations under this Agreement and for any other legal purpose and may share such data with third parties, including, but not limited to, the Participating Merchants and Valutec's third-party service providers. Merchant agrees that Valutec may aggregate the Cardholder Data and Gift Card Transaction data with other Valutec data and that Valutec shall be the sole owner of such aggregated data and may rent, license, sell or otherwise use such aggregated data with third parties. Furthermore, by Merchant selecting or using the Go Mobile, Social Sharing or other Online Gifts Gift Card Program features, Merchant agrees that Valutec may provide Merchant's name, contact information, location, website address, and other Merchant credentials to Facebook for use in Facebook's gift card marketplace or other online social media program designed to drive consumers to local merchants.

B. **Confidentiality.** Except as otherwise set forth in this Agreement, Merchant and Valutec each agrees that it will not use for its own purposes, will not disclose to any third party, and will retain in strictest confidence all information and data owned by the other party (or for which the other party has an obligation of confidentiality) (including, without limitation, the terms of this Agreement, and any other information related to Valutec's administration of the Gift Card Program and the Services, all of which the parties agree belong to Valutec) and that it will safeguard such information and data by using the same degree of care and discretion that it uses to protect its own confidential information, which shall in no case be less than a commercially reasonable standard of care. No party will be obligated to maintain the confidentiality of information: (i) that is released in the public domain through no act of the receiving party in breach of this Agreement, (ii) that was in the possession of the receiving party prior to its disclosure under this Agreement, and the receiving party can prove such possession, (iii) that is received from another source that has no restriction on use or disclosure, or (iv) that is required to be disclosed by any Rule, provided that the receiving party provides the disclosing party with notice and an opportunity to oppose or condition the disclosure. Valutec shall have the right to inspect Merchant's premises to ensure that confidential information is properly protected from disclosure, damage or theft. Each party agrees to destroy or return any confidential information of the other party, upon the request of the other party or the termination of this Agreement, except that either party may retain a copy to comply with applicable Rules so long as such party continues to maintain the confidentiality of such confidential information.

**13. Gift Card Production.** The Gift Card order form specifies certain production-related prices for magnetic stripe Gift Cards to be used in connection with the Gift Card Program. Pricing for Gift Card orders shall be at Valutec's applicable pricing in effect at the time of the order (which shall be available from Valutec upon request at the time of the order). Notwithstanding anything to the contrary set forth in Section 3.F, Merchant shall not be obligated to purchase Gift Cards from Valutec; provided, however, that Gift Card data, transaction and other Fees (as set forth on the Application), as applicable, still apply to such Gift Cards. If Merchant elects to purchase Gift Cards from Valutec, Valutec will arrange for the Gift Card production, and Merchant will be charged for the Gift Cards. The form and content of, and any language on, Gift Cards shall be subject to Valutec's approval, which approval shall not be unreasonably withheld. To the extent permitted by applicable Rules, Merchant may provide for an expiration date for any Gift Card, so long as that expiration date and any other required disclosures are clearly printed on the Gift Card in compliance with all applicable Rules. Merchant shall be solely responsible for complying with all applicable Rules relating to the Gift Cards and the Gift Card Program. Valutec's approval of any or all limits, policies or procedures pertaining to the Gift Card Program or any language on, or content or form of, any Gift Cards shall in no way constitute or be construed as Valutec's warranty or endorsement that the Gift Card Program or such Gift Cards comply with any Rule.

**14. Disclaimer of Warranties.** EXCEPT AS EXPRESSLY SET FORTH HEREIN TO THE CONTRARY, THE SERVICES AND PRODUCTS ARE PROVIDED BY VALUTEC WITHOUT WARRANTIES OF ANY KIND, EITHER EXPRESS OR IMPLIED, INCLUDING, BUT NOT LIMITED TO, WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE. NEITHER THIS AGREEMENT NOR ANY DOCUMENTATION FURNISHED UNDER IT (INCLUDING, WITHOUT LIMITATION, ANY GIFT CARD ORDER FORM OR OTHER FORM PROVIDED BY VALUTEC TO MERCHANT) IS INTENDED TO EXPRESS OR IMPLY ANY WARRANTY BY VALUTEC THAT THE SERVICES OR PRODUCTS WILL FUNCTION WITHOUT INTERRUPTION OR ERRORS. ANY SECURITY MECHANISMS INCORPORATED IN THE SERVICES HAVE INHERENT LIMITATIONS, AND MERCHANT AGREES THAT IT HAS INDEPENDENTLY DETERMINED THAT SUCH MECHANISMS ADEQUATELY MEET ITS SECURITY AND RELIABILITY REQUIREMENTS. FURTHERMORE, MERCHANT AGREES THAT IN THE EVENT THE CERTAIN OR ALL OF THE SERVICES AND/OR GIFT CARD PROGRAM IS DOWN OR OTHERWISE NON-FUNCTIONAL AND NOT ABLE TO VERIFY GIFT CARD TRANSACTIONS FOR CUSTOMERS, VALUTEC WILL NOT PROCESS SUCH TRANSACTIONS. MERCHANT ACKNOWLEDGES THAT VALUTEC SHALL NOT BE RESPONSIBLE FOR LOST PROFITS OR SALES DUE TO THE MALFUNCTION OF THE SERVICES AND/OR GIFT CARD PROGRAM. MERCHANT AGREES THAT IT WILL BE SOLELY RESPONSIBLE FOR ANY TRANSACTIONS THAT ARE AUTHORIZED BY MERCHANT WITHOUT THE KNOWLEDGE OR WRITTEN CONSENT OF VALUTEC, AND, IN ADDITION TO THE PROVISIONS OF SECTION 15, WILL WHOLLY INDEMNIFY AND HOLD HARMLESS VALUTEC FROM AND AGAINST ANY AND ALL DAMAGE, LOSS, LIABILITY, CONSEQUENTIAL DAMAGE, EXPENSE, CLAIM OR OBLIGATION ARISING IN CONNECTION THEREWITH.

**15. Indemnification.** Valutec and Merchant agree that they shall, as the "Indemnifying Party", each indemnify and hold harmless the other party and its officers,

Rev. 10/6/2022

directors and shareholders, as the "Indemnified Party", from any and all loss, cost, expense, claim, damage and liability (including attorney's fees and court costs) paid or incurred by the Indemnified Party, to the extent it arises from third party claims, caused by, or is attributable to (a) the failure or breach by the Indemnifying Party or its representatives to abide by the terms and/or provisions of this Agreement; (b) the violation by the Indemnifying Party or its representatives, of any applicable laws, regulations or court orders relating to this Agreement; or (c) gross negligence, willful misconduct or any act or omission by the Indemnifying Party or its representatives.

**16. Term and Termination.**

A. **Term.** The term of this Agreement shall commence on the date of execution of the Application by Merchant and continue in effect for the initial term set forth in the Application or where no such initial term is expressly provided in the Application, for a period of thirty-six months (36) months (the "Initial Term") and, after the Initial Term, automatically renew for consecutive twelve (12) month terms, unless either party provides written notice of termination to the other no less than sixty (60) days prior to the end of the then-current twelve (12) month term.

B. **Early Termination Fee.** If Merchant terminates this Agreement before the end of the Initial Term or any renewal term, unless otherwise prohibited by law, Merchant shall be liable for and charged an early termination fee of an amount equal to the average monthly fees assessed to Merchant under the Agreement for months during which Merchant processed any transactions multiplied by the number of months remaining in the then-current Initial Term or renewal term, as applicable.

C. **Valutec Termination, and Conversion.** Valutec may, in its sole discretion, terminate this Agreement at any time upon thirty (30) days' prior notice to Merchant. It is the sole responsibility of Merchant to accomplish the conversion of its Gift Card processing upon the termination of this Agreement.

D. **Post-Termination Duties.** Following the termination of this Agreement for any reason, Merchant will immediately cease selling Gift Cards. Valutec shall provide Merchant, at Merchant's expense, assistance to facilitate the orderly transition of the Gift Card Program to Merchant or its designee ("Conversion Assistance"). Before providing any Conversion Assistance, Merchant agrees to pay Valutec a conversion assistance fee equal to the greater of: (a) \$495.00 per location; or (b) up to a maximum of \$1,500.00, 10% of the aggregate amount of all unused account balances of all Gift Cards issued by Merchant for Valutec's standard conversion assistance plus, where applicable, the amount of Valutec's good faith estimate for any custom programming or other custom services requested by Merchant. Merchant agrees that, prior to or upon the termination of this Agreement, Merchant must either (A) refund the unused account balances of Gift Cards issued by Merchant to the Cardholders, (B) transfer the unused account balance of each Gift Card issued by Merchant to another gift card program providing the Cardholder with access to such unused account balance, or (C) reach a mutual agreement with Valutec to provide continuation of the Gift Card Program; provided, however, that, in the event there are one or more other Participating Merchants, Merchant must, prior to or upon the termination of this Agreement, pay the aggregate amount of all unused account balances of all Gift Cards issued by Merchant, in the form of a lump sum payment, to any other Participating Merchant or other third party designated by Valutec, for the benefit of the other Participating Merchants, so that funds will be available for all unused account balances of Gift Cards issued by Merchant to be redeemed at the other Participating Merchants. Merchant agrees and acknowledges that solely it is liable to the Cardholders of Gift Cards issued by Merchant for all account balances during and after the term of this Agreement.

E. **Merchant's Responsibility for Gift Card Usage.** Merchant understands and agrees that it shall be solely responsible and liable for all Gift Card usage including usage resulting from stolen, lost, expired or unauthorized Gift Cards. Notwithstanding anything in this Agreement to the contrary, Merchant further hereby understands and agrees that Valutec will not be responsible or liable for any funds incorrectly or not transferred as a result of: (A) insufficient funds in the account of Merchant or any of the Participating Merchants; (B) any change or changes in banking or bank account information of Merchant or any of the Participating Merchants; (C) errors that directly result from information provided by Merchant, any of the other Participating Merchants or any other third party; or (D) other unintentional errors made by Valutec in providing the Services.

**17. Limitation of Liability.** Neither Valutec nor anyone acting on Valutec's behalf shall be liable for failure to provide the Services if such failure is due to any cause or condition beyond such party's reasonable control, which shall include, but shall not be limited to, acts of God or of the public enemy, acts of the Government in either its sovereign or contractual capacity, fires, floods, epidemics, quarantine restrictions, strikes, shortages of labor or materials, freight embargoes, unusually severe weather, breakdowns, operational failures, electrical power failures, communications failures, unavoidable delays, the errors or failures of third-party systems, or other similar causes beyond such party's control. The liability of Valutec and anyone acting on Valutec's behalf for any loss arising out of or relating in any way to this Agreement, including, but not limited to, the unavailability or malfunction of the Services, shall, in the aggregate, be limited to actual, direct, and general money damages in an amount not to exceed the greater of:

(A) \$900.00; or (B) the aggregate amount of Fees paid by Merchant to Valutec for Services during the previous twelve (12) months or such lesser number of months as shall have elapsed subsequent to the effective date of this Agreement. This shall be the extent of liability of Valutec and anyone acting on Valutec's behalf arising out of or relating in any way to this Agreement, including alleged acts of negligence, breach of contract, or otherwise and regardless of the basis on which any legal or equitable action may be brought against Valutec or anyone acting on Valutec's behalf, and the foregoing shall constitute Merchant's exclusive remedy. Under no circumstances shall Valutec or anyone acting on Valutec's behalf be liable for any lost profits, lost interest, or special, consequential, punitive or exemplary damages arising out of or relating in any way to this Agreement. It is agreed that in no event will Valutec or anyone acting on Valutec's behalf be liable for any claim, loss, error, damage, or expense arising out of or relating in any way to this Agreement that is not reported in writing to Valutec by Merchant within forty-five (45) days of the act or omission to act that resulted in such claim, loss, error, damage, or expense. Merchant expressly waives any such claim not brought within the time period set forth in the immediately preceding sentence.

**18. Taxes.** All fees and prices charged to Merchant in connection with this Agreement, any Gift Card order form, or any other form provided by Valutec to Merchant, are exclusive of sales tax. Merchant shall be responsible for any federal, state, and local sales, use, property, and other taxes that may be imposed as a result of this Agreement, any Gift Card order form, or other form provided by Valutec to Merchant, or the Gift Card Program (except taxes imposed upon Valutec's taxable net income).

**19.**

**Attorneys' Fees /Jury Trial Waiver /Choice of Law/Venue.**

If Valutec defends or enforces any of its rights under this Agreement in any collection or legal action, Merchant agrees to reimburse Valutec for all costs and expenses, including reasonable attorneys' fees, as a result of such collection or legal action. Merchant waives trial by jury with respect to any litigation arising out of or relating to this Agreement. Valutec and Merchant agree that any any other parties. Merchant further agrees that Valutec may provide a copy of this Agreement and any and all amendments to any other Participating Merchant, who will be deemed a third-party beneficiary of this Agreement, for the purpose of bringing an action under this Agreement in the name of such Participating Merchant solely to enforce any breach by Merchant of a representation, warranty, term or provision in this Agreement. Complete Agreement. This Agreement (including any Gift Card order forms or other form provided by Valutec to Merchant subsequently submitted by Merchant and accepted by Valutec) embodies the parties' final, complete and exclusive agreement with respect to the Gift Card Program and the Services. This Agreement shall supersede all prior and contemporaneous agreements, understandings and representations, written or oral, with respect to the and all disputes or controversies of any nature whatsoever (whether in contract, tort or otherwise) arising out of or in connection with or relating to (A) this Agreement, (B) the relationships that result from this Agreement, or (C) the validity, scope, interpretation or enforceability of the choice of law and venue provisions of this Agreement, shall be governed by the laws of the State of Ohio notwithstanding any conflicts of laws rules and shall be brought in either the state or federal courts in Cincinnati, Ohio or Hamilton County, Ohio, and Valutec and Merchant expressly agree to the exclusive jurisdiction of such courts. Valutec and Merchant also agree that any and all such disputes or controversies shall be resolved on an individual basis without resort to any form of class action and shall not be consolidated with the claims of Gift Card Program and the Services.

**20. Notices.** All notices required by this Agreement shall be in writing. All notices sent to Valutec shall be sent by overnight courier, or regular or certified mail and shall be effective upon actual receipt by the General Counsel of Valutec at 8500 Governors Hill Drive, Symmes Township, Ohio 45249 (or at such other address provided in writing by Valutec to Merchant). All notices sent to Merchant shall be sent by email, facsimile, overnight courier, or regular or certified mail and shall be effective upon actual receipt at the email address, facsimile number, or physical address provided by Merchant in the Application (or at such other email address, facsimile number, or physical address for Merchant on file with Valutec).



**21. Assignability.** Merchant shall not assign, subrogate or transfer any interest, obligation or right arising out of this Agreement without prior written consent from Valutec, which shall not be unreasonably withheld.

**22. Amendments.** This Agreement may only be amended in a writing signed by Valutec and Merchant. Notwithstanding the previous sentence: (a) any and all fees and charges payable under this Agreement may be changed immediately by Valutec upon notice to Merchant in accordance with Section 8; and (b) Valutec may provide Merchant either an amendment to this Agreement or an entirely new Gift Card Terms and Conditions, which amendment or new Gift Card Terms and Conditions will be binding upon Merchant if Merchant or any other Participating Merchant submits to Valutec a Gift Card Transaction after the effective date of such amendment or new Gift Card Terms and Conditions.

**23. Definitions.** In addition to the capitalized terms defined elsewhere in this Agreement, the following terms when used in this Agreement will have the meanings set forth in this Section.

**ACH Transfer Services** means the processing by Valutec of ACH transfers between accounts of Participating Merchants in connection with Gift Card Transactions pursuant to the terms set forth in Section 7.

**Cardholder** means a person possessing a Gift Card.

**Cardholder Data** means the consumer profile information, if any, collected by the Gift Card Program software.

**Card Services Agreement** shall have the meaning set forth in Section 16.

**Gift Card** means any valid unexpired stored value card (in physical or digital form) bearing the name or trade name of Merchant issued as part of the Gift Card Program or the name or trade name of any other Participating Merchant issued as part of such Participating Merchant's Gift Card Program administered by Valutec.

**Gift Card Program** means the programs and systems administered and services provided by Valutec as set forth in this Agreement that allow (i) Cardholders to purchase goods or services from Participating Merchants using Gift Cards and consists of a POS-based authorization system for activating Gift Cards and authorizing subsequent Gift Card Transactions and (ii) Merchant to select certain or all of the Services and features set forth in the Application or other form provided by Valutec to Merchant.

**Gift Card Transaction** means a transaction in which a Cardholder via a Valutec Integration (i) purchases a Gift Card, (ii) adds monetary value to a Gift Card, (iii) debits the monetary value on a Gift Card by purchasing goods or services from Participating Merchants, and/or (iv) returns goods for a credit to the Gift Card.

**Participating Merchant** shall have the meaning set forth in Section 4.

**POS** means point-of-sale.

**Rules** shall have the meaning set forth in Section 3.D.

**Valutec Integration** means the integrated or stand-alone POS terminals, on-line gateways, or other integrated manual or automated transaction processing systems necessary to electronically transmit Gift Card Transaction information to Valutec and to route Valutec's electronic authorization to Merchant.



CITY OF  
**GRAND RAPIDS**  
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## REQUEST FOR COUNCIL ACTION

**AGENDA DATE:** October 24, 2022  
**AGENDA ITEM:** Consider hiring Warming House Attendants.  
**PREPARED BY:** Dale Anderson, Director of Parks & Recreation

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**BACKGROUND:**

I am proposing the hiring of Warming House Attendants to work from November 29, 2022 through March 31, 2023 at a pay rate of \$15.00 per hour. This is included in the 2022 and 2023 Park and Recreation budget. The proposed employees include:

Calvin Johnson  
Matt Brenny  
Eli Rohloff  
Andrew Fox  
Douglas Jespersion  
Preston Travica  
Zander Butterfield

**REQUESTED COUNCIL ACTION:**

Make a motion to hire Warming House Attendants.



CITY OF  
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## REQUEST FOR COUNCIL ACTION

**AGENDA DATE:** November 28, 2022

**AGENDA ITEM:** Consider adopting a resolution accepting a \$47,000.00 Development Infrastructure Grant from Iron Range Resources and Rehabilitation (IRRR) for the Itasca County Family YMCA fire alarm and HVAC system upgrades project.

**PREPARED BY:** Rob Mattei, Director of Community Development

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### BACKGROUND:

The Itasca County Family YMCA project will replace a 20-year old failing fire alarm system for which parts and updates are no longer available. Along with the fire alarm system replacement, the project will include the replacement of aging HVAC network controls, including programming, software and associated electrical work. The total budget for this project is \$95,000.

This \$48,000.00 grant, would be used to reimburse a portion of the project cost, which is leveraged by an allotment of American Recovery Plan Act (ARPA) funding provided by Itasca County.

The attached resolution authorizes the City's acceptance of funds, which were recently awarded.

### REQUESTED COUNCIL ACTION:

Make a motion to adopt a resolution accepting a \$47,000.00 Development Infrastructure Grant from Iron Range Resources and Rehabilitation (IRRR) for the Itasca County Family YMCA fire alarm and HVAC system upgrades project.



Council member \_\_\_\_\_ introduced the following resolution and moved for its adoption:

RESOLUTION NO. 22-

A RESOLUTION ACCEPTING AN \$47,000.00 GRANT FROM THE MINNESOTA DEPARTMENT OF IRON RANGE RESOURCES AND REHABILITATION (IRRR) INFRASTRUCTURE GRANT PROGRAM FOR FIRE ALARM AND HVAC UPGRADES AT THE ITASCA COUNTY FAMILY YMCA

WHEREAS, Minnesota State Statutes 465.03, states that cities may accept gifts of real or personal property, including money, and use them in accordance with the terms the donor prescribes; and

WHEREAS, every such acceptance shall be by resolution of the governing body adopted by two-thirds majority of its members,

NOW THEREFORE, BE IT RESOLVED, that the City Council of the City of Grand Rapids, Itasca County, Minnesota, accepts the \$47,000.00 Development Infrastructure grant award from the IRRR for costs associated with Itasca County Family YMCA’s fire alarm and HVAC system upgrades at their facility located at 400 River Road, Grand Rapids, MN 55744.

Adopted this 28<sup>th</sup> day of November, 2022.

\_\_\_\_\_  
Dale Christy, Mayor

Attest:

\_\_\_\_\_  
Kimberly Gibeau, City Clerk

Council member \_\_\_\_\_ seconded the foregoing resolution and the following voted in favor thereof: \_\_\_\_\_; and the following voted against same: \_\_\_\_\_, whereby the resolution was declared duly passed and adopted.



CITY OF  
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## REQUEST FOR COUNCIL ACTION

**AGENDA DATE:** Nov. 28, 2022

**AGENDA ITEM:** Enter into a Sports Medicine Services Agreement with Grand Itasca Clinic and Hospital for services provided at the IRA Civic Center.

**PREPARED BY:** Dale Anderson, Parks & Recreation Director

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### BACKGROUND:

We provide sports medicine services for our boys and girls High School hockey teams as part of our Lease Agreement with ISD 318 for use of the IRA Civic Center. The Agreement for the 2022-23 season is attached for your review.

### REQUESTED COUNCIL ACTION:

Make a motion to enter into a Sports Medicine Services Agreement with Grand Itasca Clinic and Hospital for services provided at the IRA Civic Center.



*Part of Fairview  
Health Services*

**AGREEMENT  
BETWEEN THE GRAND RAPIDS IRA CIVIC CENTER  
AND GRAND ITASCA CLINIC & HOSPITAL  
FOR SPORTS MEDICINE SERVICES**

The following is an agreement between the Grand Rapids IRA Civic Center (hereinafter referred to as Civic Center) and Grand Itasca Clinic & Hospital Rehabilitation Services Department (hereinafter referred to as GIRSD). This agreement is for the period of November 15th, 2022 through April 30th, 2023.

**I. GIRSD SPORTS MEDICINE AGREES:**

- a. To provide a certified athletic trainer and/or licensed physical therapist who is registered/licensed in the State of Minnesota for the 2022-2023 academic year. Specific services are described in the attached Exhibit A.
- b. To direct the care of injured student athletes in accordance with established GIRSD Sports Medicine protocols and practices.
- c. GIRSD Sports Medicine does not seek any exclusive agreement with CIVIC CENTER, either explicit or implicit, to provide sports medicine services not available at the CIVIC CENTER. The commitment by GIRSD Sports Medicine to make such services readily available does not obligate CIVIC CENTER student athletes to utilize GIRSD Sports Medicine for the same.

**II. CIVIC CENTER AGREES:**

- a. To recognize the authority of the athletic trainer or physical therapist within the scope and limits of their profession and availability, to direct the care of injured CIVIC CENTER athletes and to determine the type(s) of treatment required and readiness of CIVIC CENTER athletes to participate safely in athletics.
- b. To provide all necessary supplies and space needed for GIRSD Sports Medicine services described in this agreement.
- c. To appoint the Civic Center Manager as the liaison(s) with GIRSD Sports Medicine for sports medicine services.
- e. Civic Center Manager shall ascertain that the GIRSD Sports Medicine health history

and consent for treatment forms are to each student athlete and returned prior to and as a condition for participation in school sports programs.

f. Civic Center Manager shall ascertain that the coaching staffs respect the GIRSD Sports Medicine staff's assessments regarding student athletes' readiness to participate safely in sports.

g. Civic Center Manager shall determine the need for and arrange logistics of in-services/continuing education in sports medicine for the coaching staffs/student trainers.

h. To acknowledge in all home game programs/rosters that sports medicine services are provided by GIRSD Sports Medicine and place GIRSD banners.

i. Compensation to GIRSD by CIVIC CENTER to be in accordance with Exhibit B.

#### IV. MUTUAL AGREEMENTS:

- a. Nothing contained in this agreement shall be construed as in any manner creating a relationship of joint venture or co-partnership between the parties, which are and shall remain independent contractors with respect to all actions performed pursuant to this agreement. The GIRSD Sports Medicine trainers, physical therapists, and physicians, while performing services under this agreement, shall be and remain employees of GIRSD Sports Medicine and not of CIVIC CENTER.
- b. GIRSD Sports Medicine will select the employees providing services under this agreement subject, however, to the right of CIVIC CENTER to approve anyone so selected and to ask for individual replacement should CIVIC CENTER deem the services being provided to be unacceptable.
- c. Each party agrees to indemnify, defend and hold harmless the other and its *officers*, agents and employees, from and against all claims, losses, *costs*, damages, and expenses to the extent resulting from or arising in connection with (a) any breach of this agreement by the indemnifying party, or (b) any actual or alleged malpractice or negligent act or omission by the indemnifying party, its agents or personnel.
- d. Each party will at its expense, maintain professional and general liability insurance, in an amount commonly maintained by comparable institutions and practitioners in the area, covering its entity and individuals rendering services under this agreement.
- e. Both parties agree to review this agreement prior to the end of the school year and to negotiate any modifications of the agreement. This agreement will automatically renew each year if unless modifications are identified.
- f. Either party may terminate this agreement at any time for cause by giving the other party 60 days written notice of termination. Cause will include the failure of a party to comply with the terms of this agreement or any action or activity by either party which would adversely affect the reputation of the other party.

Specific duties of the trainer shall include but not limited to the following:

- a. To be on duty at the training room as requested. Daily duties include, but are not limited to, preventive care, assessments and treatment of injuries, rehabilitation of injuries and assessment of readiness for sports participation, in accordance with established protocols and under the medical supervision of the team physician. Game coverage with emphasis on collision and/or high risk for injury sports with the schedule mutually agreed upon prior to the start of the season.
- b. To keep an inventory and to arrange for procurement of necessary trainer's equipment and supplies.
- c. To act as the primary liaison between IRA Civic Center athletes, coaching staff, and other health care providers in all matters pertaining to evaluation and treatment of sports-related injuries and health problems.
- d. To carry out on-site evaluation and immediate care of injuries/health problems in accordance with standard sports medicine practices and GIRSD Sports Medicine protocols. Evaluation includes determination of the athlete's readiness to continue/resume play.
- e. To arrange for further evaluation and care in accordance with the standard sports medicine practices and GIRSD Sports Medicine protocols.
- f. To carry out preventative and rehabilitative care under the direction of the team physician(s) and physical therapist(s) and in accordance with standard sports medicine practices and GIRSD Sports Medicine protocols.
- g. To report to the coaching staff on a regular basis with regard to student athletes' readiness to play and status of all student athletes being evaluated or treated for any injury/health problem.
- h. To communicate with the team physician(s) on a regular basis with regard to student athletes' readiness to play and status of all athletes being evaluated or treated for any injury/health problem.

Consideration and Terms of Payment:

Consideration for all services performed and goods or materials supplied by GIRSD pursuant to this contract shall be paid by CIVIC CENTER as follows:

- Compensation of forty Dollars (\$40.00) per hour.
- Payment shall be made by CIVIC CENTER promptly after presentation of invoices for services performed and acceptance of such services by CIVIC CENTER authorized representative. All services provided by GIRSD pursuant to this contract shall be performed to the satisfaction of CIVIC CENTER, as determined at the sole discretion of its authorized representative, and in accordance with all applicable federal, state, and local laws, ordinances, rules, and regulations. GIRSD shall not receive payment for work found to be unsatisfactory or performed in violation of any applicable federal, state, or local law, ordinance, rule or regulation.
- Invoices shall be presented by GIRSD to CIVIC CENTER following the conclusion of the winter sports season.

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Grand Rapids IRA Civic Center  
1401 NW 3<sup>rd</sup> Ave  
Grand Rapids, MN 55744

Grand Rapids Clinic & Hospital  
1601 Golf Course Road  
Grand Rapids, MN 55744

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Dale Christy  
Mayor City of Grand Rapids



Jean MacDonell, MBA, RHIA  
President & CEO



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

## REQUEST FOR COUNCIL ACTION

**AGENDA DATE:** 11/28/2022

**AGENDA ITEM:** Consider adopting a resolution accepting \$1000.00 from Minnesota Pipeline Community Awareness Emergency Response.

**PREPARED BY:** Travis Cole-Fire Chief

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### **BACKGROUND:**

The Grand Rapids Fire Department attended the annual Pipeline Safety Training hosted by Minnesota Pipeline Community Awareness Emergency Response. Attendance at the safety training entered the department into a drawing for \$1000.00 donated by MN CAER. Grand Rapids Fire was the winner of the award, and would like to place the proceeds into our public safety fund for future safety equipment purchases.

### **REQUESTED COUNCIL ACTION:**

Make a motion to adopt a resolution accepting \$1,000.00 from Minnesota Pipeline Community Awareness Emergency Response on behalf of the Grand Rapids Fire Department.

Council member introduced the following resolution and moved for its adoption:

RESOLUTION NO. 22-

A RESOLUTION ACCEPTING A \$1,000.00 AWARD FROM  
MINNESOTA PIPELINE COMMUNITY AWARENESS EMERGENCY  
RESPONSE (MN CAER) ASSOCIATION FOR THE  
GRAND RAPIDS FIRE DEPARTMENT TO BE PLACED IN PUBLIC SAFETY ACCOUNT  
FOR FUTURE PURCHASE OF SAFETY EQUIPMENT.

WHEREAS, Minnesota State Statutes 465.03, states that cities may accept gifts of real or personal property, including money, and use them in accordance with the terms the donor prescribes; and

WHEREAS, every such acceptance shall be by resolution of the governing body adopted by two-thirds majority of its members,

NOW THEREFORE, BE IT RESOLVED, the City Council of the City of Grand Rapids, Itasca County, Minnesota, accepts the listed donation and terms of the donor as follows:

- The MN Pipeline Community Awareness Emergency Response Association awarded the Grand Rapids Fire Department a \$1,000.00 grant to be placed in public safety account for future purchase of safety equipment.

Adopted this 23<sup>rd</sup> day of November 2022.

---

Dale Christy, Mayor

Attest:

---

Kimberly Johnson-Gibeau, City Clerk

Councilmember seconded the foregoing resolution and the following voted in favor thereof: ; and the following voted against same: None, whereby the resolution was declared duly passed and adopted.





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

## REQUEST FOR COUNCIL ACTION

**AGENDA DATE:** 11-28-22

**AGENDA ITEM:** Consider approval of a MN DEED Special Appropriation Grant Application for the IRA Civic Center

**PREPARED BY:** Tom Pagel, City Administrator

---

### **BACKGROUND:**

The City was successful in securing \$5 million from the State to assist in funding improvements at the IRA Civic Center. In order to access the funds the City must submit the attached application.

### **REQUESTED COUNCIL ACTION:**

Make a motion to approve the submittal of a MN DEED Special Appropriation Grant Application for the IRA Civic Center.

## Special Appropriation Grant Grant Application

**The Cover Sheet must be completed by all applicants requesting financial assistance.**

**Project Name and Address:**

IRA Civic Center  
1401 NW 3<sup>rd</sup> Avenue

|  |   |
|--|---|
| <b>Applicant: City of Grand Rapids</b> |   |
| Project Contact Person: Barb Baird     | Email address: bbaird@ci.grand-rapids.mn.us |
| Title: Finance Director                |   |
| Address: 420 North Pokegama Avenue     |   |
| City: Grand Rapids                     | MN, Zip Code: 55744                         |
| Phone: 218.326.7615                    |   |

**Engineer/Architect Information**

|                                    |  |
|------------------------------------|--|
| Project Contact Person: Sean Lewis | Email address: sean.lewis@ics-builds.com |
| Title: Sr. Project Manager         |  |
| Address: 104 Park Ave., Suite 201  |  |
| City: Park Rapids                  | MN, Zip Code: 56470                      |
| Phone: 218.766.5779                |  |

**The following describes the grant information and allowable expenditures.**

**Qualified grantee** – City of Grand Rapids

**Qualified expenditures-** General Obligation Bond eligible expenses directly related to the design, construction, and equipping of capital improvements to the IRA Civic Center. This appropriation includes money for replacement of the truss/roof structure, replacement of the facility's existing ice-making system, and other improvements and betterments of a capital nature for health, safety, and Americans with Disabilities Act (ADA) compliance.

**Grant Amount-** \$5,000,000 – This appropriation is not available until the Commissioner of Minnesota Management and Budget determines that full funding has been committed to the project.

**Submittal:** Please submit as a pdf to:

Minnesota Department of Employment and Economic Development  
Attention: Patrick H. Armon/Community Finance Office  
First National Bank Building  
332 Minnesota Street, Suite E200  
St. Paul, MN 55101

If some attachments are not easily e-mailed as a pdf, please contact Patrick Armon.

# Narrative Section

Please provide your answer to each question in the space provided. Attach any supporting documents to the back of this application.

## General Narrative

1. Please give a general summary of the project. Attach any relevant photos that may assist with understanding of the project:

The IRA Civic Center was originally constructed in 1962 by the Itasca Recreation Association, hence the “IRA” in IRA Civic Center. This facility has been a regional asset for over fifty-seven years hosting trade shows, classic car events, high school graduations, weddings, amateur ice sports, and many other types of events. In addition, it serves as an election polling facility and an emergency shelter.

Recognizing the age of the facility, over fifty-seven years, it has need for critical infrastructure upgrades. The city is planning to use special appropriation grant funds to design, construct and equip capital improvements to the IRA. In particular, the west venue roof and refrigeration are in need of replacement. Because of two truss failures, most recently in November of 2017, the City had two structural engineering firms review and structurally analyze the West Venue truss system. Detail follows:

- Volunteers constructed the original wood truss system in 1962.
- It was donated to the City in 1968.
- It was designed to carry 20 pounds per square foot (psf), current building code is 46 psf.
- Two truss members have failed with the most recent in November of 2017.
- The truss/roof system has been modeled/analyzed by Jon Aamodt, a registered structural engineer in the State of Minnesota. Highlights of his opinions and recommendations follow:
  - *“In our professional opinion, the severe under-capacity of the 1962 roof trusses is a **dangerous condition** and **should be corrected.**”*
  - *“**Signage** should be considered to **warn the public and employees** of the significant under-capacity of the roof structure for snow loading.”*
  - *“In our professional opinion the **West facility should not be used** in the winter months unless/until the building official, building ownership and other parties agree on temporary measures to protect the public and adjacent structures.”*
  - *“The **venue should be closed during a significant snow event**, with the understanding that a partial failure has occurred with less than 6 inches of snow on the roof.”*
- To address these recommendations/opinions the City has instituted the following:

- Signs have been placed at entry doors warning the public of the dangerous situation.
- All snowfall events are immediately removed from the roof.
- Events are cancelled when heavy snowfall is occurring.

Other needs at the Civic Center include:

- The refrigeration system is starting to fail and utilizes R-22 coolant which can no longer be produced or imported to the United States.
- The HVAC systems are over 40 years in age, have exceeded their life, and require replacement.
- The locker rooms have shared bathrooms creating conflict when scheduling girls and boys events.
- Accessibility does not meet current ADA laws requiring the installation of an elevator.

See Attachment “A” for pictures.

2. Attach a map of the city of Grand Rapids with the location of the project indicated on the map. Also attach a zoning map with the project located on the zoning map:

Project meets local zoning. See Attachment “B” and “C” for maps.

3. Attach engineering and/or architectural total project cost estimate documents:

See Attachment “D” for estimate.

4. Provide evidence (attach, if possible at this point) of who currently owns the property, who will own the property during construction, and who will own the property at time of completion:

See Attachment “E” for Abstract. The city will own and maintain the property during and after construction.

5. Attach the current operating, maintenance and reserve (OM&R) budget that corresponds with the project and projected operational project budgets for the two years after project completion. If any of the projected budgets are not yet available, please indicate when they will be:

See Attachment “F” for Budgets. Future OM&R budgets will be provided as they are proposed and adopted.

6. Will any functions of project operations be contracted out to entity(s) that are not employees of the city? If so, please describe those functions and outline their role(s):

The City will not be contracting any of the operations of the IRA Civic Center. All employees involved with operation and maintenance of the Center are city employees.

7. Outline what permits will be needed for project construction:

The City will need to issue a building permit.

8. Will any employees or entities operating, maintaining or managing the project need any professional licenses or certification to carry out their duties:

The only employee required to have a license is Chad Moen, Maintenance and Plant Operator. Please see Appendix "G" for his license.

9. Will liquor and/or beer be sold at any place in the facility? If so, please be prepared to provide licensing that allows such sales during project implementation:

The City does not sell liquor and/or beer in the facility. When users of the facility serve liquor and/or beer, the licensed provider transfers their liquor license or a non-profit can apply for a temporary 3.2 or temporary liquor license.

10. Does the city have any future plans to use this facility for any purpose other than stated in the enabling legislation (civic center)?

The City does not have any future plans to use the IRA Civic Center for any purpose other than stated in the enabling legislation and this application.

11. Will the city be renting any facilities within the project to any entities? If so explain. If so, would any of them be frequent users?

The City primarily rents the facility to ISD 318 and the Grand Rapids Amateur Hockey Association. They primarily utilize the facility from October through March every winter.

12. Among the activities eligible for grant funds listed in the legislation are: *Other improvements and betterments of a capital nature for health, safety, and Americans with Disabilities Act (ADA) compliance.* Please outline what specific improvements and betterments are planned. Make sure they are also listed in the sources and uses budget on the next page:

The ADA improvements consist of the installation of an elevator, accessible seating areas within the west venue bleachers.

The health and safety improvements include the replacement of HVAC systems, locker room upgrades, electrical upgrades, and any other building code requirements.

13. Please review the STATE OF MINNESOTA CAPITAL GRANTS MANUAL ([https://mn.gov/mmb/assets/Capital%20Grants%20Manual%20May%202014%20REVISED\\_updated%20links\\_tcm1059-291111.pdf](https://mn.gov/mmb/assets/Capital%20Grants%20Manual%20May%202014%20REVISED_updated%20links_tcm1059-291111.pdf)) and attach a completed copy of the CAPITAL PROJECT CHECKLIST (pages 7-10 of manual):

## Sources and Uses Budget (\$5,000,000 Grant)

Item 10.

| Project Activities                     | DEED               | City               | Bank | Other*    | Total               |
|--|--------------------|--------------------|------|-----------|---------------------|
| Roof/Truss Replacement                 | \$2,426,450        | \$2,426,450        |      |           | \$4,852,900         |
| Refrigeration/Ice Plant Replacement    | \$1,135,285        | \$1,135,286        |      |           | \$2,270,571         |
| Health & Safety Improvements           | \$1,147,159        | \$1,147,159        |      |           | \$2,294,318         |
| ADA Improvements                       | \$117,500          | \$117,500          |      |           | \$235,000           |
| 2 <sup>nd</sup> Level Lobby Renovation | \$0                | \$1,860,394        |      | \$173,606 | \$2,034,000         |
| Contingency                            | \$0                | \$1,060,000        |      |           | \$1,060,000         |
| Equipment/Furnishings                  | \$0                | \$525,000          |      |           | \$525,000           |
| Design Costs                           | \$173,606          | \$2,145,078        |      |           | \$2,318,684         |
|  |                    |                    |      |           |                     |
|  |                    |                    |      |           |                     |
|  |                    |                    |      |           |                     |
|  |                    |                    |      |           |                     |
|  |                    |                    |      |           |                     |
| <b>Total Costs</b>                     | <b>\$5,000,000</b> | <b>\$5,976,517</b> |      |           | <b>\$15,590,473</b> |

## Project Timeline

| Activity                          | Finish mm/yy |
|-----------------------------------|--------------|
|                                   |              |
| All permits in place              | 02/23        |
|                                   |              |
| Project out for public bid        | 8/22         |
|                                   |              |
| Bid accepted                      | 9/22         |
|                                   |              |
| Project started                   | 04/23        |
|                                   |              |
| Project complete                  | 11/23        |
|                                   |              |
| Project inspected and operational | 11/23        |

# LOCAL GOVERNMENT RESOLUTION

## Special Appropriation General Obligation Bond Grant

Applicants must adopt and submit the following resolution.

BE IT RESOLVED that City of Grand Rapids act as the legal sponsor for project(s) contained in this Application to be submitted on the IRA Civic Center and that the Mayor and City Clerk/Treasurer are hereby authorized to apply to the Department of Employment and Economic Development for funding of this project on behalf of the City of Grand Rapids.

BE IT FURTHER RESOLVED that the City of Grand Rapids has the legal authority to apply for financial assistance, and the institutional, managerial, and financial capability to ensure adequate construction, operation, maintenance and replacement of the proposed project for its design life.

BE IT FURTHER RESOLVED that the City of Grand Rapids has not violated any Federal, State, or local laws pertaining to fraud, bribery, kickbacks, collusion, conflict of interest or other unlawful or corrupt practice.

BE IT FURTHER RESOLVED that upon approval of its application by the state, the City of Grand Rapids may enter into an agreement with the State of Minnesota for the above-referenced project(s), and that it will comply with all applicable laws and regulations as stated in all contract agreements.

NOW, THEREFORE BE IT RESOLVED that the Mayor and City Clerk/Treasurer, or their successors in office, are hereby authorized to execute such agreements, and amendments thereto, as are necessary to implement the project(s) on behalf of the applicant.

I CERTIFY THAT the above resolution was adopted by the City Council of the City of Grand Rapids, on November 28, 2022.

SIGNED:

(First Authorized Official)

\_\_\_\_\_  
Mayor 11/28/2022

WITNESSED:

(Signature)

\_\_\_\_\_  
(Title) (Date)

SIGNED:

(First Authorized Official)

\_\_\_\_\_  
City Clerk/Treasurer 11/28/2022

WITNESSED:

(Signature)

\_\_\_\_\_  
(Title) (Date)



ATTACHMENT "A"

Picture of Failed Truss Member

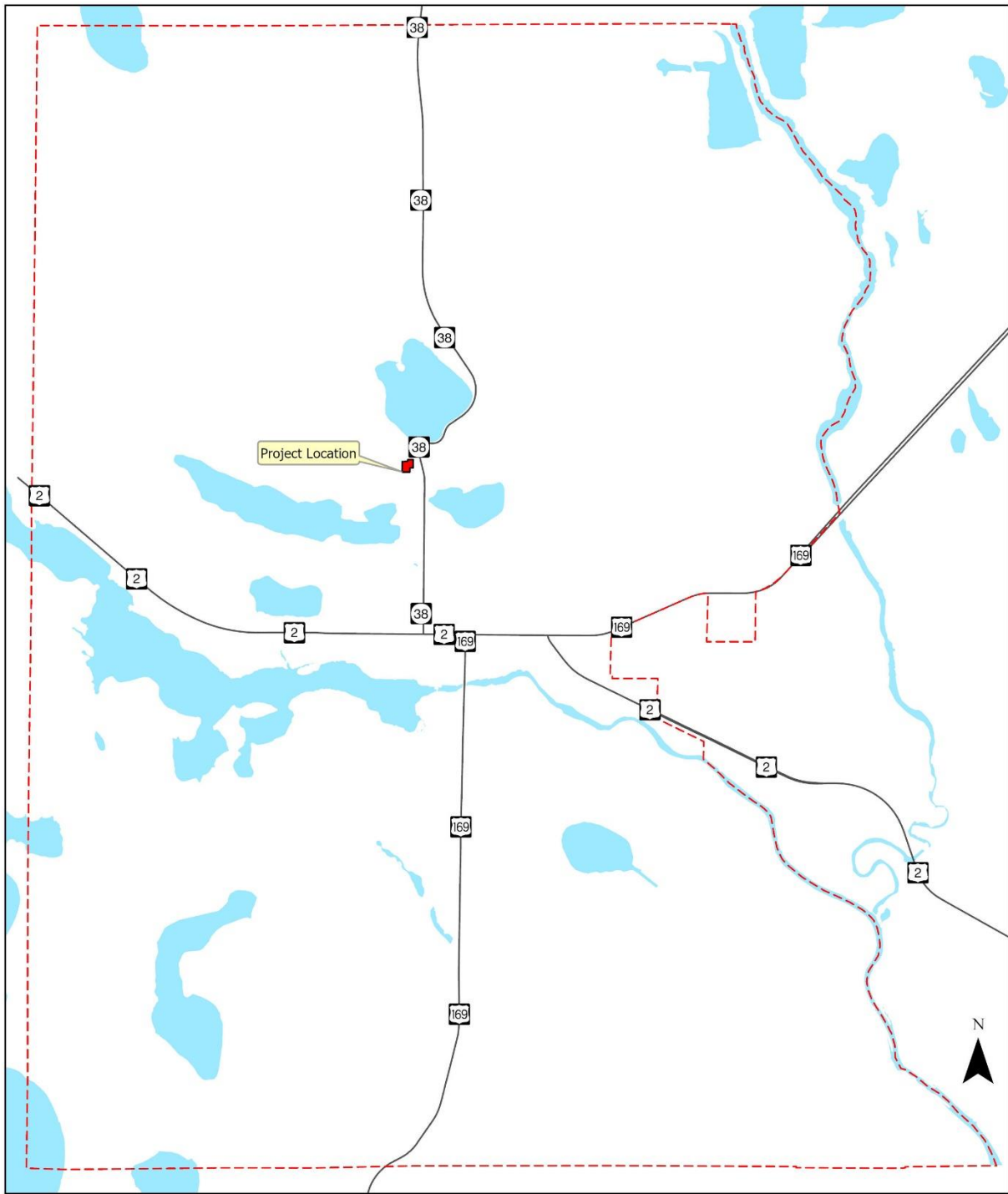







Snow Removal after EVERY snowfall

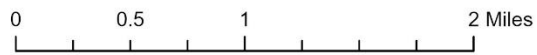


**Notice safety precautions with harnesses and ropes**









-  IRA Civic Center / Project Location
-  River
-  Grand Rapids Streets
-  Lake
-  City Limits

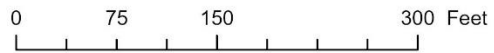






Zone

-  Shoreland One and Two-Family Residence
-  Shoreland Multi-Family Residence
-  Shoreland General Business
-  Shoreland Public Use





|                                       |                    |
|---------------------------------------|--------------------|
| IRA Civic Center                      |                    |
| Opinion of Cost                       |                    |
| Based on Low Bid Actual Cost          |                    |
| 15-Aug-22                             |                    |
|                                       |                    |
| <b>Item</b>                           | <b>Actual Cost</b> |
| Demolition                            | 274,900            |
| New Roof Truss Structure              | 4,578,000          |
| 2nd Level Lobby Renovation            | 2,144,000          |
| Equipment & Furnishings               | 525,000            |
| Ice Plant Improvements                | 2,270,571          |
| New Elevator, select ADA Improvements | 125,000            |
| Mechanical                            | 979,100            |
| Electrical                            | 910,000            |
| Professional Services                 | 2,318,684          |
| Contingency                           | 1,060,000          |
| Parking Lot Improvements              | 0                  |
| Bid Alternate 1 - Suite               | 194,665            |
| Bid Alternate 2 HVAC Upgrades         | 180,963            |
| Bid Alternate 3 Mech. Rm. Renovation  | 29,590             |
| <b>Total Project Cost</b>             | <b>15,590,473</b>  |

## WARRANTY DEED

250191

This Indenture, Made this 12th day of March, 1966, between McVeigh Dunn Post No. 60 American Legion, Department of Minnesota, a corporation under the laws of the State of Minnesota, party of the first part, and Villaze of Grand Rapids, a municipal Corporation of Grand Rapids, Minnesota, party of the second part,

WITNESSETH, That the said party of the first part, in consideration of the sum of One Dollar and other valuable considerations, to it in hand paid by the said party of the second part, the receipt whereof is hereby acknowledged, does hereby Grant, Bargain, Sell and Convey unto the said party of the second part, its successors and assigns, Forever, all the tracts or parcels of land lying and being in the County of Itasca, and State of Minnesota, described as follows, to-wit:

Lots Six (6) to Eleven (11), Inclusive, Block Two (2), Lots One (1) to Twelve (12), Inclusive, Block Three (3), and Lots One (1) to Six (6), Inclusive, Block Four (4), Chalberg Addition to Grand Rapids.

That part of the South Half of Northwest Quarter of the Southwest Quarter of the Northwest Quarter ( $S\frac{1}{2}$  NW $\frac{1}{4}$  SW $\frac{1}{4}$  NW $\frac{1}{4}$ ), Section Sixteen (16), Township Fifty-five (55) North, Range Twenty-five (25) lying West of the Highway.

The South Half of the North Half of the Southeast Quarter of the Northeast Quarter ( $S\frac{1}{2}$  of N $\frac{1}{2}$  of SE $\frac{1}{4}$  NE $\frac{1}{4}$ ), Section Seventeen (17), Township Fifty-five (55) North, Range Twenty-five (25), West of the Fourth Principal Meridian.

All that part of the South Half of the Southeast Quarter of the Northeast Quarter ( $S\frac{1}{2}$  of SE $\frac{1}{4}$  NE $\frac{1}{4}$ ), Section Seventeen (17), Township Fifty-five (55), North, Range Twenty-five (25), West of the Fourth Principal Meridian described and bounded as follows:

Beginning at the Northeast corner of said  $S\frac{1}{2}$  of SE $\frac{1}{4}$  NE $\frac{1}{4}$  Section 17-55-25, thence South on the line between Sections 16 and 17, a distance of 192.5 feet, thence West at an angle from South to West, of ninety degrees (90°), twenty-one minutes (21'), a distance of 1185.17 feet, thence North at an angle from West to North, of Eighty-nine degrees (89°), Forty-nine minutes (49'), a distance of 200.83 feet, to the North line of the  $S\frac{1}{2}$  of the SE $\frac{1}{4}$  NE $\frac{1}{4}$ , thence East on the said North line, a distance of 1183.20 feet, to the point of beginning.

Lots Two (2), Three (3), and Four (4), Section Seventeen (17), Township Fifty-five (55) North, Range Twenty-five (25), West of the Fourth Principal Meridian.

Subject to mineral reservations of record, and subject to existing leases to the following: Independent School District No. 318, Itasca Recreational Association, and Itasca Gun Club.

This conveyance is also made subject to the following conditions and restrictions, to-wit:

1. The name of the area shall remain "American Legion Memorial

*W. J. McVeigh*  
 9th day of May A.D. 1966  
 R. J. McVeigh  
 Secretary

To Have and to Hold the Same, Together with all the hereditaments and appurtenances thereunto belonging, or in anywise appertaining, to the said party of the second part, its successors and assigns, Forever. And the said McVeigh Dunn Post No. 60 American Legion, Department of Minnesota, party of the first part, for itself and its successors, does covenant with the said party of the second part, its successors and assigns, that it is well seized in fee of the lands and premises aforesaid, and has good right to sell and convey the same in manner and form aforesaid, and that the same are free from all incumbrances.

And the above bargained and granted lands and premises, in the quiet and peaceable possession of the said party of the second part, its successors and assigns, against all persons lawfully claiming or to claim the whole or any part thereof, subject to incumbrances, if any, hereinbefore mentioned, the said party of the first part will Warrant and Defend.

IN TESTIMONY WHEREOF, the said party has caused these presents to be executed in its corporate name by its Commander and its Adjutant and its corporate seal to be hereunto affixed the day and year first above written.

al  
In Presence of  
J. D. Murphy  
Lynn Query

McVeigh Dunn Post No. 60  
American Legion  
By Elmer Thielke  
Elmer Thielke  
Its Commander  
By William J. Martineau  
William J. Martineau  
Its Adjutant

STATE OF MINNESOTA )  
                                  )  
COUNTY OF ITASCA    )

On this 14th day of April, 1966, before me, a Notary Public within and for said County, personally appeared Elmer Thielke and William J. Martineau, to me personally known, who, being each by me duly sworn did say that they are respectively the Commander and the Adjutant of the corporation named in the foregoing instrument, and that the seal affixed to said instrument is the corporate seal of said corporation, and that said instrument was signed and sealed in behalf of said corporation by authority of a resolution approved by the membership of the McVeigh Dunn Post No. 60 American Legion at a regular meeting held April 5, 1966, and said Elmer Thielke and William J. Martineau acknowledged said instrument to be the free act and deed of said corporation.

J. D. Murphy  
J. D. MURPHY  
Notary Public Itasca County, Minnesota  
My commission expires August 20, 1969

| CITY OF GRAND RAPIDS   |                   |                   |                   |                   |                   |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|
| CIVIC CENTER DEPARTMENT  |                   |                   |                   |                   |                   |
| 2022 BUDGET, YEAR TO DATE, PROPOSED 2023 BUDGET, and FUTURE 2024, 2025 |                   |                   |                   |                   |                   |
|  | 2022              | ACTUAL            | PROPOSED          | FUTURE            | FUTURE            |
|  | BUDGET            | YTD               | 2023              | 2024              | 2025              |
|  | BUDGET            | 8/31/2022         | BUDGET            | BUDGET            | BUDGET            |
| <b>REVENUES:</b>   |                   |                   |                   |                   |                   |
| CHARGES FOR SERVICES   |                   |                   |                   |                   |                   |
| Open Skating   | 2,500             | 1,039             | 1,000             | 1,000             | 1,000             |
| <b>TOTAL CHARGES FOR SERVICES</b>                                      | <b>2,500</b>      | <b>1,039</b>      | <b>1,000</b>      | <b>1,000</b>      | <b>1,000</b>      |
| MISCELLANEOUS REVENUE  |                   |                   |                   |                   |                   |
| Rent-Ice-Other   | 103,813           | 65,286            | 60,000            | 60,000            | 60,000            |
| GRAHA  | 215,000           | 88,644            | 223,800           | 231,600           | 238,800           |
| ISD 318  | 177,187           | 115,544           | 179,845           | 185,240           | 190,797           |
| Rent-Summer Ice  | 62,000            | -                 | -                 | 45,000            | 50,000            |
| Rent - Dry Floor   | 5,000             | 18,248            | -                 | 9,000             | 9,000             |
| Rent - Table/Chair   | 1,000             | 3,388             | 2,000             | 2,000             | 2,000             |
| Advertising Signs  | 67,000            | 60,346            | 70,000            | 70,000            | 70,000            |
| Zamboni Advertising  | 4,000             | 3,000             | 3,000             | 3,000             | 3,000             |
| Skate Sharpening   | 1,000             | 310               | 1,000             | 1,000             | 1,000             |
| Miscellaneous  | -                 | 1,082             | -                 | -                 | -                 |
| Video Game Vending   | 500               | 765               | 600               | 600               | 600               |
| <b>TOTAL MISCELLANEOUS REVENUE</b>                                     | <b>636,500</b>    | <b>356,611</b>    | <b>540,245</b>    | <b>607,440</b>    | <b>625,197</b>    |
| <b>TOTAL REVENUES</b>  | <b>\$ 639,000</b> | <b>\$ 357,649</b> | <b>\$ 541,245</b> | <b>\$ 608,440</b> | <b>\$ 626,197</b> |
| <b>EXPENDITURES:</b>   |                   |                   |                   |                   |                   |
| Salary-Fulltime  | 105,566           | 56,553            | 79,412            | 81,596            | 84,044            |
| Salary-Fulltime/Overtime   | -                 | -                 | -                 | -                 | -                 |
| Salary-Parttime  | 91,616            | 41,277            | 66,385            | 68,211            | 70,257            |
| Salary-Parttime/Overtime   | 2,010             | 142               | 2,010             | 2,065             | 2,127             |
| Contracted Svs - Police/Alleman  | 2,010             | 591               | 20,904            | 21,479            | 22,123            |
| PERA   | 9,958             | 6,558             | 9,249             | 9,503             | 9,788             |
| FICA   | 12,350            | 5,782             | 9,164             | 9,416             | 9,698             |
| Medicare   | 2,917             | 1,361             | 2,172             | 2,232             | 2,299             |
| Health Insurance   | 29,135            | 16,828            | 28,611            | 30,042            | 31,544            |
| Life Insurance   | 39                | 97                | 39                | 39                | 39                |
| Healthcare Savings   | -                 | 1,496             | -                 | -                 | -                 |
| Reemployment Insurance   | 1,010             | -                 | 1,010             | 1,010             | 1,010             |
| Workers Compensation   | 7,277             | 3,718             | 5,755             | 5,755             | 5,755             |
| Total Personnel  | 263,888           | 134,402           | 224,711           | 231,347           | 238,684           |



| <b>CITY OF GRAND RAPIDS</b>   |                  |                   |                  |                   |                   |
|---|------------------|-------------------|------------------|-------------------|-------------------|
| <b>CIVIC CENTER DEPARTMENT</b>  |                  |                   |                  |                   |                   |
| <b>2022 BUDGET, YEAR TO DATE, PROPOSED 2023 BUDGET, and FUTURE 2024, 2025</b> |                  |                   |                  |                   |                   |
|   | 2022             | ACTUAL            | PROPOSED         | FUTURE            | FUTURE            |
|   | BUDGET           | YTD               | 2023             | 2024              | 2025              |
|   | BUDGET           | 8/31/2022         | BUDGET           | BUDGET            | BUDGET            |
| Office Supplies   | 500              | 162               | 500              | 500               | 500               |
| Copy Supplies   | -                | -                 | -                | -                 | -                 |
| Assets Between \$700 - \$4,999  | -                | 5,027             | -                | -                 | -                 |
| Inventorial Supplies  | -                | 959               | -                | -                 | -                 |
| Operating Supplies  | 8,000            | 5,876             | 5,000            | 5,000             | 5,000             |
| MUP Supplies  | -                | -                 | -                | -                 | -                 |
| Dry Floor Event Supplies  | 1,500            | 6,062             | -                | -                 | -                 |
| Motor Fuels   | 400              | 177               | 300              | 300               | 300               |
| Maintenance Tools/Sup   | 1,200            | 2,559             | 1,200            | 1,200             | 1,200             |
| Uniforms/Clothing/Safety  | 1,500            | 500               | -                | -                 | -                 |
| Concessions Supplies  | -                | -                 | -                | -                 | -                 |
| Vending Supplies  | -                | -                 | -                | -                 | -                 |
| Pro Shop Supplies   | -                | -                 | -                | -                 | -                 |
| <b>Total Supplies &amp; Materials:</b>  | <b>13,100</b>    | <b>21,322</b>     | <b>7,000</b>     | <b>7,000</b>      | <b>7,000</b>      |
| Professional Service  | -                | 138               | -                | -                 | -                 |
| Accounting/Auditing Services  | 11,700           | 1,011             | 7,000            | 7,000             | 7,000             |
| Legal   | -                | -                 | -                | -                 | -                 |
| Other Contract Services   | 5,600            | 4,611             | 5,600            | 5,600             | 5,600             |
| Facilities Maintenance Charge   | -                | -                 | -                | -                 | -                 |
| Telephone   | 5,000            | 2,777             | 4,400            | 4,400             | 4,400             |
| Postage/Freight   | -                | -                 | 100              | 100               | 100               |
| Seminar/Meetings/Schools  | 1,000            | 400               | 1,000            | 1,000             | 1,000             |
| Auto Licenses   | -                | 19                | -                | -                 | -                 |
| Publishing & Advertising  | 350              | -                 | -                | -                 | -                 |
| General Insurance   | 9,700            | 13,800            | 10,000           | 10,000            | 10,000            |
| Electricity   | 105,000          | 86,421            | 130,000          | 100,000           | 100,000           |
| Water   | 4,500            | 3,225             | 3,000            | 6,000             | 6,000             |
| Sewer   | 3,500            | 3,128             | 2,500            | 6,000             | 6,000             |
| Garbage Removal   | 7,000            | 5,380             | 3,500            | 6,000             | 6,000             |
| Heat-Natural Gas  | 35,000           | 7,768             | 20,000           | 35,000            | 35,000            |
| Maintenance Contracts   | -                | -                 | -                | -                 | -                 |
| Building Maint/Repairs  | 25,000           | 32,558            | 20,000           | 20,000            | 20,000            |
| Computer Maintenance/Repair   | 1,000            | -                 | 1,000            | 1,000             | 1,000             |
| Gen Equip Maint/Repair  | 30,000           | 19,473            | 30,000           | 30,000            | 30,000            |
| MC/VISA Bank Charges  | -                | 559               | -                | -                 | -                 |
| Dues & Subscriptions  | 1,000            | 526               | -                | -                 | -                 |
| Advertising Production  | 1,000            | 661               | 1,000            | 1,000             | 1,000             |
| Summer Ice Programming  | 3,000            | 19                | -                | 3,500             | 3,500             |
| Marketing   | 1,000            | -                 | -                | -                 | -                 |
| Copy Machine Lease  | 400              | 267               | 400              | 400               | 400               |
| Loan Repayment  | 14,583           | -                 | -                | -                 | -                 |
| Operating Transfer-Out  | -                | 24,437            | -                | -                 | -                 |
| <b>Total Other Charges &amp; Services:</b>                                    | <b>265,333</b>   | <b>207,180</b>    | <b>239,500</b>   | <b>237,000</b>    | <b>237,000</b>    |
| <b>TOTAL EXPENDITURES</b>   | <b>542,321</b>   | <b>362,904</b>    | <b>471,211</b>   | <b>475,347</b>    | <b>482,684</b>    |
| <b>Excess Revenue &gt; Expenditures:</b>                                      | <b>\$ 96,679</b> | <b>\$ (5,254)</b> | <b>\$ 70,034</b> | <b>\$ 133,093</b> | <b>\$ 143,513</b> |

APPENDIX "G"





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

## REQUEST FOR COUNCIL ACTION

**AGENDA DATE:** November 28, 2022

**AGENDA ITEM:** Consider adopting an Ordinance enacting Chapter 62, Article III of the City Municipal Code, Local Sales and Use Tax

**PREPARED BY:** Kimberly Gibeau

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### **BACKGROUND:**

On November 8, 2022 at the General Election, voters approved the referendum authorizing the City of Grand Rapids to impose a local sales and use tax. In order to move forward, the City is required to adopt an ordinance enacting the LSUT.

### **REQUESTED COUNCIL ACTION:**

Make a motion to adopt an Ordinance enacting Chapter 62, Article III, Local Sales and Use Tax and authorize it's publication in summary form.

Councilor introduced the following Ordinance and moved for its adoption:

**ORDINANCE 22-11-\_\_**

**AN ORDINANCE OF THE CITY OF GRAND RAPIDS, MINNESOTA, ENACTING CHAPTER 62, ARTICLE III OF THE CITY CODE, LOCAL SALES AND USE TAX**

**THE CITY COUNCIL OF THE CITY OF GRAND RAPIDS DOES HEREBY ORDAIN:**

**CHAPTER 62, ARTICLE III**

**LOCAL SALES AND USE TAX**

**Section 62-70. Authority.** Pursuant to Minnesota Laws 2021, First Special Session, Chapter 14, Article 8, Section 7, the Minnesota Legislature has authorized the City of Grand Rapids to impose a local sales and use tax to provide revenues to pay the costs of collecting and administering the tax to the commissioner of revenue of the state of Minnesota and to finance the capital and administrative costs related to the funding of designated projects as defined in Laws 2021, First Special Session, Chapter 14, Article 8, Section 7 and approved by the voters at the November 8, 2022 referendum.

**Section 62-71. Definitions.** For purposes of this chapter, the following words, terms, and phrases have the meanings given them in this section unless the language or context clearly indicates a different meaning is intended.

**(a) City.** “City” means the City of Grand Rapids, Minnesota.

**(b) Commissioner.** “Commissioner” means the commissioner of revenue of the state of Minnesota or a person to whom the commissioner has delegated functions.

**(c) Designated projects.** “Designated projects” means the reconstruction, remodeling, and upgrades to the Grand Rapids IRA Civic Center. Authorized costs include design, construction, reconstruction, mechanical upgrades, and engineering costs, as well as the associated bond costs for any bonds issued, as authorized by the Minnesota Legislature Laws 2021, First Special Session, Chapter 14, Article 8, Section 7 and approved by the voters at the November 8, 2022 referendum.

**(d) State sales and use tax laws and rules.** “State sales and use tax laws and rules” means those provisions of the state revenue laws applicable to state sales and use tax imposition, administration, collection, and enforcement, including Minnesota Statutes, chapters 270C, 289A, 297A, and Minnesota Rules, chapter 8130, as amended from time to time.

**Section 62-72. Local sales and use tax imposed; amount of tax; coordination with state sales and use tax laws and rules.** A local sales tax is imposed in the amount of one-half of one percent (.5% percent) on the gross receipts from sales at retail sourced within City limits which are taxable under the state sales and use tax laws and rules. A local use tax is imposed in the amount of one-half of one percent (.5% percent) on the storage, use, distribution or consumption of goods or services sourced within city limits which are taxable under the state sales and use tax laws and rules. All of the provisions of the state sales and use tax laws and rules apply to the local sales and use tax imposed by this chapter. The local sales and use tax imposed by this chapter shall be collected and remitted to the commissioner on any sale or

purchase when the state sales tax must be collected and remitted to the commissioner under the state sales and use tax laws and rules and is in addition to the state sales and use tax.

**Section 62-73. Effective date of tax; transitional sales.** Except as otherwise provided herein, the local sales and use tax imposed by this chapter shall apply to sales and purchases made on or after April 1, 2023. The local sales and use tax imposed by this chapter shall not apply to:

(a) The gross receipts from retail sales or leases of tangible personal property made pursuant to a bona fide written contract, which unconditionally vests the rights and obligations of the parties thereto, provided that such contract was enforceable prior to April 1, 2023, and that delivery of the tangible personal property subject thereto is made on or before April 1, 2023.

(b) The gross receipts from retail sales made pursuant to a bona fide lump sum or fixed price construction contract, which unconditionally vests the rights and obligations of the parties thereto and which does not make provision or allocation of future taxes, provided that such contract was enforceable prior to April 1, 2023, and that delivery of the tangible personal property used in performing such construction contract is made before September 1, 2023.

(c) The purchase of taxable services, including utility services, if the billing period includes charges for services furnished before and after April 1, 2023, but the local sales and use tax imposed by this chapter shall apply on the first billing period not including charges for services furnished before April 1, 2023.

(d) Lease payments for tangible personal property and motor vehicles that includes a period before and after April 1, 2023, but the local sales and use tax imposed by this chapter shall apply on a prorated basis to lease payment amounts attributable to that portion of the lease payment period on or after April 1, 2023 and on the entire lease payment for all lease payment periods thereafter.

**Section 62-74. Tax Clearance; Issuance of Licenses.**

(a) The City may not issue or renew a license for the conduct of a trade or business within the city if the commissioner notified the licensing division of the city that the applicant owes delinquent city taxes as provided in this chapter, or penalties or interest due on such taxes.

(1) City taxes include sales and use taxes provided in this article. Penalties and interest are penalties and interest due on taxes included in this definition.

(b) Delinquent taxes does not include a tax liability if: (i) an administrative or court action which contests the amount or validity of the liability has been filed or served, (ii) the appeal period to contest the tax liability has not expired, or (iii) the applicant has entered into a payment agreement and is current with the payments.

(c) Applicant means an individual if the license is issued to or in the name of an individual or the corporation or partnership if the license is issued to or in the name of a corporation or partnership.

(1) A copy of the notice of delinquent taxes given to the licensing division of the city shall also be sent to the applicant taxpayer. In the case of renewal of a license, if the applicant requests in writing, within 30 days of receipt of the notice of

hearing, then, a contested hearing shall be held under the same procedures as provided in Minn. Stat. 270A for the state sales and use tax imposed under Minn. Stat. 297A; provided further that if a hearing must be held on the state sales and use tax, hearings must be combined.

**Section 62-75. Deposit of revenues; costs of administration; termination of tax.**

(a) All of the revenues, interest, and penalties derived from the local sales and use tax imposed by this chapter collected by the commissioner and remitted to the city shall be deposited by the city finance director in the city treasury and shall be credited to the fund established to pay the costs of collecting the local sales and use tax imposed by this chapter and to finance the capital and administrative costs directly related to completing the designated projects.

(b) The local sales and use tax imposed by this chapter shall terminate at the earlier of: (1) Seven years after the tax is first imposed, or (2) when the city council determines that it has received from this tax \$5,980,000 to fund the Designated projects as approved by voters as required under Minnesota Statutes, section 297A.99, subdivision 3, plus an amount sufficient to pay the costs related to issuance of any bonds authorized under subdivision 3 including interest on the bonds. Any funds remaining after payment of all such costs and retirement or redemption of the bonds shall be placed in the general fund of the city, except for funds required to be retained in the state general fund under Minnesota Statutes, section 297A.99, subdivision 3. The local sales and use tax imposed by this chapter may expire at an earlier time if the City Council so determines by ordinance.

Any funds remaining after payment of all such costs and retirement or redemption of the bonds shall be placed in the general fund of the City.

**Section 62-76. Agreement with the commissioner.** The city may enter into an agreement with the commissioner regarding each party’s respective roles and responsibilities related to the imposition, administration, collection, enforcement, and termination of the local sales and use tax imposed by this chapter. Any such agreement shall not abrogate, alter, or otherwise conflict with the state sales and use tax laws and rules, this ordinance, or Minnesota Laws 2021, First Special Session, Chapter 14, Article 8, Section 7.

**Section 62-77. Summary publication.** The following summary is approved by the City Council and shall be published in lieu of publishing the entire ordinance pursuant to Minnesota Statutes section 412.191:

Pursuant to a voter-approved referendum, the city is authorized to and will impose a local sales and use tax of one-half of one percent (.5% percent) on retail sales made after April 1, 2023 to be used to fund certain designated projects related to the reconstruction, remodeling, and upgrades to the Grand Rapids IRA Civic Center. Authorized costs include design, construction, reconstruction, mechanical upgrades, and engineering costs, as well as the associated bond costs for any bonds issued, as authorized by the Minnesota Laws 2021, First Special Session, Chapter 14, Article 8, Section 7 and approved by the voters at the November 8, 2022 referendum.

**Section 62-78.** This Ordinance shall be in full force and effect from and after its passage and publication.

Passed by the City Council of the City of Grand Rapids, Minnesota, this 28<sup>th</sup> day of November, 2022.

Attest:

\_\_\_\_\_  
Dale Christy, Mayor

\_\_\_\_\_  
Kimberly Gibeau, City Clerk

Councilor \_\_\_\_\_ seconded the foregoing ordinance and the following voted in favor thereof: \_\_\_\_\_; and the following voted against the same: None, whereby the ordinance was declared duly passed and adopted.





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

# 2023

| January |      |            |      |             |           |      | February |      |      |      |           |           |           | March |      |      |      |           |           |      |
|---------|------|------------|------|-------------|-----------|------|----------|------|------|------|-----------|-----------|-----------|-------|------|------|------|-----------|-----------|------|
| Sun.    | Mon. | Tue.       | Wed. | Thur.       | Fri.      | Sat. | Sun.     | Mon. | Tue. | Wed. | Thur.     | Fri.      | Sat.      | Sun.  | Mon. | Tue. | Wed. | Thur.     | Fri.      | Sat. |
| 1       | 2    | 3          | 4    | 5           | 6         | 7    | 8        | 9    | 10   | 11   | 12        | 13        | 14        | 15    | 16   | 17   | 18   | 19        | 20        | 21   |
|         |      |            |      | <b>PC</b>   |           |      |          |      |      |      | <b>PC</b> |           |           |       |      |      |      | <b>PC</b> |           |      |
| 8       | 9    | 10         | 11   | 12          | 13        | 14   | 5        | 6    | 7    | 8    | 9         | 10        | 11        | 12    | 13   | 14   | 15   | 16        | 17        | 18   |
|         |      | <b>FRA</b> |      |             | <b>\$</b> |      |          |      |      |      |           | <b>\$</b> |           |       |      |      |      |           | <b>\$</b> |      |
| 15      | 16   | 17         | 18   | 19          | 20        | 21   | 12       | 13   | 14   | 15   | 16        | 17        | 18        | 19    | 20   | 21   | 22   | 23        | 24        | 25   |
|         |      |            |      | <b>PCAB</b> |           |      |          |      |      |      |           |           |           |       |      |      |      |           |           |      |
| 22      | 23   | 24         | 25   | 26          | 27        | 28   | 19       | 20   | 21   | 22   | 23        | 24        | 25        | 19    | 20   | 21   | 22   | 23        | 24        | 25   |
|         |      |            |      |             | <b>\$</b> |      |          |      |      |      |           |           | <b>\$</b> |       |      |      |      |           | <b>\$</b> |      |
| 29      | 30   | 31         |      |             |           |      | 26       | 27   | 28   |      |           |           |           | 26    | 27   | 28   | 29   | 30        | 31        |      |
|         |      |            |      |             |           |      |          |      |      |      |           |           |           |       |      |      |      |           |           |      |

| April |      |            |      |             |           |      | May  |      |      |      |           |           |      | June |      |      |      |       |           |           |
|-------|------|------------|------|-------------|-----------|------|------|------|------|------|-----------|-----------|------|------|------|------|------|-------|-----------|-----------|
| Sun.  | Mon. | Tue.       | Wed. | Thur.       | Fri.      | Sat. | Sun. | Mon. | Tue. | Wed. | Thur.     | Fri.      | Sat. | Sun. | Mon. | Tue. | Wed. | Thur. | Fri.      | Sat.      |
|       |      |            |      |             |           | 1    |      |      |      |      |           |           | 1    |      |      |      |      |       |           | 1         |
|       |      |            |      |             |           |      |      |      |      |      | <b>PC</b> | <b>\$</b> |      |      |      |      |      |       | <b>PC</b> | <b>\$</b> |
| 2     | 3    | 4          | 5    | 6           | 7         | 8    | 7    | 8    | 9    | 10   | 11        | 12        | 13   | 4    | 5    | 6    | 7    | 8     | 9         | 10        |
|       |      |            |      | <b>PC</b>   | <b>\$</b> |      |      |      |      |      |           |           |      |      |      |      |      |       |           |           |
| 9     | 10   | 11         | 12   | 13          | 14        | 15   | 14   | 15   | 16   | 17   | 18        | 19        | 20   | 11   | 12   | 13   | 14   | 15    | 16        | 17        |
|       |      | <b>FRA</b> |      |             | <b>\$</b> |      |      |      |      |      |           | <b>\$</b> |      |      |      |      |      |       | <b>\$</b> |           |
| 16    | 17   | 18         | 19   | 20          | 21        | 22   | 21   | 22   | 23   | 24   | 25        | 26        | 27   | 18   | 19   | 20   | 21   | 22    | 23        | 24        |
|       |      |            |      | <b>PCAB</b> | <b>\$</b> |      |      |      |      |      |           |           |      |      |      |      |      |       |           |           |
| 23    | 24   | 25         | 26   | 27          | 28        | 29   | 28   | 29   | 30   | 31   |           |           |      | 25   | 26   | 27   | 28   | 29    | 30        |           |
|       |      |            |      |             |           |      |      |      |      |      |           |           |      |      |      |      |      |       |           | <b>\$</b> |

| July |      |            |      |             |           |      | August |      |      |      |           |           |      | September |      |      |      |           |           |           |
|------|------|------------|------|-------------|-----------|------|--------|------|------|------|-----------|-----------|------|-----------|------|------|------|-----------|-----------|-----------|
| Sun. | Mon. | Tue.       | Wed. | Thur.       | Fri.      | Sat. | Sun.   | Mon. | Tue. | Wed. | Thur.     | Fri.      | Sat. | Sun.      | Mon. | Tue. | Wed. | Thur.     | Fri.      | Sat.      |
|      |      |            |      |             |           | 1    |        |      |      |      |           |           | 1    |           |      |      |      |           |           | 1         |
|      |      |            |      |             |           |      |        |      |      |      | <b>PC</b> |           |      |           |      |      |      |           |           |           |
| 2    | 3    | 4          | 5    | 6           | 7         | 8    | 6      | 7    | 8    | 9    | 10        | 11        | 12   | 3         | 4    | 5    | 6    | 7         | 8         | 9         |
|      |      |            |      | <b>PC</b>   |           |      |        |      |      |      |           | <b>\$</b> |      |           |      |      |      | <b>PC</b> | <b>\$</b> |           |
| 9    | 10   | 11         | 12   | 13          | 14        | 15   | 13     | 14   | 15   | 16   | 17        | 18        | 19   | 10        | 11   | 12   | 13   | 14        | 15        | 16        |
|      |      | <b>FRA</b> |      |             | <b>\$</b> |      |        |      |      |      |           |           |      |           |      |      |      |           |           | <b>\$</b> |
| 16   | 17   | 18         | 19   | 20          | 21        | 22   | 20     | 21   | 22   | 23   | 24        | 25        | 26   | 17        | 18   | 19   | 20   | 21        | 22        | 23        |
|      |      |            |      | <b>PCAB</b> |           |      |        |      |      |      | <b>\$</b> |           |      |           |      |      |      |           | <b>\$</b> |           |
| 23   | 24   | 25         | 26   | 27          | 28        | 29   | 27     | 28   | 29   | 30   | 31        |           |      | 24        | 25   | 26   | 27   | 28        | 29        | 30        |
|      |      |            |      |             | <b>\$</b> |      |        |      |      |      |           |           |      |           |      |      |      |           |           |           |

| October |      |            |      |             |           |      | November |      |      |      |       |           |           | December |      |      |      |           |           |      |
|---------|------|------------|------|-------------|-----------|------|----------|------|------|------|-------|-----------|-----------|----------|------|------|------|-----------|-----------|------|
| Sun.    | Mon. | Tue.       | Wed. | Thur.       | Fri.      | Sat. | Sun.     | Mon. | Tue. | Wed. | Thur. | Fri.      | Sat.      | Sun.     | Mon. | Tue. | Wed. | Thur.     | Fri.      | Sat. |
|         |      |            |      |             |           | 1    |          |      |      |      |       |           | 1         |          |      |      |      |           |           | 1    |
|         |      |            |      | <b>PC</b>   | <b>\$</b> |      |          |      |      |      |       | <b>PC</b> | <b>\$</b> |          |      |      |      |           |           |      |
| 8       | 9    | 10         | 11   | 12          | 13        | 14   | 5        | 6    | 7    | 8    | 9     | 10        | 11        | 3        | 4    | 5    | 6    | 7         | 8         | 9    |
|         |      | <b>FRA</b> |      |             | <b>\$</b> |      |          |      |      |      |       |           |           |          |      |      |      | <b>PC</b> |           |      |
| 15      | 16   | 17         | 18   | 19          | 20        | 21   | 12       | 13   | 14   | 15   | 16    | 17        | 18        | 10       | 11   | 12   | 13   | 14        | 15        | 16   |
|         |      |            |      | <b>PCAB</b> | <b>\$</b> |      |          |      |      |      |       |           |           |          |      |      |      |           | <b>\$</b> |      |
| 22      | 23   | 24         | 25   | 26          | 27        | 28   | 19       | 20   | 21   | 22   | 23    | 24        | 25        | 17       | 18   | 19   | 20   | 21        | 22        | 23   |
|         |      |            |      |             |           |      |          |      |      |      |       |           |           |          |      |      |      |           |           |      |
| 29      | 30   | 31         |      |             |           |      | 26       | 27   | 28   | 29   | 30    |           |           | 24       | 25   | 26   | 27   | 28        | 29        | 30   |
|         |      |            |      |             |           |      |          |      |      |      |       |           |           |          |      |      |      | <b>\$</b> |           |      |

- Golf Course Board - 7:30 am
- Library Board - 5 pm
- Council Worksession 4:00 pm  
City Council Mtg - 5 pm
- \$** Payroll
- Cable TV Comm. - Noon
- Arts & Culture Comm. - 3:45 pm
- PCAB** Police Advisory Board - 4:30 pm
- Holiday
- Public Util. Comm.
- Economic Devl. Authority - 4 pm
- Fire Dept. Bus. Mtg. - 7 pm
- Work Session Public Utilities
- FRA** Fire Relief Assn.
- PC** Planning Comm. - 4 pm
- Human Rights Comm. - 4:00 pm
- Flex Benefits Deadline





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

## REQUEST FOR COUNCIL ACTION

**AGENDA DATE:** November 28, 2022

**AGENDA ITEM:** Consider approval of a Lease Agreement with Rapids Brewing Company, LLC.

**PREPARED BY:** Rob Mattei, Director of Community Development

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### BACKGROUND:

Rapids Brewing Company approached the City with interest in leasing a space at the northeast corner of the public parking lot where their business is located. The proposed land lease involving a 10'x20' area described in the draft lease, would be used by Rapids Brewing and potentially other neighboring businesses for the purpose of establishing an enclosure for the relocation of trash dumpsters.

As stated by Rapids Brewing, the relocation of the dumpsters is part of an effort to make the primary façade of their business, facing west, more appealing. This relocation would also allow them to develop some additional patio space where their dumpster is currently located. This patio space would be used to provide community focused vendor markets and pop-ups as well as additional seating area.

The term of the proposed lease is for an initial term of one year. Upon the expiration of the initial term, if mutually agreed by the City and Rapids Brewing, the lease can be extended an additional 3 years. The monthly rent payment for the leased land is \$50.00, which is based upon 8% of the tax value of the land rounded up to an even total.

Rapids Brewing will be responsible for all of the cost of the permitting, construction and maintenance of the enclosure. The enclosure design will be aesthetically appealing and final approval of the design will be made by the Community Development Director.

### REQUESTED COUNCIL ACTION:

Make a motion to approve a Lease Agreement with Rapids Brewing Company, LLC.

## LEASE AGREEMENT

This Lease Agreement is made this 28th day of November, 2022, by and between the City of Grand Rapids, a Minnesota municipal corporation with its principal offices at 420 North Pokegama Avenue, Grand Rapids, Minnesota (hereinafter “City”) and Rapids Brewing Company, a Minnesota limited liability company duly organized under the laws of the State of Minnesota, with its principal office at 214 North Pokegama Avenue, Grand Rapids, Minnesota (hereinafter “Lessee”).

### RECITALS

WHEREAS, the City is a municipality and the owner of property located within the City, the legal description of which is set forth on Exhibit “A” attached hereto (the “Premises”); and

WHEREAS, Lessee is a Minnesota company that wishes to build, operate and maintain a shared garbage/dumpster enclosure (Built Improvements) on the Premises owned by City; and

WHEREAS, the Built Improvements will allow businesses nearby the Premises to make better use of their property and present a more appealing rear facing storefront by moving garbage containers to an enclosed structure that is separated from their storefronts.

NOW, THEREFORE, in consideration of the covenants, terms and conditions of this agreement the parties agree as follows:

1. **Premises:** City shall lease to Lessee the Premises described on Exhibit “A” attached hereto. The parties acknowledge and agree that Lessee intends to design, build, operate and maintain in good condition the Built Improvements pursuant to the terms of this lease. The site will only be used for purposes reasonably related to the operation of the described Built Improvements.

2. **Term:** This Lease will commence on November 1, 2022 and remain in effect through November 1, 2023 (the “initial term” of 1 year). At the expiration of the initial term of the Lease, Lessee shall have the option to enter into a new agreement leasing the Premises for 3 years upon terms and conditions mutually agreeable to both parties; provided the terms of the new agreement must be mutually agreed upon by the parties within thirty (30) days from expiration of the initial term, or this Lease shall terminate automatically without notice and Lessee’s rights and interest in the use and occupancy of the Premises shall be null and void. Upon termination or expiration of this Lease without renewal, Lessee shall remove the Built Improvements pursuant to paragraph 17 below and vacate the Premises.

3. **Rent:** The Lessee shall pay to the City rental payments, due on the 1<sup>st</sup> day of each month, in the amount of \$50.00; payments will be mailed to the City of Grand Rapids, Attn: Finance Department, 420 North Pokegama Avenue, Grand Rapids, MN 55744.

4. **Site Improvements and Construction:** Lessee shall make all necessary site improvements to the property and shall be responsible for all permitting, material and labor costs

associated with said site improvements, subject to the removal provisions of paragraph 16 below at either termination or expiration of this lease. Lessee will also be responsible for the design, permitting, material and labor costs associated with constructing said Improvements, including, but not limited to, obtaining planning board approval. Lessees shall utilize an underground location service to determine the underground infrastructure prior to any underground work performed. Lessee also further agrees that it shall not permit liens to attach or remain on upon the leased premises for labor or material furnished in connection with said construction.

The Lessee agrees that the Built Improvements including fences, landscaping, etc. be approved by the City Community Development Director and shall be done in a manner that is aesthetically appealing.

5. **Utilities:** In the event Lessee requires any additional utilities or related equipment, the installation and maintenance thereof shall be the Lessee's sole obligation, provided that such installation shall be subject to prior written consent of the City.

6. **Use of Leased Premises:** The Lessee shall use the leased premises only for the purpose of operating and maintaining a shared garbage/dumpster enclosure. Said use shall be maintained by the Lessee in a neat and clean condition.

7. **Snow/Ice Removal:** Lessee shall provide snow removal services on an as-needed basis in addition to sand and/or salt applications to ensure that the CNG station fuel island lanes are safe for passage of vehicles and drivers.

8. **Maintenance:** Lessee agrees to maintain the leased premises in good condition. Lessee shall not permit the leased premises to be overloaded, damaged, stripped, defaced, nor to suffer any waste. Lessee shall not be permitted to erect any sign on the premises.

9. **Premises Subleasing:** Lessee shall not assign or sublet the whole, or any part of, the leased premises without City's prior written consent. Notwithstanding such consent, Lessee shall remain liable to the City for the payment of rent and the full performance of the covenants and conditions of this Lease.

10. **City's Access:** The City and its authorized representatives shall have the right to enter the premises at all times for any of the following purposes:

A. To determine whether the premises are in good condition and whether the Lessee is complying with its obligations under this agreement;

B. To do any necessary emergency maintenance or to make any restoration to the premises.

11. **Compliance with Laws:** Lessee shall pay for, at its sole cost and expense, and maintain during the term, and any extension thereof, all applicable permits, licenses, approvals, tariffs, tolls and fees and shall comply with all laws, ordinances, rules, standards, orders and/or regulations of any government entity or agency in conjunction with the performance of this Lease.

The City assumes no liability or responsibility whatsoever with respect to Lessee's operations at the premises or the facility.

12. **Insurance**: Lessee shall maintain at its own cost and expenses general liability insurance required herein. All insurance coverage is subject to approval of the City 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 provisions set forth below, 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 the City 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 herein and that City is an additional insured under said policies of insurance.

13. **Indemnity**: Lessee hereby agrees to release, defend, to indemnify, and to save harmless City and its officers, agents, and employees from and against any and all loss of, or damage to, property, or injuries to, or death of, any person or persons, as well as from and against any and all claims, damages, suits, costs, expense, liability, actions or proceedings of any kind or nature whatsoever, of or by anyone whomever, in matters resulting from, or arising out of, or alleged to have resulted from or to have arisen out of, directly or indirectly, Lessee's operations or activities under or in connection with this Lease or Lessee's use and occupancy of any portion of the Premises, and including, without limiting the generality of the foregoing, acts and omissions of Lessee's officers, employees, representatives, suppliers, invitees, contractors or agents. Provided, however, Lessee shall not be liable for any loss occasioned by the negligence or willful misconduct of City, its respective officers, agents and employees. City covenants to give Lessee prompt notice of any claims. This indemnify provision shall survive the termination and/or expiration of this Lease for a period of ten (10) years.

14. **Damage and Vandalism by Third Parties**: Lessee will promptly notify the City of damage to the Built Improvements due to acts of God or vandalism by third parties. Lessee will undertake any necessary repairs or emergency work as soon as possible. Lessee will be responsible for all costs and expenses associated with any repairs or other work to restore the Built Improvements as a result of such damage to the extent not covered by insurance proceeds.

15. **Termination**: The term and this Lease shall immediately terminate without further notice upon the occurrence of any of the following events (Termination Events):

A. Lessee breaches any of its obligations under this Lease and fails to cure such breach within thirty (30) days after the City delivers written notice of such breach to Lessee, except in the case of Lessee's failure to maintain insurance as required in Section 12 hereof, termination shall be immediate upon expiration of insurance. However, if the City chooses to pay any unpaid or overdue insurance costs, Lessee shall have ten (10) business days to repay those costs and reactive this Lease.

B. Lessee commences a voluntary case under federal bankruptcy laws, or shall apply for, consent to or acquiesce in the appointment of, or taking possession by, a trustee,

receiver, custodian or similar official or agent for itself or any substantial part of its property.

C. A trustee, receiver, custodian or similar official or agent is appointed by an outside party for the Lessee or any substantial part of its property.

D. Lessee is the subject of an involuntary case brought pursuant to federal bankruptcy laws, or a petition or action seeking Lessee's reorganization, readjustment, arrangement, composition, dissolution, or other similar relief, whether under federal or state law, is brought against it and remains undismissed for a period of sixty (60) days.

E. Any purported lien or attachment against the premises or Lessee's property therein, is claimed, filed, recorded or asserted and the same is not fully released, discharged or abated within a period of ninety (90) days.

F. Lessee attempts to assign or purportedly assigns this Lease without City's written prior consent.

G. The City and/or the Grand Rapids Economic Authority have entered into an agreement involving the sale or redevelopment of the premises.

H. The City has determined it is necessary to improve the premises and that improvement requires the use of the premises.

Lessee hereby warrants that none of the foregoing termination events is occurring or has occurred as of the date of inception of this Lease. Further, Lessee shall pay City all costs and expenses incurred by City in connection with the termination of the Lease and eviction of the Lessee.

16. **Removal of Built Improvements by Lessee:** Unless otherwise agreed to by the parties in writing, upon termination or expiration of this lease, Lessee shall be obligated to remove all improvements constructed by Lessee to the leased Premises (including any and all of Lessee's merchandise, equipment, furnishings, fixtures, machinery and tools relating to said alterations and improvements from the Premises). The Premises must be restored in all material respects to its original condition as it existed upon the effective date of this Lease. Lessee shall use its best efforts to complete such removal within thirty (30) days but in no event in excess of sixty (60) days after termination or expiration of this Lease. In the event the removal causes damage to the Premises that is not repaired by Lessee, Lessee shall reimburse City for the repair and restoration by Lessee of the Premises to a condition substantially as good as the condition of the Premises prior to occupancy by Lessee

17. **Dispute Resolution:** City and Lessee agree that any and all disputes shall be resolved pursuant to the terms and conditions of this paragraph.

A. City and Lessee agree to negotiate in good faith all disputes arising from or relating to this Lease or the termination thereof between them for a period of thirty (30)

days from the date of notice before exercising their dispute resolution rights under this paragraph.

B. If the dispute cannot be settled through negotiation, the parties agree to endeavor in good faith to settle the dispute in an amicable manner by mediation before resorting to litigation.

C. If mediation is unsuccessful in resolving a dispute, the parties irrevocably submit to the jurisdiction and venue of the Itasca County District Court, Minnesota, for the resolution of such dispute.

18. **Notice:** Correspondence and/or other communications regarding this Lease shall be addressed to the following individuals, postpaid by registered or certified mail or via email, return receipt requested, to:

City:  
City of Grand Rapids  
Attn: City Administrator  
420 No. Pokegama Ave.  
Grand Rapids, MN 55744

Lessee:  
Rapids Brewing Co., LLC  
Attn: Bill Martinetto  
214 No. Pokegama Ave.  
Grand Rapids, MN 55744

19. **Entire Agreement:** This Lease agreement supersedes, terminates, and merges all prior, collateral, contemporaneous agreements, written or oral, between the parties relating to the subject matter hereof.

20. **General:**

A. No promises, agreements, representations, or warranties shall be binding upon either party unless the same is evidenced by a signed writing and made part of this Lease agreement.

B. Any consent, express or implied, by the city to any breach by Lessee of any term or condition of this Lease shall not constitute a waiver by the City of any prior or succeeding breach by Lessee of the same or any other term or condition of this Lease. Acceptance by the City of rent or other payment with knowledge of a breach or of default under any term hereof by Lessee shall not constitute a waiver by the City of such breach or default.

C. In the event any terms, covenants, conditions or provisions of this Lease shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other term, covenant, condition or provision hereof.

D. Lessee shall perform duties herein as an independent contractor. Nothing contained herein shall be considered to create the relationship of employer and employee, partnership,

joint venture or other association between the parties, except as principal and independent contractor agent.

E. If any action at law or equity is commenced concerning this Lease or to enforce its terms, the prevailing party in such matter shall be entitled to the payment of reasonable attorney's fees and costs as determined by the court, in addition to any other relief which may be awarded to that party.

**LESSOR:**  
**CITY OF GRAND RAPIDS**

**LESSEE:**  
**RAPIDS BREWING CO., LLC**

By: \_\_\_\_\_  
Its: Mayor

By: \_\_\_\_\_  
Its: Manager

By: \_\_\_\_\_  
Its: City Administrator

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

## EXHIBIT "A"

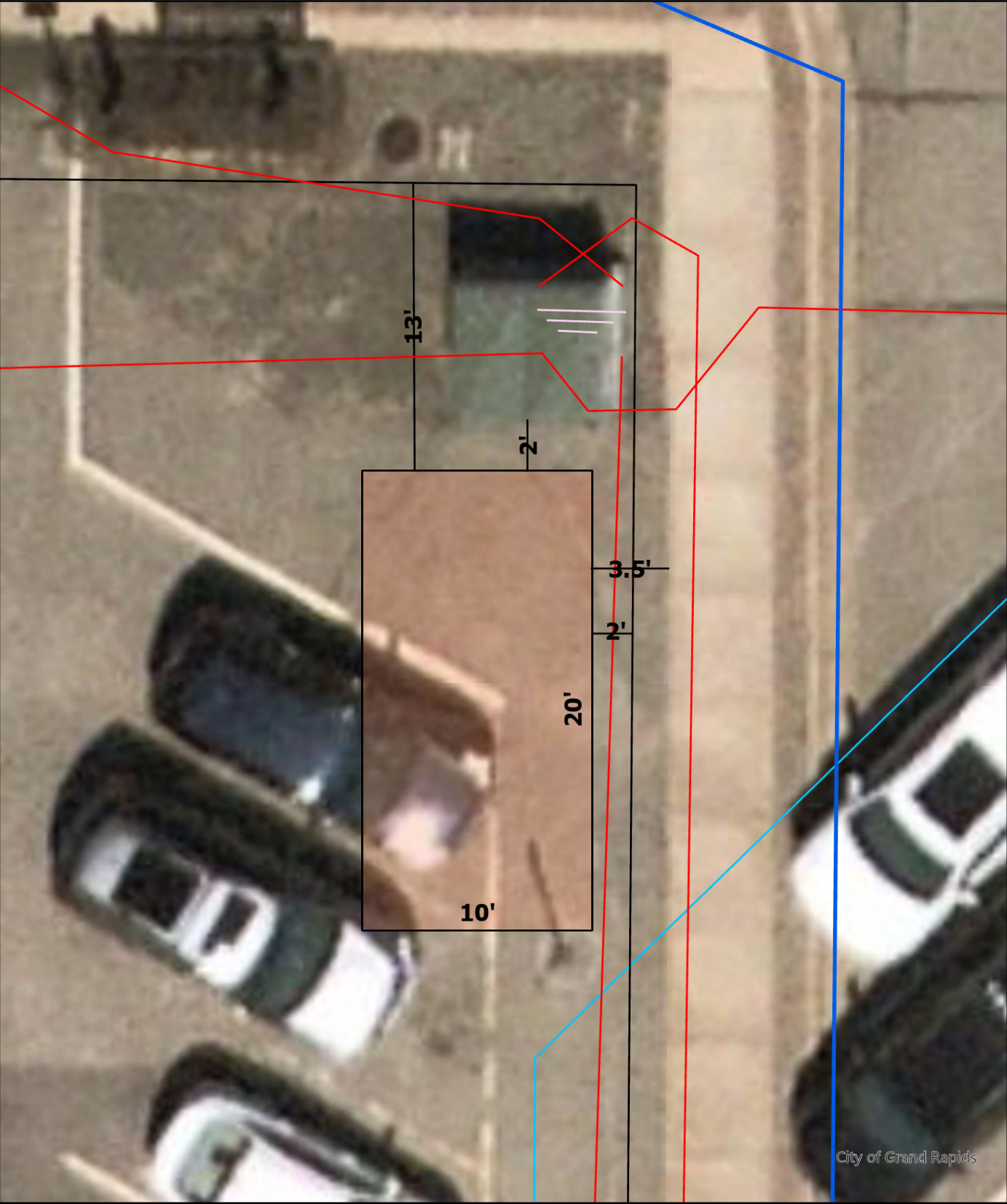
The Premises shall consist of a tract of land in Grand Rapids, Itasca County, Minnesota described as follows:

Beginning at the Northeast corner of Block 19 of the original plat of Grand Rapids, thence South, along the East line of said Block 19, a distance of 13 feet, thence West, parallel to the north line of said Block 19, a distance of 2 feet to the Point of Beginning.

From the Point of Beginning thence South, parallel to the East line of said Block 19 a distance of 20 feet, thence West, parallel to the North line of said Block 19, a distance of 10 feet, thence North, parallel to said East line of Block 19, a distanced of 20 feet, thence East a distance of 10 feet to the Point of Beginning and there terminating.



# Rapids Brewing Lease Exhibit





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

## REQUEST FOR COUNCIL ACTION

**AGENDA DATE:** November 28, 2022  
**AGENDA ITEM:** Consider purchasing 50 Club Car Golf Carts  
**PREPARED BY:** Bob Cahill

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**BACKGROUND: SEE ATTACHED.**

### REQUESTED COUNCIL ACTION:

Make a motion to approve the purchase of 50 Club Car Tempo Electric Golf Carts from Club Car for the inclusive price of \$298,150. Includes delivery to Pokegama Golf Course. Purchase is to be paid within 30 days of delivery by City of Grand Rapids. Pokegama Golf Course will fully fund the golf cart purchase as per the payment plan noted in the background information.



# Pokegama Golf Course

## City of Grand Rapids, Minnesota

### Golf car fleet proposal

November 17, 2022

GAME FOR MORE...  
*possibilities*

Our love of golf runs deep.







# Company Profile

Club Car combines a quality-driven philosophy, an innovative spirit, and a solutions-oriented approach to business. Club Car has established itself as a leading global manufacturer of vehicles that serve the golf, rough terrain, private owner, and commercial markets.

With over 60 years of experience of innovation and design in producing small-wheel vehicles, Club Car is a leading manufacturer of gas and electric golf, utility and personal transportation vehicles.

Founded in 1958, the Club Car product portfolio has grown to include much more than golf cars, now encompassing vehicles for commercial and consumer markets, built with an uncompromised desire for superior performance.

As an industry leader in electrification and sustainability, Club Car is proud to be on the forefront of environmentally responsible Zero Emission Vehicle (ZEV) technologies.



Personal Transport



Fleet Golf



Turf



Transport



Street Legal (LSV)



Utility 4x2



Mobile Merchandising



Tempo Walk



Utility 4x4



Fit-to-Task



Club Car Connect

This proposal shall expire thirty days from its date, unless Club Car, LLC. agrees to extend the time frame. In consideration of receipt of this proposal, The County Club of Buffalo agrees that it will hold its contents in confidence and will not disclose, use or copy the same in whole or in part for any purpose other than to evaluate this proposal.



PROPOSAL

# Golf Partnerships

Club Car honors the game in its service to customers and support of the golf industry



ClubProcure



### How Do These Partnerships Benefit You?

- Club Car sponsors PGA section events, educational seminars and local chapters to grow the game of golf.
- If you are a member of VGM, ask about rebates on golf car fleets.
- If you involved with US Kids, Club Car funds the coaches to educate the future of golf.



**2024 CLUB CAR TEMPO ELECTRIC GOLF CAR**

| Item               | Qty. | Description                                     | Unit Cost  | Total Cost          |
|--------------------|------|---|------------|---------------------|
|                    | 50   | • Standard equipment includes:                  | \$5,963.00 | \$298,150.00        |
| 1                  |      | Charger: HF 48-volt, 13 amp                     |            |                     |
| 2                  |      | Single point watering system for batteries      |            |                     |
| 3                  |      | Comfort grip steering wheel                     |            |                     |
| 4                  |      | Dual USB charging port                          |            |                     |
| 5                  |      | Body color – green, white, cashmere or platinum |            |                     |
| 6                  |      | Seat color – beige, white, gray or black        |            |                     |
| 7                  |      | Canopy color – beige, white or black            |            |                     |
| 8                  |      | Number decals – two per car                     |            |                     |
|                    |      | • Optional equipment:                           |            |                     |
| 9                  | 50   | • 20' DC cord from charger                      |            | Included            |
| 10                 | 50   | • Custom logo                                   |            | Included            |
| 11                 | 50   | • Bag cover – beige, green or black             |            | Included            |
| 12                 | 50   | • Sand bucket – driver side install             |            | Included            |
| 13                 | 50   | • Clear hinged windshield                       |            | Included            |
| <b>Grand Total</b> |      |   |            | <b>\$298,150.00</b> |

Prices quoted herein are projected for a future estimated date of delivery of Club Car golf and utility products. Due to current market conditions and estimated lead times, pricing and interest rates are subject to change prior to projected delivery. For a purchase or lease transaction, where trade-in vehicle values are quoted, pricing assumes trade-in of customer's current fleet in a quantity and in condition to be agreed upon by Club Car. In the event customer's current fleet is not available for trade-in at the time of delivery, Club Car reserves the right to adjust pricing accordingly, and Customer agrees to be responsible for any price increases. Customer is to submit required credit information for credit approval. Any applicable State or Local Taxes or any additional fees associated with documentation are not included.



The contents of this proposal constitute the entire agreement between Club Car and City of Grand Rapids/Pokegama Golf Course. Finance options and associated lease contracts are provided by Club Car Financial Services. For acceptance of this proposal, please sign below:

City of Grand Rapids/Pokegama Golf Course

Club Car

Signature:

Signature: *[Handwritten Signature]*

Title:

Title: Golf Territory Manager

Date:

Date: 11/17/2022

©2022 Club Car, LLC. Club Car believes the information and specifications in this piece of literature were correct at the time of printing. Specifications, standard features, options, fabrics and colors are subject to change without notice. Some features may be unavailable when your vehicle is built. Some vehicles are pictured with options that may be available at extra cost or may not be available on some models. Ask your dealer about the availability of options and verify that the vehicle you ordered includes the equipment you ordered. There are no warranties, expressed or implied, contained herein. See the Limited Warranty in the owner's manual or write to: Club Car, PO Box 204658, Augusta, GA 30917. The company reserves the right to make design changes without obligation to make these changes on previously sold units or systems. These vehicles are designed and manufactured for off-road use only. They do not conform to Federal Motor Vehicle Safety Standards for automobiles or to FMVSS 500 for low-speed vehicles, and are not equipped for operation on public streets, roads or highways.



## **CLUB CAR® LIMITED WARRANTY FOR TEMPO GOLF VEHICLES**

**WARRANTY:** CLUB CAR, LLC (“CLUB CAR”) hereby warrants to the Original Purchaser or Lessee, as those terms are defined herein, and subject to the provisions, limitations and exclusions in this limited warranty, that its new vehicle or new component purchased from CLUB CAR or an Authorized Dealer or Distributor shall be free from defects in material and workmanship under normal use and service for the periods stated below, subject to the provisions, limitations and exclusions in this limited warranty.

This limited warranty covers material, workmanship and repair labor cost as to those items specifically listed below for the periods specified. Such repair labor shall be performed only by CLUB CAR, its Authorized Dealers or Distributors, or a service agency approved by CLUB CAR. For repairs made by qualified technicians other than CLUB CAR’s factory technicians or an Authorized Dealer or Distributor, CLUB CAR will provide only the replacement parts or components.

IF THE WARRANTY REGISTRATION FORM IS NOT COMPLETED AND RETURNED TO CLUB CAR AT THE TIME OF THE ORIGINAL RETAIL SALE, PURCHASER MUST PROVIDE PROOF OF DATE OF PURCHASE WITH ANY WARRANTY CLAIM.

|   | <b>TEMPO GOLF</b>       |
|---|-------------------------|
| <b>VEHICLE MAIN FRAME</b>   | <b>LIMITED LIFETIME</b> |
| <b>GASOLINE POWERTRAIN:</b> Engine, transaxle, torque converter (drive and driven).   | 5                       |
| <b>SUSPENSION:</b> Steering gearbox, steering column, shocks, and leaf springs.   | 4                       |
| <b>MAJOR ELECTRONICS:</b> Solid state speed controller and battery charger.   | 4                       |
| <b>BATTERY: DEEP CYCLE:</b> 25,000 amp hours as recorded by the controller, or four years, whichever occurs first, for vehicles properly maintained using an authorized deionizer system. Otherwise, 20,000 amp hours or four years, whichever occurs first. <b>Li-ion:</b> 5 years | 4 FLA / 5 Li-ion        |
| <b>PEDAL GROUP:</b> Pedal group mechanical assembly, brake cluster assemblies, and brake cables.  | 4                       |
| <b>SEATS:</b> Seat bottom, seat back, and armrests.   | 4                       |
| <b>CANOPY SYSTEM:</b> Canopy, rear canopy supports, drainage system and Structural Accessory Module (SAM).  | 4                       |
| <b>ELECTRIC POWERTRAIN:</b> Electric motor, transaxle and MCOR.   | 3                       |
| <b>GASOLINE SYSTEMS:</b> Air intake system, exhaust system, and starter generator.  | 3                       |
| <b>BODY GROUP:</b> Beauty panels, and front and rear underbody.   | 3                       |
| <b>ALL REMAINING COMPONENTS:</b> Solenoid, GCOR, limit switches, voltage regulator, F&R switch, and options and accessories supplied by CLUB CAR, including components not specified otherwise.   | 2                       |

**EXCLUSIONS:** Excluded from any CLUB CAR warranty is damage to a vehicle or component resulting from a cause other than a defect including poor maintenance, neglect, abuse, accident and collision, maintenance adjustments, unreasonable or unintended strain or use, improper installation of accessories (such as connecting any accessories to less than the full pack of batteries), installation of parts or accessories that are not original equipment including non-approved GPS systems, non-approved alteration and acts of God. Also excluded from any CLUB CAR warranty are all fuses, filters, decals (except safety decals), lubricants, routine wear items such as the charger plug and receptacle, engine mounts, mats, pads, spark plugs, light bulbs, brake shoes, belts, brushes, bushings, drive buttons, cosmetic deterioration, and items that deteriorate, fade or fail due to exposure or ordinary wear and tear.





The provisions of this limited warranty shall not apply to failure due to the following conditions:

1. Batteries

- 1.1 Improper charging of a vehicle due to the use of a battery charger model not approved by Club Car for use with the vehicle.
  - 1.2 Use of water in batteries, including tap water that contains impurities. Distilled water or a properly maintained, Club Car approved battery water deionizer and filter system should be used to ensure water quality.
  - 1.3 Abuse such as overcharging, undercharging, improper fluid levels, loose wiring and fasteners, or rusted or corroded hardware.
  - 1.4 Use of energy management systems that do not allow a minimum of 12 hours of charge time to assure proper charging.
  - 1.5 Use of any accessories that do not draw power off the complete 48V pack.
  - 1.6 Neglect, breakage, freezing, fire, explosion, wreckage, melted terminal posts, the addition of any chemical, or the operation of the battery in an uncharged condition (below half charge 1.200 specific gravity); the installation of the batteries in reverse or recharging in reverse, breakage of containers, covers, or terminal post, or batteries used in applications for which they were not designed.
  - 1.7. A battery damaged by a defective charger or batteries in vehicles that do not receive proper charging.
  - 1.8. A vehicle not having an operational charger on a circuit that has the parameters specified in the vehicle owner's manual (the number of operational chargers must equal the number of operational vehicles), or use of an unapproved algorithm.
2. Lack of proper maintenance such as preventive maintenance checks, proper rotation of vehicles in a fleet application, maintaining proper tire pressure and alignment and tightening loose wire connections as outlined in the owner's manual.
  3. Damages caused by improper installation of the component.
  4. Failed semiconductor parts such diodes and fuses that are vulnerable to electrical overloads (including lightning) beyond the control of CLUB CAR.
  5. Damaged charger AC and DC cord set with plug, which is a wear item and subject to user abuse.
  6. Use of gasoline containing more than 10% ethanol. Transportation expenses for warranty services are also excluded from this warranty.

Without limiting the generality of the foregoing in any way, and as part of its limited warranty exclusion, CLUB CAR does not warrant that its vehicle or components such as batteries, computer, controller or electrical device are suitable for use in any application other than in its products. As in the use of any vehicle, batteries, computer, controller or electrical device, a prudent owner will read and study the owner's manual, the operator instructions and the warning labels; and will exercise due care in working on or around vehicles, batteries or electrical devices.

Transportation expenses for warranty services are also excluded from this warranty.

**VOIDING OF WARRANTY:** THIS AND ANY OTHER WARRANTY SHALL BE VOID IF THE VEHICLE OR COMPONENT IS ABUSED OR USED IN AN UNINTENDED MANNER OR SHOWS INDICATIONS THAT IT HAS BEEN ALTERED IN ANY WAY, INCLUDING, BUT NOT LIMITED TO, MODIFICATION OF THE SPEED GOVERNOR, BRAKING SYSTEM, STEERING, TRANSAXLE, OR OTHER OPERATING SYSTEMS OF THE CAR TO CAUSE IT TO PERFORM OUTSIDE CLUB CAR SPECIFICATIONS. THE WARRANTY IS LIKEWISE VOID IF THE VEHICLE SHOWS INDICATIONS THAT REASONABLE OR NECESSARY MAINTENANCE AS OUTLINED IN THE OWNER'S MANUAL AND MAINTENANCE AND SERVICE MANUAL WAS NOT PERFORMED AT THE TIME AND IN THE MANNER SPECIFIED IN SUCH MANUALS.



**SOLE REMEDY:** CLUB CAR's liability under this limited warranty or in any action whether based upon warranty, contract, negligence, strict product liability or otherwise, shall be the repair or replacement, at CLUB CAR's option, of the vehicle or component thereof that CLUB CAR deems to be defective. Replacement shall mean furnishing, during the applicable limited warranty period, a new vehicle or factory-reconditioned vehicle or component thereof that is identical or reasonably equivalent to the warranted product or component at no cost to the purchaser. Repair shall mean remedying a defect in the vehicle or component thereof at no cost to the purchaser during the applicable limited warranty period. CLUB CAR reserves the right to test and recharge any component returned for adjustment. If CLUB CAR elects to repair the vehicle or component, it may provide factory-reconditioned parts or components. All parts and components replaced under warranty shall become the property of CLUB CAR.

**DISCLAIMER:** THIS LIMITED WARRANTY IS EXCLUSIVE. CLUB CAR MAKES NO OTHER WARRANTY OF ANY KIND, EXPRESSED OR IMPLIED. ANY IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE ARE HEREBY DISCLAIMED BY CLUB CAR AND EXCLUDED FROM THIS WARRANTY. THE PURCHASER AND CLUB CAR EXPRESSLY AGREE THAT THE SOLE REMEDY OF THE REPLACEMENT OR REPAIR OF THE DEFECTIVE VEHICLE OR COMPONENT THEREOF IS THE SOLE REMEDY OF THE PURCHASER. CLUB CAR MAKES NO OTHER REPRESENTATION OR WARRANTY OF ANY KIND, AND NO REPRESENTATIVE, EMPLOYEE, DISTRIBUTOR OR DEALER OF CLUB CAR HAS THE AUTHORITY TO MAKE OR IMPLY ANY REPRESENTATION, PROMISE OR AGREEMENT, WHICH IN ANY WAY VARIES THE TERMS OF THIS WARRANTY.

In the event that another pre-printed warranty document, certificate or both offered by or through Club Car at the time of sale of this vehicle (each an "Additional Warranty Document") is deemed to conflict with the limitations or exclusions contained herein, the limitations and exclusions contained herein shall continue to apply to both this limited warranty statement and, to the maximum extent permitted by law, to each Additional Warranty Document.

**NO CONSEQUENTIAL DAMAGES:** IN NO EVENT SHALL CLUB CAR BE LIABLE FOR ANY INCIDENTAL OR CONSEQUENTIAL DAMAGES INCLUDING, BUT NOT LIMITED TO, LOSS RELATED TO PROPERTY OTHER THAN THE VEHICLE, LOSS OF USE, LOSS OF TIME, INCONVENIENCE, OR ANY OTHER ECONOMIC LOSS.

Some states allow neither limitation on the duration of an implied warranty nor exclusions or limitation of incidental or consequential damages. Therefore, the above limitations or exclusions may not apply to you. This warranty gives you specific legal rights, and you may also have other rights, which vary from state to state.

**HOW TO MAKE A WARRANTY CLAIM:** To make a warranty claim under this limited warranty, you must present the vehicle or defective component with evidence of proof of purchase date and number of amp hours (if applicable) to an authorized CLUB CAR dealer.

For warranty-related communication, contact Warranty Services, Club Car, 4125 Washington Rd., Evans, GA 30809, USA, 706.863.3000.

**WARNING:** Any modification or change to the vehicle that affects the electrical system, stability or handling of the vehicle, or increases maximum vehicle speed beyond factory specifications, could result in severe personal injury or death.

November 28, 2022

RCA Club Cart Purchase

Background Information

Tom Pagel, Barb Baird, Laura Pfeifer, and Bob Cahill met November 14, 2022 to discuss the purchase of the 50 Club Car Carts.

The golf course has historically had a Golf Cart Fleet of 50 Carts. Our current fleet consists of:

2011 Club Car Electric Cars quantity of 25

2016 Club Car Electric Cars quantity of 25

We plan to add 5 carts to our fleet by keeping 5 of the 2016 model carts.

Our five year CIP plan included the purchase of 25 new carts in 2023. However, with the value of used carts at an all time high it has been discussed and approved by our golf board, Tom Pagel, and Barb Baird to purchase 50 carts at this time and to sell the current fleet at a price that is significantly greater than the trade-in value offered by Club Car.

Our due diligence on the value of our golf carts leads us to believe we can expect to realize an additional \$ 40,000 above the trade-in value by selling our fleet to a golf cart broker.

Additionally, it was recommended by Barb Baird and Tom Pagel, at our meeting that we (the golf course) consider maintaining a consistently newer fleet of carts that will realize a greater resale value when purchasing new carts.

The plan we would like the council to consider:

The City purchases 50 carts in the amount of \$298,150 upon receipt of the carts approximately April 1 2024.

The golf course will sell all 25 of the 2011 carts and 20 of the 2016 carts to a broker for approximately \$110,000. This will go back to the city and leave a balance due to the city of approximately \$190,000

The golf course will pay the city back as follows:

2024 \$38,000 at the time of purchase

2025 \$38,000 at 2.5 % interest

2026 \$38,000 at 2.5 % interest

2027 \$38,000 at 2.5% interest

2028 \$38,000 at 2.5 % interest



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

## REQUEST FOR COUNCIL ACTION

**AGENDA DATE:** November 28, 2022

**AGENDA ITEM:** Consider adopting a resolution accepting a donation of \$200.00 from MN State Patrol Troopers Association and a donation of \$100 from the McNichols family toward Grand Rapids Police Shop with a Hero Program

**PREPARED BY:** Captain Andy Morgan

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### **BACKGROUND:**

In the past, Captain Morgan has approached the community organizations and groups in search of donations for the Shop with a Hero. The above donations were provided without solicitation but rather the groups' gracious commitment to this wonderful community event.

Area emergency service providers and Wal-Mart will host the Shop With a Hero event on December 11, 2012. The event provides area youth an opportunity to purchase \$100 worth of Wal-Mart merchandise to be given as holiday gifts to their family members. Youth are selected by organizers with the assistance of Area School Professionals, Itasca County Health and Human Services, Ross Resources, Children's Mental Health and Kootasca. Participating youth are then paired with a member of emergency services and local military staff - a "Hero," and are given a \$100 Wal-Mart gift card and calculator. Heroes then assist youth in shopping for holiday gifts for their family. Upon purchase, volunteers will gift-wrap all presents. Following a surprise visit from Santa Claus, the youth receive a wrapped Christmas present of their own.

The 2012 Shop With a Cop involved 20 area youth and has considerably grown to 30 youth in this year's event.

### **REQUESTED COUNCIL ACTION:**

Make a motion adopting a resolution accepting a donation of \$200.00 from MN State Patrol Troopers Association and a donation of \$100 from the McNichols family toward Grand Rapids Police Shop with a Hero Program.

# SHOP WITH A HERO 2022

**When:** December 11, 2022

**Time:** 9:00 am

**Where:** Walmart - 100 SE 29th St. Grand Rapids MN, 55744

## *WHAT IS SHOP WITH A HERO?*

*Shop With A Hero started in 2012. This year it is our goal to help 25 children purchase gifts for their family for Christmas. Each child will be paired with a local Hero from the Police, EMS, Fire Department or local military. Children are selected from Itasca County and the Hill City area. We are currently looking for sponsors and volunteers to help wrap presents the day of the event.*

### **Sponsorship Information:**

\$100 per child

### **Volunteer Information:**

Duties include wrapping gifts and help with clean up



### **Shop With A Hero Sponsors:**

Grand Rapids Fire Department ~ Greenway Lions Club ~ Cohasset Fire ~ Cap Baker Lions Club ~ Meds-1 ~ Hill City Fire Department  
Trout Lake Fire Department ~ Itasca County Yellow Ribbon ~ The Eagles ~ Northern Lakes Dental ~ The Grand Rapids Rotary Club  
Hill City Lions Club ~ Kiwanis ~ The Moose ~ Deer River Lions Club ~ Rowe Funeral Home ~ McNichols Family ~ Big Fork Lions  
UPM Blandin ~ Philip Windorski Jr. Memorial ~ Big Fork Lions ~ Big Fork Fire Department ~ Lodge #24 FOP Auxiliary

Council member introduced the following resolution and moved for its adoption:

RESOLUTION NO. 22-

A RESOLUTION ACCEPTING A \$100.00 DONATION FROM KEVIN MCNICHOLS and A \$100 DONATION FROM MN STATE PATROL TROOPERS ASSOCIATION FOR THE GRAND RAPIDS' POLICE DEPARTMENT ANNUAL SHOP WITH A HERO EVENT TO BE HELD ON DECEMBER 11, 2022

WHEREAS, Minnesota State Statutes 465.03, states that cities may accept gifts of real or personal property, including money, and use them in accordance with the terms the donor prescribes; and

WHEREAS, every such acceptance shall be by resolution of the governing body adopted by two-thirds majority of its members,

NOW THEREFORE, BE IT RESOLVED, the City Council of the City of Grand Rapids, Itasca County, Minnesota, accepts the listed donation and terms of the donor as follows:

- Kevin McNichols has donated \$100 and MN State Patrol Troopers Association has donated \$100 to the Grand Rapids Police Department for the Annual Shop with a Hero Event to be held December 11, 2022.

Adopted this 14<sup>th</sup> day of November, 2022

---

Dale Christy, Mayor

Attest:

---

Kimberly Gibeau, City Clerk

Councilmember seconded the foregoing resolution and the following voted in favor thereof: ; and the following voted against same: None, whereby the resolution was declared duly passed and adopted.





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

## REQUEST FOR COUNCIL ACTION

- AGENDA DATE:** November 28, 2022
- AGENDA ITEM:** Conduct a Public Hearing to consider the adoption of an Ordinance amending and updating several sections of Article VI Zoning within Chapter 30 Land Development Regulations.
- PREPARED BY:** Eric Trast, Community Development Department
- 

### BACKGROUND:

Over the past year, staff has again accumulated a short list of sections within Article VI (Zoning) of Chapter 30 (Land Development) of the Municipal Code in need of review and potential updating. The identified sections, proposed for review, generally fell into a category of new language or text being added to a section, and two sections having corrections/errors in need of updating.

On September 1, 2022, the Planning Commission formally initiated this review process, and authorized staff to prepare amendments, based on staffs overview of the areas of the Zoning Ordinance identified for updating, with the intention of returning to the Planning Commission for further review and a recommendation to the City Council.

The draft amendments to the Zoning Ordinance are summarized below, within the identified sections (and are attached individually as Exhibits (deleted language Blue / new text Red):

1. **Section 30-512 Table-1. Table of permitted uses.** (Exhibit 1, Page 1)  
 (Section is a list of uses permitted by right (permitted uses), uses permitted with restrictions, and conditional uses, within the various zoning districts)
  - Section 30-532(1) *Uses permitted by conditional use permit (CUP)*. Manufactured home parks as permitted with a CUP in the following zoning districts: R-2, SR-2, R-3, SR-3, R-4, SR-4, LB (Limited Business), SLB, MU (Mixed Use) and SMU.

Currently Sect. 30-512 Table-1 lists the Manufactured home park use through an approved CUP under the R-2, SR-2, R-3, SR-3 districts on the table.

\*Proposed Amendment- Table 1 to match Section 30-532(1) by adding the R-4, SR-4, LB (Limited Business), SLB, MU (Mixed Use) and SMU zoning districts. *This*

*correction was the result of an oversight during the 2005-07 Zoning Ordinance Update Project.*

2. **Section 30-512. Table of permitted uses.** (Exhibit 1, Page 4)  
(Section is a list of uses permitted by right (permitted uses), uses permitted with restrictions, and conditional uses, within the various zoning districts)

- Add “grocery store” use as a use permitted within the CBD (Central Business District). Currently, this use is permitted within the GB (General Business) zoning district only.

\* Proposed amendment would allow for a grocery/Co-op store use to locate within the downtown area, closer to residents in the CBD, as well as providing an option for a grocery store use, within walkable distance of neighborhoods adjacent to the CBD area.

3. **Section 30-512 Table-1. Table of permitted uses.** (Exhibit 2)

- Sect. 30-512 Table-1 lists Telecommunication Towers as a use, through an approved CUP, under the RC/SRC (Recreational Commercial), I-1/SI-1 & I-2/SI-2 (Industrial Park) and the AG (Agricultural) zoning districts.

Currently Sect. 30-952(e)1. development of towers/approval standards (within Division 15 Telecommunication Towers and Facilities) lists the use as approved through a CUP under the RC/SRC, I-1/SI-1 & I-2/SI-2 and the AP (Airport) districts not within the AG district.

\*Proposed Amendment- Section 30-952(e)1. Changed to match Table-1 Permitted Uses by adding CUP requirement under the AG zoning district to this section and removing the AP district. This correction was also the result of an oversight during the 2005-07 Zoning Ordinance Update Project. *Any airport related communication infrastructure or equipment, existing or proposed, would not be impacted by this amendment.*

At their meeting on November 3, 2022, the Planning Commission reviewed the amendments and forwarded a favorable recommendation to the City Council regarding the draft text amendments. The proposed amendments are depicted in Exhibits 1 and 2 attached to this RCA, and are incorporated into the draft Ordinance being considered following the public hearing, which also includes the Planning Commission’s findings of fact.

### **REQUESTED COUNCIL ACTION:**

Make a motion to Conduct a Public Hearing to consider the adoption of an Ordinance amending and updating several sections of Article VI Zoning within Chapter 30 Land Development Regulations.



# EXHIBIT 1

Item 16.

**TABLE 1 - PERMITTED USES**

| RR/<br>SRR   | R-1/<br>R-1a<br>SR-1/<br>SR-1a | R-2/<br>SR-2 | R-3/<br>SR-3 | R-4/<br>SR-4 | LB/<br>SLB | GB/<br>SGB | CBD | MU/<br>SMU | M/<br>SM | RC/<br>SRC | BP/<br>SBP | I-1/<br>SI-1 | I-2/<br>SI-2 | CD | PU/<br>SPU | AG | AP | LISTING OF USES IN<br>ZONING DISTRICTS |
|--|--------------------------------|--------------|--------------|--------------|------------|------------|-----|------------|----------|------------|------------|--------------|--------------|----|------------|----|----|--|
| <b>RESIDENTIAL</b>   |                                |              |              |              |            |            |     |            |          |            |            |              |              |    |            |    |    |  |
| P  | P                              | P            | P            | P            | P          |            |     |            |          |            |            |              |              |    |            | P  |    | single-family detached                 |
|  |                                | P            | P            | P            | P          |            |     |            |          |            |            |              |              |    |            | P  |    | twin home attached                     |
|  |                                | P            | P            | P            | P          |            |     | P          |          |            |            |              |              |    |            |    |    | two-family attached                    |
|  |                                |              |              |              |            |            |     |            |          |            |            |              |              |    |            | R  |    | manufactured home < 24'<br>wide        |
|  |                                |              |              |              | P          | P          | R   |            |          |            |            |              |              |    |            | P  |    | accessory apartments                   |
| P  | P                              | P            |              |              |            |            |     |            |          |            |            |              |              |    |            |    |    | rooming house<br>6 or fewer roomers    |
|  |                                |              | P            | P            | P          |            |     |            |          |            |            |              |              |    |            |    |    | rooming house<br>7 or more roomers     |
|  |                                | R            | R            | R            | P          | P          | P   |            |          |            |            |              |              |    |            | P  |    | bed and breakfast<br>accommodations    |
|  |                                |              | P            | P            | P          | P          | R   | P          |          |            |            |              |              |    |            |    |    | multifamily                            |
|  |                                | CUP          | CUP          | CUP          | CUP        |            |     | CUP        |          |            |            |              |              |    |            |    |    | manufactured home park                 |
|  |                                |              | P            |              | P          |            | P   | P          | P        |            |            |              |              |    |            |    |    | congregate housing                     |
|  | R                              | R            | R            | R            | R          | R          | R   | R          |          |            |            |              |              |    | R          | R  |    | emergency housing facility             |
| <b>SENIOR HOUSING WITH SERVICES</b>                                |                                |              |              |              |            |            |     |            |          |            |            |              |              |    |            |    |    |  |
| R  | R                              | R            | P            | P            | P          |            |     |            | P        |            |            |              |              |    |            |    |    | 6 or fewer persons                     |
| R  | R                              | R            | P            | P            | P          |            |     |            | P        |            |            |              |              |    |            |    |    | 7 to 8 persons                         |
| R  | R                              | R            | P            | P            | P          |            |     |            | P        |            |            |              |              |    |            |    |    | 9 to 16 persons                        |
|  |                                |              | P            | P            | P          |            |     |            |          |            |            |              |              |    |            |    |    | 17 or more persons                     |
| <b>GROUP HOMES, FOSTER HOMES AND RESIDENTIAL TREATMENT CENTERS</b> |                                |              |              |              |            |            |     |            |          |            |            |              |              |    |            |    |    |  |
| R  | R                              | R            | R            | R            | R          |            |     |            |          |            |            |              |              |    |            | R  |    | 6 or fewer persons                     |
|  |                                |              | P            | P            | P          |            |     |            |          |            |            | P            |              |    |            | P  |    | 7 to 16 persons                        |
|  |                                |              |              | P            | P          |            | P   | P          | P        |            |            | P            |              |    |            |    |    | 17 or more persons                     |

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LAND DEVELOPMENT REGULATIONS

§ 30-512

| <i>RR/<br/>SRR</i>                               | <i>R-1/<br/>R-1a<br/>SR-1/<br/>SR-1a</i> | <i>R-2/<br/>SR-2</i> | <i>R-3/<br/>SR-3</i> | <i>R-4/<br/>SR-4</i> | <i>LB/<br/>SLB</i> | <i>GB/<br/>SGB</i> | <i>CBD</i> | <i>MU/<br/>SMU</i> | <i>M/<br/>SM</i> | <i>RC/<br/>SRC</i> | <i>BP/<br/>SBP</i> | <i>I-1/<br/>SI-1</i> | <i>I-2/<br/>SI-2</i> | <i>CD</i> | <i>PU/<br/>SPU</i> | <i>AG</i> | <i>AP</i> | <i>LISTING OF USES IN<br/>ZONING DISTRICTS</i> |
|--|--|----------------------|----------------------|----------------------|--------------------|--------------------|------------|--------------------|------------------|--------------------|--------------------|----------------------|----------------------|-----------|--------------------|-----------|-----------|--|
| <b>DAY CARE/NURSERY</b>                          |  |                      |                      |                      |                    |                    |            |                    |                  |                    |                    |                      |                      |           |                    |           |           |  |
| P  | P  | P                    | P                    | P                    | P                  | P                  | P          | P                  | R                |                    | P                  | R                    | R                    |           | P                  | P         | P         | 14 or fewer persons                            |
| R  | R  | R                    | R                    | R                    | P                  | P                  | P          | P                  | R                |                    | P                  | R                    | R                    |           | P                  | P         | P         | 15 or more persons                             |
| <b>MISCELLANEOUS<br/>RESIDENTIAL USES</b>        |  |                      |                      |                      |                    |                    |            |                    |                  |                    |                    |                      |                      |           |                    |           |           |  |
| P  | P  | P                    | P                    | P                    | P                  | P                  | P          | P                  | P                | P                  | P                  | P                    | P                    | P         | P                  | P         | P         | accessory buildings                            |
| R  | R  | R                    | R                    | R                    | R                  |                    |            |                    |                  |                    |                    |                      |                      |           |                    | R         |           | garage/yard sales                              |
| R  | R  | R                    | R                    | R                    | R                  | R                  | R          | R                  | R                | R                  | R                  | R                    | R                    | R         | R                  | R         | R         | essential services                             |
| R  | R  | R                    | R                    | R                    | R                  | R                  |            |                    |                  | R                  |                    |                      |                      |           |                    | P         |           | outdoor storage                                |
| R  | R  | R                    | R                    | R                    | R                  |                    |            |                    |                  |                    |                    |                      |                      |           |                    | P         |           | private recreation                             |
| R  | R  | R                    | R                    | R                    |                    |                    |            |                    |                  |                    |                    |                      |                      |           |                    | P         |           | woodpiles                                      |
| R  | R  | R                    | R                    | R                    | R                  | R                  | R          | R                  | R                | R                  | R                  | R                    | R                    | R         | R                  | R         | R         | temporary buildings                            |
| R  | R  | R                    | R                    | R                    | R                  | R                  | R          | R                  | R                | R                  | R                  | R                    | R                    | R         | R                  | P         | P         | satellite dish/solar collectors                |
| R  | R  | R                    | R                    | R                    |                    |                    |            |                    |                  |                    |                    |                      |                      |           |                    | R         |           | home occupations                               |
| <b>COMMERCIAL</b>                                |  |                      |                      |                      |                    |                    |            |                    |                  |                    |                    |                      |                      |           |                    |           |           |  |
|  |  |                      |                      |                      |                    |                    |            |                    |                  |                    |                    |                      |                      |           |                    |           | P         | aviation related commercial operation          |
| <b>AGRICULTURAL SALES<br/>AND SERVICE</b>        |  |                      |                      |                      |                    |                    |            |                    |                  |                    |                    |                      |                      |           |                    |           |           |  |
|  |  |                      |                      |                      |                    |                    |            |                    |                  |                    |                    |                      |                      |           |                    | P         |           | kennels  |
|  |  |                      |                      |                      |                    | P                  | P          |                    |                  |                    |                    |                      |                      |           |                    |           |           | pet shops                                      |
|  |  |                      |                      |                      |                    | P                  | R          |                    |                  | R                  |                    |                      |                      |           |                    | P         |           | veterinary services                            |
| R  |  |                      |                      |                      |                    |                    |            |                    |                  |                    |                    |                      |                      |           |                    | R         |           | farm animals                                   |
|  |  |                      |                      |                      |                    | P                  |            |                    |                  |                    |                    |                      |                      |           |                    |           |           | farm equipment                                 |
|  |  |                      |                      |                      |                    | P                  |            |                    |                  |                    |                    |                      |                      |           |                    |           |           | feed, grain, supplies                          |
| <b>AUTOMOTIVE/<br/>RECREATIONAL<br/>VEHICLES</b> |  |                      |                      |                      |                    |                    |            |                    |                  |                    |                    |                      |                      |           |                    |           |           |  |
|  |  |                      |                      |                      |                    | P                  |            |                    |                  |                    |                    |                      |                      |           |                    |           |           | sales: new or used                             |
|  |  |                      |                      |                      |                    | R                  |            |                    |                  | R                  |                    |                      |                      |           |                    |           |           | repair/service                                 |
|  |  |                      |                      |                      |                    | R                  |            |                    |                  |                    |                    |                      |                      |           |                    |           |           | car/truck wash                                 |

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| RR/<br>SRR                           | R-1/<br>R-1a<br>SR-1/<br>SR-1a | R-2/<br>SR-2 | R-3/<br>SR-3 | R-4/<br>SR-4 | LB/<br>SLB | GB/<br>SGB | CBD | MU/<br>SMU | M/<br>SM | RC/<br>SRC | BP/<br>SBP | I-1/<br>SI-1 | I-2/<br>SI-2 | CD  | PU/<br>SPU | AG  | AP  | LISTING OF USES IN<br>ZONING DISTRICTS              |             |
|--------------------------------------|--------------------------------|--------------|--------------|--------------|------------|------------|-----|------------|----------|------------|------------|--------------|--------------|-----|------------|-----|-----|---|-------------|
|                                      |                                |              |              |              |            | R          | R   |            |          |            |            |              |              |     |            |     |     | gasoline stations                                   |             |
|                                      |                                |              |              |              |            | CUP        |     |            |          |            |            |              |              |     |            |     |     | junk/salvage yard                                   |             |
|                                      |                                |              |              |              |            | P          |     |            |          |            |            | P            | P            |     | P          |     |     | auto-truck fleet storage                            |             |
|                                      |                                |              |              |              |            | P          |     |            |          |            | P          |              |              |     |            |     | P   | transportation dispatch<br>and storage              |             |
| <b>CONSTRUCTION</b>                  |                                |              |              |              |            |            |     |            |          |            |            |              |              |     |            |     |     |   |             |
|                                      |                                |              |              |              | R          | P          | P   |            |          |            | P          |              |              |     |            |     |     | construction material<br>suppliers                  |             |
|                                      |                                |              |              |              |            | R          |     |            |          |            |            | R            | R            |     |            |     |     | contractor's yard,<br>materials storage             |             |
|                                      |                                |              |              |              |            | P          |     |            |          |            |            |              |              |     |            |     |     | equipment/truck sales and<br>service                |             |
|                                      |                                |              |              |              |            | R          |     |            |          |            |            |              |              |     |            |     |     | equipment and/or tool<br>rental                     |             |
| <b>FINANCIAL INSTITUTIONS</b>        |                                |              |              |              |            |            |     |            |          |            |            |              |              |     |            |     |     |   |             |
|                                      |                                |              |              |              | R          | P          | P   |            |          |            |            |              |              |     |            |     |     | bank, savings and loan,<br>loan agency, etc.        |             |
| <b>FOOD SERVICE</b>                  |                                |              |              |              |            |            |     |            |          |            |            |              |              |     |            |     |     |   |             |
|                                      |                                |              |              |              |            | P          | P   | P          | R        | R          |            |              |              |     |            |     |     | restaurant  |             |
|                                      |                                |              |              |              | R          | R          | R   | R          | R        |            |            | R            | R            |     | R          |     | R   | vending machines                                    |             |
| <b>HEALTH CARE</b>                   |                                |              |              |              |            |            |     |            |          |            |            |              |              |     |            |     |     |   |             |
|                                      |                                |              |              |              | P          | P          | P   | P          | P        |            | P          |              |              |     | R          |     |     | clinic (outpatient<br>treatment centers)            |             |
|                                      |                                |              |              |              |            |            |     | P          | P        |            |            |              |              |     |            |     |     | hospitals   |             |
| CUP                                  | CUP                            | CUP          | CUP          | CUP          | CUP        | CUP        | CUP | CUP        | CUP      | CUP        | CUP        | CUP          | CUP          | CUP | CUP        | CUP | CUP | CUP   | interim use |
|                                      |                                |              |              |              | R          | P          | P   |            |          |            | P          |              |              |     |            |     | P   | office - business                                   |             |
|                                      |                                |              |              |              | R          | P          | P   | P          | P        |            | P          |              |              |     |            |     | P   | professional, scientific, and<br>technical services |             |
|                                      |                                |              |              |              | R          | P          | P   | P          | P        |            | P          |              |              |     |            |     |     | administrative and support<br>services              |             |
| <b>RECREATION/<br/>ENTERTAINMENT</b> |                                |              |              |              |            |            |     |            |          |            |            |              |              |     |            |     |     |   |             |

LAND DEVELOPMENT REGULATIONS

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| RR/<br>SRR                        | R-1/<br>R-1a<br>SR-1/<br>SR-1a | R-2/<br>SR-2 | R-3/<br>SR-3 | R-4/<br>SR-4 | LB/<br>SLB | GB/<br>SGB | CBD | MU/<br>SMU | M/<br>SM | RC/<br>SRC | BP/<br>SBP | I-1/<br>SI-1 | I-2/<br>SI-2 | CD  | PU/<br>SPU | AG | AP | LISTING OF USES IN<br>ZONING DISTRICTS  |
|-----------------------------------|--------------------------------|--------------|--------------|--------------|------------|------------|-----|------------|----------|------------|------------|--------------|--------------|-----|------------|----|----|---|
|                                   |                                |              |              |              |            | P          | P   |            |          |            |            |              |              |     |            |    |    | indoor  |
|                                   |                                |              |              |              | R          | P          | P   |            | P        |            | P          |              |              |     | P          |    |    | health & fitness club   |
| R                                 |                                |              |              |              | R          | R          | R   | R          |          |            |            |              |              |     |            | R  |    | clubs, lodges, membership organizations, etc.   |
|                                   |                                |              |              |              |            | CUP        |     |            |          | P          |            |              | CUP          | CUP | CUP        |    |    | recreation facility, commercial - outdoor   |
|                                   |                                |              |              |              |            |            |     |            |          | R          |            |              |              |     |            |    |    | shooting range  |
|                                   |                                |              |              |              |            |            |     |            |          | P          |            |              |              |     |            |    |    | off-road motorized sport vehicle trails   |
|                                   |                                |              |              |              |            | R          | R   |            |          |            |            |              |              |     |            |    |    | video arcades   |
|                                   |                                |              |              |              |            | P          | P   |            |          |            | P          |              |              |     |            |    |    | communication services  |
| <b>RETAIL</b>                     |                                |              |              |              |            |            |     |            |          |            |            |              |              |     |            |    |    |   |
|                                   |                                |              |              |              | R          | P          | P   |            |          |            |            |              |              |     |            |    | R  | general sales and services (see definition)   |
|                                   |                                |              |              |              |            | CUP        |     |            |          |            |            |              |              |     |            |    |    | general sales and services (see definition), greater than 70,000 sq. ft. building footprint |
|                                   |                                |              |              |              |            | P          | P   |            |          |            |            |              |              |     |            | P  |    | nursery, landscaping  |
|                                   |                                |              |              |              |            | P          | P   |            |          |            |            |              |              |     |            |    |    | grocery stores  |
|                                   |                                |              |              |              |            | P          | P   |            |          |            |            |              |              |     |            |    |    | hotels and motels   |
|                                   |                                |              |              |              |            | P          | P   |            | P        |            | P          |              |              |     |            |    |    | medical equipment and supplies (see definition)   |
|                                   |                                |              |              |              | R          | P          | P   | R          | R        |            |            |              |              |     |            |    |    | pharmacy  |
|                                   |                                |              |              |              |            | R          | R   | R          |          |            |            |              |              |     | R          | P  |    | temporary outdoor sales   |
|                                   |                                |              |              |              |            | R          | R   |            |          |            | R          |              |              |     |            |    |    | brewery/distillery/winery   |
|                                   |                                |              |              |              |            | P          | P   |            |          |            | P          |              |              |     |            |    |    | taproom/tasting room  |
| <b>SCHOOLS PUBLIC AND PRIVATE</b> |                                |              |              |              |            |            |     |            |          |            |            |              |              |     |            |    |    |   |
| R                                 | R                              | R            | R            | R            |            |            |     |            |          |            |            |              |              |     | P          |    |    | elementary - secondary  |
|                                   |                                |              |              |              | R          | P          | P   |            |          |            | P          |              |              |     | P          |    |    | educational service institution   |

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GRAND RAPIDS CODE

Supp. No. 33

CD30:77

| RR/<br>SRR                | R-1/<br>R-1a<br>SR-1/<br>SR-1a | R-2/<br>SR-2 | R-3/<br>SR-3 | R-4/<br>SR-4 | LB/<br>SLB | GB/<br>SGB | CBD | MU/<br>SMU | M/<br>SM | RC/<br>SRC | BP/<br>SBP | I-1/<br>SI-1 | I-2/<br>SI-2 | CD | PU/<br>SPU | AG  | AP | LISTING OF USES IN<br>ZONING DISTRICTS                                   |
|---------------------------|--------------------------------|--------------|--------------|--------------|------------|------------|-----|------------|----------|------------|------------|--------------|--------------|----|------------|-----|----|--|
|                           |                                |              |              |              |            | P          | P   |            |          |            |            |              |              |    | P          | P   |    | post high schools and colleges   |
| <b>WAREHOUSE</b>          |                                |              |              |              |            |            |     |            |          |            |            |              |              |    |            |     |    |  |
|                           |                                |              |              |              |            | P          |     |            |          |            | P          | P            | P            |    | R          |     |    | general  |
|                           |                                |              |              |              |            | P          |     |            |          |            |            | P            |              |    |            |     |    | mini storage   |
|                           |                                |              |              |              |            | P          |     |            |          |            | P          | P            | P            |    |            |     |    | motor freight terminal   |
|                           |                                |              |              |              | R          | R          | R   | R          | R        | R          | R          | R            | R            | R  | R          | R   | R  | outdoor storage of land/sea containers                                   |
| <b>PUBLIC/SEMI-PUBLIC</b> |                                |              |              |              |            |            |     |            |          |            |            |              |              |    |            |     |    |  |
| P                         | P                              | P            | P            | P            |            |            |     |            |          |            |            |              |              | P  | P          |     |    | athletic facilities - public   |
|                           |                                |              |              |              |            |            |     |            |          |            |            |              |              |    | P          | P   |    | cemeteries   |
| R                         | R                              | R            | R            | R            | R          | R          | R   |            |          |            |            |              |              |    |            | P   |    | churches   |
|                           |                                |              |              |              |            | P          | P   |            |          |            |            |              |              |    | P          |     |    | cultural facilities (art galleries, libraries, museums)                  |
| R                         | R                              | R            | R            | R            |            |            |     |            |          | P          |            |              |              |    | R          | P   |    | golf and country clubs   |
|                           |                                |              |              |              |            |            |     |            |          |            |            | P            | P            |    | P          |     |    | water sewage treatment   |
|                           |                                |              |              |              |            |            |     |            |          | CUP        |            | CUP          | CUP          |    |            | CUP |    | telecommunications towers  |
| P                         | P                              | P            | P            | P            | P          | P          | P   | P          | P        | P          | P          | P            | P            |    | P          | P   | P  | treatment, power substations, neighborhood parks                         |
| CUP                       | CUP                            | CUP          | CUP          | CUP          | R          | R          | CUP | CUP        | R        | R          | R          | R            | R            | R  | R          | R   | R  | essential services structure   |
|                           |                                |              |              |              |            |            |     |            |          |            |            | CUP          |              |    |            |     |    | jail, detention center, and juvenile detention center                    |
| <b>TRANSPORTATION</b>     |                                |              |              |              |            |            |     |            |          |            |            |              |              |    |            |     |    |  |
|                           |                                |              |              |              |            |            |     |            |          |            | P          | P            | P            |    |            | P   | P  | major (terminals, hangers, switching yards, sidings, runways, heliports) |
|                           | P                              | P            | P            | P            | P          | P          | P   | P          | P        |            | P          | P            | P            | P  | P          | P   | P  | minor (railroad, rights-of-way, streets, transit shelters)               |
| <b>INDUSTRIAL</b>         |                                |              |              |              |            |            |     |            |          |            |            |              |              |    |            |     |    |  |
|                           |                                |              |              |              |            | P          |     |            |          |            |            | P            |              |    |            |     |    | monument work/sales  |

LAND DEVELOPMENT REGULATIONS

§ 30-512

| <i>RR/<br/>SRR</i> | <i>R-1/<br/>R-1a<br/>SR-1/<br/>SR-1a</i> | <i>R-2/<br/>SR-2</i> | <i>R-3/<br/>SR-3</i> | <i>R-4/<br/>SR-4</i> | <i>LB/<br/>SLB</i> | <i>GB/<br/>SGB</i> | <i>CBD</i> | <i>MU/<br/>SMU</i> | <i>M/<br/>SM</i> | <i>RC/<br/>SRC</i> | <i>BP/<br/>SBP</i> | <i>I-1/<br/>SI-1</i> | <i>I-2/<br/>SI-2</i> | <i>CD</i> | <i>PU/<br/>SPU</i> | <i>AG</i> | <i>AP</i> | <i>LISTING OF USES IN<br/>ZONING DISTRICTS</i> |
|--------------------|--|----------------------|----------------------|----------------------|--------------------|--------------------|------------|--------------------|------------------|--------------------|--------------------|----------------------|----------------------|-----------|--------------------|-----------|-----------|--|
|                    |  |                      |                      |                      |                    |                    |            |                    |                  |                    |                    | P                    |                      |           | P                  |           | P         | military post                                  |
|                    |  |                      |                      |                      | R                  | R                  | R          |                    |                  |                    | P                  | P                    | P                    |           |                    |           |           | manufacturing, light                           |
|                    |  |                      |                      |                      |                    |                    |            |                    |                  |                    |                    | P                    | P                    |           |                    |           |           | manufacturing, heavy                           |
|                    |  |                      |                      |                      |                    |                    |            |                    |                  |                    | P                  | P                    | P                    |           |                    |           |           | light industrial activities<br>not listed      |
|                    |  |                      |                      |                      |                    |                    |            |                    |                  |                    |                    | P                    | P                    |           |                    |           |           | heavy industrial activities<br>not listed      |
|                    |  |                      |                      |                      |                    | R                  |            |                    |                  |                    |                    | P                    |                      |           |                    |           |           | recycling center                               |
|                    |  |                      |                      |                      |                    | P                  |            |                    |                  |                    | P                  | P                    |                      |           |                    |           |           | wholesale distribution<br>facility             |
|                    |  |                      |                      |                      | R                  | R                  | R          |                    |                  |                    | R                  | R                    | R                    |           |                    |           |           | outdoor storage<br>(merchandise/material)      |
| CUP                |  |                      |                      |                      |                    |                    |            |                    |                  | CUP                |                    | CUP                  | CUP                  |           | CUP                |           |           | mining of sand and gravel                      |

**EXHIBIT 2**

## LAND DEVELOPMENT REGULATIONS

§ 300-953

- (5) To avoid damage to adjacent properties caused by telecommunication towers and facilities by ensuring that those structures are soundly and carefully designed, constructed, modified, maintained and promptly removed when no longer used or when determined to be structurally unsound;
  - (6) To ensure that telecommunication towers and facilities are compatible with surrounding land uses; and to facilitate the provision of wireless telecommunications services to the residents and businesses of the city in an orderly fashion.
- (Ord. No. 07-03-06, § 2(Exh. A), 3-27-2007)

**Sec. 30-951. Definitions.**

Are located in Section 30-421.  
 (Ord. No. 07-03-06, § 2(Exh. A), 3-27-2007)

**Sec. 30-952. Development of towers; approvals required.**

(a) *General construction prohibition.* A tower may not be constructed in any zoning district unless such tower is a conditional or permitted use in the zoning district in which construction will take place.

(b) *Conditional use permits required.* A tower may not be constructed in any zoning district unless a conditional use permit has been issued by the city council if the tower is a conditional use in the zoning district in which construction will take place.

(c) *Building permit required.* A tower may not be constructed in any zoning district unless a building permit has been issued by the building official.

(d) *City property.* The city may authorize the use of city property for towers in accordance with the procedures of this Code. The city has no obligation to allow the use of city property for this purpose.

(e) *Zoning districts.* A tower is not a permitted use in any zoning district. Towers shall be allowed as a conditional use in the following zoned areas:

- (1) I-1, SI-1, I-2, SI-2 and APAG districts.
  - (2) Publicly owned or operated land in residential, commercial, and public use districts.
- (Ord. No. 07-03-06, § 2(Exh. A), 3-27-2007)

**Sec. 300-953. Application process.**

- (a) A person desiring to construct a tower must submit an application for a building permit and, if applicable, for a conditional use permit, to the zoning administrator.
- (b) An application to develop a tower must include:
  - (1) Name, address, and telephone number of the applicant;
  - (2) Name, address, and telephone numbers of the owners of the property on which the tower is proposed to be located;



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

## REQUEST FOR COUNCIL ACTION

**AGENDA DATE:** November 28, 2022

**AGENDA ITEM:** Consider the recommendation of the Planning Commission regarding the adoption of an ordinance, amending and updating several sections of Article VI *Zoning* within Chapter 30 *Land Development Regulations*.

**PREPARED BY:** Eric Trast, Community Development Department

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### BACKGROUND:

After the public hearing on this matter, the City Council will want to consider the public testimony received and review the recommendation put forward by the Planning Commission.

The Council can accept the recommendation of the Planning Commission, if they are in agreement with it, and adopt the ordinance as prepared, or the Council can make its own findings to support its reasons for approving or denying the text amendment.

### REQUESTED COUNCIL ACTION:

Consider the recommendation of the Planning Commission regarding the adoption of an ordinance, amending and updating several sections of Article VI *Zoning* within Chapter 30 *Land Development Regulations*; and authorize its publication in summary form.



**CITY OF GRAND RAPIDS  
ORDINANCE 22-11-03**

**AN ORDINANCE AMENDING AND UPDATING MULTIPLE SECTIONS OF  
ARTICLE VI (ZONING) WITHIN CHAPTER 30 LAND DEVELOPMENT  
REGULATIONS**

**WHEREAS**, from time to time, the City of Grand Rapids deems it important to review, and update, if necessary, its Zoning Ordinance (Land Development Regulations); and

**WHEREAS**, at their meeting on September 1, 2022, the Grand Rapids Planning Commission initiated the process to update and amend several portions of the Zoning Ordinance (Land Development Regulations) identified by city staff; and

**WHEREAS**, the Planning Commission on November 3, 2022 took up consideration of draft amendments to Chapter 30 of the City Code, as prepared by staff, and found that amendments were consistent with the Comprehensive Plan and would be in the best interest of the public's health, safety, and general welfare, and recommended that the City Council adopt the draft amendments to said portions of Article VI of Chapter 30 of the City Code; and

**WHEREAS**, the City Council conducted a public hearing on Monday, November 28, 2022 at 5:30 p.m., to consider the amendments to Chapter 30; and

**WHEREAS**, the City Clerk presented the affidavit of publication of the notice of the public hearing; and

**WHEREAS**, the City Council has heard all persons who wished to be heard in regards to the proposed text amendments.

**NOW THEREFORE**, BE IT RESOLVED BY THE CITY COUNCIL OF GRAND RAPIDS, MINNESOTA, that it adopts the Planning Commission's following findings of fact relative to the amendments to provisions within Chapter 30 Land Development Regulations, of the City Code: • The amendments will not have an adverse effect on the character of neighborhoods. • The amendments would foster economic growth in the community, by allowing for future development opportunities. • That the amendments would be in keeping with the spirit and intent of the Zoning Ordinance by maintaining an updated Ordinance. • That the amendments would be in the best interest of the general public, again by maintaining a current and updated Zoning Ordinance. • That the amendments would be consistent with the Comprehensive Plan, as the amendments will maintain an updated Zoning Ordinance, as well as providing an opportunity for additional grocery store/food access options in the Central Business District.

**SECTION 1:**            **AMENDMENT** "30-952 Development Of Towers; Approvals Required" of the Grand Rapids Municipal Code is hereby *amended* as follows:

## BEFORE AMENDMENT

## 30-952 Development Of Towers; Approvals Required

- (a) *General construction prohibition.* A tower may not be constructed in any zoning district unless such tower is a conditional or permitted use in the zoning district in which construction will take place.
- (b) *Conditional use permits required.* A tower may not be constructed in any zoning district unless a conditional use permit has been issued by the city council if the tower is a conditional use in the zoning district in which construction will take place.
- (c) *Building permit required.* A tower may not be constructed in any zoning district unless a building permit has been issued by the building official.
- (d) *City property.* The city may authorize the use of city property for towers in accordance with the procedures of this Code. The city has no obligation to allow the use of city property for this purpose.
- (e) *Zoning districts.* A tower is not a permitted use in any zoning district. Towers shall be allowed as a conditional use in the following zoned areas:
  - (1) I-1, SI-1, I-2, SI-2 and AP districts.
  - (2) Publicly owned or operated land in residential, commercial, and public use districts.

(Ord. No. 07-03-06, § 2(Exh. A), 3-27-2007)

## AFTER AMENDMENT

## 30-952 Development Of Towers; Approvals Required

- (a) *General construction prohibition.* A tower may not be constructed in any zoning district unless such tower is a conditional or permitted use in the zoning district in which construction will take place.
- (b) *Conditional use permits required.* A tower may not be constructed in any zoning district unless a conditional use permit has been issued by the city council if the tower is a conditional use in the zoning district in which construction will take place.
- (c) *Building permit required.* A tower may not be constructed in any zoning district unless a building permit has been issued by the building official.
- (d) *City property.* The city may authorize the use of city property for towers in accordance with the procedures of this Code. The city has no obligation to allow the use of city property for this purpose.
- (e) *Zoning districts.* A tower is not a permitted use in any zoning district. Towers shall be allowed as a conditional use in the following zoned areas:
  - (1) I-1, SI-1, I-2, SI-2 and A~~P~~G districts.
  - (2) Publicly owned or operated land in residential, commercial, and public use districts.

(Ord. No. 07-03-06, § 2(Exh. A), 3-27-2007)

**SECTION 2:            AMENDMENT** “Table 1 Permitted Uses” of the Grand Rapids Municipal Code is hereby *amended* as follows:

**BEFORE AMENDMENT**

Table 1 Permitted Uses

| R<br>R<br>/<br>S<br>R<br>R | R-1/<br>R-1a<br>SR-1/<br>SR-1a | R-2/<br>S<br>R-2 | R-3/<br>S<br>R-3 | R-4/<br>S<br>R-4 | L<br>B<br>/<br>S<br>L<br>B | G<br>B/<br>S<br>G<br>B | C<br>B<br>D | M<br>U/<br>S<br>M<br>U | M<br>/<br>S<br>M | R<br>C<br>/<br>S<br>R<br>C | B<br>P/<br>S<br>B<br>P | I-1/<br>S<br>I-1 | I-2/<br>S<br>I-2 | C<br>D | P<br>U<br>/<br>S<br>P<br>U | A<br>G | A<br>P | LISTING OF USES IN ZONING DISTRICTS |
|----------------------------|--------------------------------|------------------|------------------|------------------|----------------------------|------------------------|-------------|------------------------|------------------|----------------------------|------------------------|------------------|------------------|--------|----------------------------|--------|--------|-------------------------------------|
| RESIDENTIAL                |                                |                  |                  |                  |                            |                        |             |                        |                  |                            |                        |                  |                  |        |                            |        |        |                                     |
| P                          | P                              | P                | P                | P                | P                          |                        |             |                        |                  |                            |                        |                  |                  |        |                            | P      |        | single-family detached              |
|                            |                                | P                | P                | P                | P                          |                        |             |                        |                  |                            |                        |                  |                  |        |                            | P      |        | twin home attached                  |
|                            |                                | P                | P                | P                | P                          |                        |             | P                      |                  |                            |                        |                  |                  |        |                            |        |        | two-family attached                 |
|                            |                                |                  |                  |                  |                            |                        |             |                        |                  |                            |                        |                  |                  |        |                            | R      |        | manufactured home < 24' wide        |
|                            |                                |                  |                  |                  | P                          | P                      | R           |                        |                  |                            |                        |                  |                  |        |                            | P      |        | accessory apartments                |
| P                          | P                              | P                |                  |                  |                            |                        |             |                        |                  |                            |                        |                  |                  |        |                            |        |        | rooming house 6 or fewer roomers    |
|                            |                                |                  | P                | P                | P                          |                        |             |                        |                  |                            |                        |                  |                  |        |                            |        |        | rooming house 7 or more roomers     |
|                            |                                | R                | R                | R                | P                          | P                      | P           |                        |                  |                            |                        |                  |                  |        |                            | P      |        | bed and breakfast accommodations    |
|                            |                                |                  | P                | P                | P                          | P                      | R           | P                      |                  |                            |                        |                  |                  |        |                            |        |        | multifamily                         |
|                            |                                | C<br>U<br>P      | C<br>U<br>P      |                  |                            |                        |             |                        |                  |                            |                        |                  |                  |        |                            |        |        | manufactured home park              |
|                            |                                |                  | P                |                  | P                          |                        | P           | P                      | P                |                            |                        |                  |                  |        |                            |        |        | congregate housing                  |
|                            | R                              | R                | R                | R                | R                          | R                      | R           | R                      |                  |                            |                        |                  |                  |        | R                          | R      |        | emergency housing facility          |

|   |   |  |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |                                 |
|---|---|--|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---------------------------------|
|   |   |  |   |   |   |   |   |   |   |   |   |   |   |   |   |   | SENIOR HOUSING WITH SERVICES                                |   |                                 |
| R | R |  | R | P | P | P |   |   |   |   | P |   |   |   |   |   | 6 or fewer persons  |   |                                 |
| R | R |  | R | P | P | P |   |   |   |   | P |   |   |   |   |   | 7 to 8 persons  |   |                                 |
| R | R |  | R | P | P | P |   |   |   |   | P |   |   |   |   |   | 9 to 16 persons   |   |                                 |
|   |   |  |   | P | P | P |   |   |   |   |   |   |   |   |   |   | 17 or more persons  |   |                                 |
|   |   |  |   |   |   |   |   |   |   |   |   |   |   |   |   |   | GROUP HOMES, FOSTER HOMES AND RESIDENTIAL TREATMENT CENTERS |   |                                 |
| R | R |  | R | R | R | R |   |   |   |   |   |   |   |   |   | R | 6 or fewer persons  |   |                                 |
|   |   |  |   | P | P | P |   |   |   |   |   |   | P |   |   | P | 7 to 16 persons   |   |                                 |
|   |   |  |   |   | P | P |   | P | P | P |   |   | P |   |   |   | 17 or more persons  |   |                                 |
|   |   |  |   |   |   |   |   |   |   |   |   |   |   |   |   |   | DAY CARE/NURSERY  |   |                                 |
| P | P |  | P | P | P | P | P | P | P | R |   | P | R | R |   | P | P   | P | 14 or fewer persons             |
| R | R |  | R | R | R | P | P | P | P | R |   | P | R | R |   | P | P   | P | 15 or more persons              |
|   |   |  |   |   |   |   |   |   |   |   |   |   |   |   |   |   | MISCELLANEOUS RESIDENTIAL USES                              |   |                                 |
| P | P |  | P | P | P | P | P | P | P | P | P | P | P | P | P | P | P   | P | accessory buildings             |
| R | R |  | R | R | R | R |   |   |   |   |   |   |   |   |   |   |   | R | garage/yard sales               |
| R | R |  | R | R | R | R | R | R | R | R | R | R | R | R | R | R | R   | R | essential services              |
| R | R |  | R | R | R | R | R |   |   |   | R |   |   |   |   |   |   | P | outdoor storage                 |
| R | R |  | R | R | R | R |   |   |   |   |   |   |   |   |   |   |   | P | private recreation              |
| R | R |  | R | R | R |   |   |   |   |   |   |   |   |   |   |   |   | P | woodpiles                       |
| R | R |  | R | R | R | R | R | R | R | R | R | R | R | R | R | R | R   | R | temporary buildings             |
| R | R |  | R | R | R | R | R | R | R | R | R | R | R | R | R | R | P   | P | satellite dish/solar collectors |
| R | R |  | R | R | R |   |   |   |   |   |   |   |   |   |   |   |   | R | home occupations                |
|   |   |  |   |   |   |   |   |   |   |   |   |   |   |   |   |   | COMMERCIAL  |   |                                 |
|   |   |  |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   | aviation related                |

|   |  |  |  |  |  |  |             |   |   |  |  |  |   |   |   |  |  |  |                                   |                                      |
|---|--|--|--|--|--|--|-------------|---|---|--|--|--|---|---|---|--|--|--|-----------------------------------|--------------------------------------|
|   |  |  |  |  |  |  |             |   |   |  |  |  |   |   |   |  |  |  | P                                 | commercial operation                 |
|   |  |  |  |  |  |  |             |   |   |  |  |  |   |   |   |  |  |  | AGRICULTURAL SALES AND SERVICE    |                                      |
|   |  |  |  |  |  |  |             |   |   |  |  |  |   |   |   |  |  |  | P                                 | kennels                              |
|   |  |  |  |  |  |  | P           | P |   |  |  |  |   |   |   |  |  |  |                                   | pet shops                            |
|   |  |  |  |  |  |  | P           | R |   |  |  |  | R |   |   |  |  |  | P                                 | veterinary services                  |
| R |  |  |  |  |  |  |             |   |   |  |  |  |   |   |   |  |  |  | R                                 | farm animals                         |
|   |  |  |  |  |  |  | P           |   |   |  |  |  |   |   |   |  |  |  |                                   | farm equipment                       |
|   |  |  |  |  |  |  | P           |   |   |  |  |  |   |   |   |  |  |  |                                   | feed, grain, supplies                |
| R |  |  |  |  |  |  |             |   |   |  |  |  |   |   |   |  |  |  | R                                 | growers stand                        |
|   |  |  |  |  |  |  |             |   |   |  |  |  |   |   |   |  |  |  | AUTOMOTIVE/ RECREATIONAL VEHICLES |                                      |
|   |  |  |  |  |  |  | P           |   |   |  |  |  |   |   |   |  |  |  |                                   | sales: new or used                   |
|   |  |  |  |  |  |  | R           | R |   |  |  |  | R |   |   |  |  |  |                                   | repair/service                       |
|   |  |  |  |  |  |  | R           |   |   |  |  |  |   |   |   |  |  |  |                                   | car/truck wash                       |
|   |  |  |  |  |  |  | R           | R |   |  |  |  |   |   |   |  |  |  |                                   | gasoline stations                    |
|   |  |  |  |  |  |  | C<br>U<br>P |   |   |  |  |  |   |   |   |  |  |  |                                   | junk/salvage yard                    |
|   |  |  |  |  |  |  | P           |   |   |  |  |  |   | P | P |  |  |  | P                                 | auto-truck fleet storage             |
|   |  |  |  |  |  |  | P           |   |   |  |  |  |   | P |   |  |  |  | P                                 | transportation dispatch and storage  |
|   |  |  |  |  |  |  |             |   |   |  |  |  |   |   |   |  |  |  | CONSTRUCTION                      |                                      |
|   |  |  |  |  |  |  | R           | P | P |  |  |  |   | P |   |  |  |  |                                   | construction material suppliers      |
|   |  |  |  |  |  |  | R           |   |   |  |  |  |   | R | R |  |  |  |                                   | contractor's yard, materials storage |
|   |  |  |  |  |  |  | P           |   |   |  |  |  |   |   |   |  |  |  |                                   | equipment/truck sales and service    |
|   |  |  |  |  |  |  |             |   |   |  |  |  |   |   |   |  |  |  |                                   |                                      |

|   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |  |                  |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|--|------------------|
|   |   |   |   |   |   |   | R |   |   |   |   |   |   |   |   |   |   | equipment and/or tool rental                     |                  |
|   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   | FINANCIAL INSTITUTIONS                           |                  |
|   |   |   |   |   |   |   | R | P | P |   |   |   |   |   |   |   |   | bank, savings and loan, loan agency, etc.        |                  |
|   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   | FOOD SERVICE                                     |                  |
|   |   |   |   |   |   |   |   | P | P | P | R | R |   |   |   |   |   | restaurant                                       |                  |
|   |   |   |   |   |   |   | R | R | R | R | R |   |   | R | R |   | R | R  | vending machines |
|   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   | HEALTH CARE                                      |                  |
|   |   |   |   |   |   |   | P | P | P | P | P |   | P |   |   |   | R | clinic (outpatient treatment centers)            |                  |
|   |   |   |   |   |   |   |   |   |   | P | P |   |   |   |   |   |   | hospitals  |                  |
| C | C | C | C | C | C | C | C | C | C | C | C | C | C | C | C | C | C | interim use                                      |                  |
| U | U | U | U | U | U | U | U | U | U | U | U | U | U | U | U | U | U |  |                  |
| P | P | P | P | P | P | P | P | P | P | P | P | P | P | P | P | P | P |  |                  |
|   |   |   |   |   |   |   | R | P | P |   |   |   | P |   |   |   | P | office - business                                |                  |
|   |   |   |   |   |   |   | R | P | P | P | P |   | P |   |   |   | P | professional, scientific, and technical services |                  |
|   |   |   |   |   |   |   | R | P | P | P | P |   | P |   |   |   |   | administrative and support services              |                  |
|   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   | RECREATION/ENTERTAINMENT                         |                  |
|   |   |   |   |   |   |   |   | P | P |   |   |   |   |   |   |   |   | indoor   |                  |
|   |   |   |   |   |   |   | R | P | P |   | P |   | P |   |   |   | P | health & fitness club                            |                  |
| R |   |   |   |   |   |   | R | R | R | R |   |   |   |   |   |   | R | clubs, lodges, membership organizations, etc.    |                  |

|                               |   |  |   |   |   |             |   |   |   |   |   |   |  |             |             |             |   |   |
|-------------------------------|---|--|---|---|---|-------------|---|---|---|---|---|---|--|-------------|-------------|-------------|---|---|
|                               |   |  |   |   |   | C<br>U<br>P |   |   |   | P |   |   |  | C<br>U<br>P | C<br>U<br>P | C<br>U<br>P |   | recreation facility,<br>commercial - outdoor  |
|                               |   |  |   |   |   |             |   |   |   | R |   |   |  |             |             |             |   | shooting range  |
|                               |   |  |   |   |   |             |   |   |   | P |   |   |  |             |             |             |   | off-road motorized sport<br>vehicle trails  |
|                               |   |  |   |   |   | R           | R |   |   |   |   |   |  |             |             |             |   | video arcades   |
|                               |   |  |   |   |   | P           | P |   |   |   | P |   |  |             |             |             |   | communication services  |
| RETAIL                        |   |  |   |   |   |             |   |   |   |   |   |   |  |             |             |             |   |   |
|                               |   |  |   |   |   | R           | P | P |   |   |   |   |  |             |             |             | R | general sales and<br>services (see<br>definition)   |
|                               |   |  |   |   |   | C<br>U<br>P |   |   |   |   |   |   |  |             |             |             |   | general sales and<br>services (see<br>definition), greater<br>than 70,000 sq. ft.<br>building footprint |
|                               |   |  |   |   |   | P           | P |   |   |   |   |   |  |             |             | P           |   | nursery,<br>landscaping   |
|                               |   |  |   |   |   | P           |   |   |   |   |   |   |  |             |             |             |   | grocery stores  |
|                               |   |  |   |   |   | P           | P |   |   |   |   |   |  |             |             |             |   | hotels and motels   |
|                               |   |  |   |   |   | P           | P |   | P | P |   |   |  |             |             |             |   | medical equipment<br>and supplies (see<br>definition)   |
|                               |   |  |   |   |   | R           | P | P | R | R |   |   |  |             |             |             |   | pharmacy  |
|                               |   |  |   |   |   | R           | R | R |   |   |   |   |  |             |             | R           | P | temporary outdoor<br>sales  |
|                               |   |  |   |   |   | R           | R |   |   |   |   | R |  |             |             |             |   | brewery/distillery/w<br>inery   |
|                               |   |  |   |   |   | P           | P |   |   |   |   | P |  |             |             |             |   | taproom/tasting<br>room   |
|                               |   |  | R | R | R | P           | P |   |   |   |   | P |  |             |             |             |   | salon/barber shop   |
| SCHOOLS PUBLIC<br>AND PRIVATE |   |  |   |   |   |             |   |   |   |   |   |   |  |             |             |             |   |   |
| R                             | R |  | R | R | R |             |   |   |   |   |   |   |  |             |             | P           |   | elementary -  |

|                    |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |  |  |
|--------------------|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|--|--|
|                    |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   | secondary   |  |  |
|                    |   |   |   |   |   | R | P | P |   |   |   | P |   |   |   | P | educational service institution                         |  |  |
|                    |   |   |   |   |   |   | P | P |   |   |   |   |   |   | P | P | post high schools and colleges                          |  |  |
| WAREHOUSE          |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |  |  |
|                    |   |   |   |   |   |   | P |   |   |   |   | P | P | P |   | R | general   |  |  |
|                    |   |   |   |   |   |   | P |   |   |   |   |   |   | P |   |   | mini storage  |  |  |
|                    |   |   |   |   |   |   | P |   |   |   |   | P | P | P |   |   | motor freight terminal                                  |  |  |
|                    |   |   |   |   |   | R | R | R | R | R | R | R | R | R | R | R | R   | outdoor storage of land/sea containers |  |
| PUBLIC/SEMI-PUBLIC |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |  |  |
| P                  | P |   | P | P | P |   |   |   |   |   |   |   |   |   | P | P | athletic facilities - public                            |  |  |
|                    |   |   |   |   |   |   |   |   |   |   |   |   |   |   | P | P | cemeteries  |  |  |
| R                  | R |   | R | R | R | R | R | R |   |   |   |   |   |   |   | P | churches  |  |  |
|                    |   |   |   |   |   |   | P | P |   |   |   |   |   |   | P |   | cultural facilities (art galleries, libraries, museums) |  |  |
| R                  | R |   | R | R | R |   |   |   |   |   | P |   |   |   | R | P | golf and country clubs                                  |  |  |
|                    |   |   |   |   |   |   |   |   |   |   |   |   | P | P |   | P | water sewage treatment                                  |  |  |
|                    |   |   |   |   |   |   |   |   |   |   |   | C | U | P |   | C | U   | P                                      | telecommunications towers                        |
| P                  | P |   | P | P | P | P | P | P | P | P | P | P | P | P |   | P | P   | P                                      | treatment, power substations, neighborhood parks |
| C                  | U | P | C | U | P | C | U | P | C | U | P | R | R | R | R | R | R   | R                                      | essential services structure                     |
|                    |   |   |   |   |   |   |   |   |   |   |   |   |   | C | U |   |   |  | jail, detention center, and juvenile             |



|                |   |  |   |   |   |   |   |   |   |  |   |             |   |             |   |             |  |
|----------------|---|--|---|---|---|---|---|---|---|--|---|-------------|---|-------------|---|-------------|--|
|                |   |  |   |   |   |   |   |   |   |  |   | P           |   |             |   |             | detention center   |
| TRANSPORTATION |   |  |   |   |   |   |   |   |   |  |   |             |   |             |   |             |  |
|                |   |  |   |   |   |   |   |   |   |  |   | P           | P | P           |   |             | major (terminals, hangers, switching yards, sidings, runways, heliports) |
|                | P |  | P | P | P | P | P | P | P |  | P | P           | P | P           | P | P           | minor (railroad, rights-of-way, streets, transit shelters)               |
| INDUSTRIAL     |   |  |   |   |   |   |   |   |   |  |   |             |   |             |   |             |  |
|                |   |  |   |   |   | P |   |   |   |  |   | P           |   |             |   |             | monument work/sales  |
|                |   |  |   |   |   |   |   |   |   |  |   | P           |   |             | P | P           | military post  |
|                |   |  |   |   |   | R | R | R |   |  |   | P           | P | P           |   |             | manufacturing, light   |
|                |   |  |   |   |   |   |   |   |   |  |   | P           | P |             |   |             | manufacturing, heavy   |
|                |   |  |   |   |   |   |   |   |   |  |   | P           | P | P           |   |             | light industrial activities not listed                                   |
|                |   |  |   |   |   |   |   |   |   |  |   | P           | P |             |   |             | heavy industrial activities not listed                                   |
|                |   |  |   |   |   | R |   |   |   |  |   | P           |   |             |   |             | recycling center   |
|                |   |  |   |   |   | P |   |   |   |  |   | P           | P |             |   |             | wholesale distribution facility  |
|                |   |  |   |   |   | R | R | R |   |  |   | R           | R | R           |   |             | outdoor storage (merchandise/material)                                   |
| C<br>U<br>P    |   |  |   |   |   |   |   |   |   |  |   | C<br>U<br>P |   | C<br>U<br>P |   | C<br>U<br>P | mining of sand and gravel  |

AFTER AMENDMENT

Table 1 Permitted Uses

|   |  |  |  |  |   |  |  |  |  |  |   |  |  |  |  |   |  |
|---|--|--|--|--|---|--|--|--|--|--|---|--|--|--|--|---|--|
| R |  |  |  |  | L |  |  |  |  |  | R |  |  |  |  | P |  |
|---|--|--|--|--|---|--|--|--|--|--|---|--|--|--|--|---|--|

| R                            | R-1/<br>R-1a | R-2/<br>S   | R-3/<br>S   | R-4/<br>S   | B/<br>S     | G/<br>S | C/<br>B | M/<br>U     | M/<br>S | C/<br>S | B/<br>P | I-1/<br>S | I-2/<br>S | C/<br>D | U/<br>S | A/<br>G | A/<br>P | LISTING OF USES IN ZONING DISTRICTS |
|------------------------------|--------------|-------------|-------------|-------------|-------------|---------|---------|-------------|---------|---------|---------|-----------|-----------|---------|---------|---------|---------|-------------------------------------|
| RESIDENTIAL                  |              |             |             |             |             |         |         |             |         |         |         |           |           |         |         |         |         |                                     |
| P                            | P            | P           | P           | P           | P           |         |         |             |         |         |         |           |           |         |         |         | P       | single-family detached              |
|                              |              | P           | P           | P           | P           |         |         |             |         |         |         |           |           |         |         |         | P       | twin home attached                  |
|                              |              | P           | P           | P           | P           |         |         | P           |         |         |         |           |           |         |         |         |         | two-family attached                 |
|                              |              |             |             |             |             |         |         |             |         |         |         |           |           |         |         |         | R       | manufactured home < 24' wide        |
|                              |              |             |             |             | P           | P       | R       |             |         |         |         |           |           |         |         |         | P       | accessory apartments                |
| P                            | P            | P           |             |             |             |         |         |             |         |         |         |           |           |         |         |         |         | rooming house 6 or fewer roomers    |
|                              |              |             | P           | P           | P           |         |         |             |         |         |         |           |           |         |         |         |         | rooming house 7 or more roomers     |
|                              |              | R           | R           | R           | P           | P       | P       |             |         |         |         |           |           |         |         |         | P       | bed and breakfast accommodations    |
|                              |              |             | P           | P           | P           | P       | R       | P           |         |         |         |           |           |         |         |         |         | multifamily                         |
|                              |              | C<br>U<br>P | C<br>U<br>P | C<br>U<br>P | C<br>U<br>P |         |         | C<br>U<br>P |         |         |         |           |           |         |         |         |         | manufactured home park              |
|                              |              |             | P           |             | P           |         | P       | P           | P       |         |         |           |           |         |         |         |         | congregate housing                  |
|                              | R            | R           | R           | R           | R           | R       | R       | R           |         |         |         |           |           |         |         | R       | R       | emergency housing facility          |
| SENIOR HOUSING WITH SERVICES |              |             |             |             |             |         |         |             |         |         |         |           |           |         |         |         |         |                                     |
| R                            | R            | R           | P           | P           | P           |         |         |             | P       |         |         |           |           |         |         |         |         | 6 or fewer persons                  |
| R                            | R            | R           | P           | P           | P           |         |         |             | P       |         |         |           |           |         |         |         |         | 7 to 8 persons                      |
| R                            | R            | R           | P           | P           | P           |         |         |             | P       |         |         |           |           |         |         |         |         | 9 to 16 persons                     |
|                              |              |             | P           | P           | P           |         |         |             |         |         |         |           |           |         |         |         |         | 17 or more persons                  |
| GROUP HOMES, FOSTER HOMES    |              |             |             |             |             |         |         |             |         |         |         |           |           |         |         |         |         |                                     |

|   |   |  |   |   |   |   |   |   |   |   |   |   |   |   |   |                                   |                    |   |   |   |                                       |
|---|---|--|---|---|---|---|---|---|---|---|---|---|---|---|---|-----------------------------------|--------------------|---|---|---|---------------------------------------|
|   |   |  |   |   |   |   |   |   |   |   |   |   |   |   |   | AND RESIDENTIAL TREATMENT CENTERS |                    |   |   |   |                                       |
| R | R |  | R | R | R | R |   |   |   |   |   |   |   |   |   | R                                 | 6 or fewer persons |   |   |   |                                       |
|   |   |  |   | P | P | P |   |   |   |   |   |   |   | P |   | P                                 | 7 to 16 persons    |   |   |   |                                       |
|   |   |  |   |   | P | P |   |   | P | P | P |   |   |   |   |                                   | 17 or more persons |   |   |   |                                       |
|   |   |  |   |   |   |   |   |   |   |   |   |   |   |   |   | DAY CARE/NURSERY                  |                    |   |   |   |                                       |
| P | P |  | P | P | P | P | P | P | P | P | R |   |   | P | R | R                                 |                    | P | P | P | 14 or fewer persons                   |
| R | R |  | R | R | R | P | P | P | P | R |   |   |   | P | R | R                                 |                    | P | P | P | 15 or more persons                    |
|   |   |  |   |   |   |   |   |   |   |   |   |   |   |   |   | MISCELLANEOUS RESIDENTIAL USES    |                    |   |   |   |                                       |
| P | P |  | P | P | P | P | P | P | P | P | P | P | P | P | P | P                                 | P                  | P | P | P | accessory buildings                   |
| R | R |  | R | R | R | R |   |   |   |   |   |   |   |   |   |                                   |                    |   |   | R | garage/yard sales                     |
| R | R |  | R | R | R | R | R | R | R | R | R | R | R | R | R | R                                 | R                  | R | R | R | essential services                    |
| R | R |  | R | R | R | R | R |   |   |   |   | R |   |   |   |                                   |                    |   |   | P | outdoor storage                       |
| R | R |  | R | R | R | R |   |   |   |   |   |   |   |   |   |                                   |                    |   |   | P | private recreation                    |
| R | R |  | R | R | R |   |   |   |   |   |   |   |   |   |   |                                   |                    |   |   | P | woodpiles                             |
| R | R |  | R | R | R | R | R | R | R | R | R | R | R | R | R | R                                 | R                  | R | R | R | temporary buildings                   |
| R | R |  | R | R | R | R | R | R | R | R | R | R | R | R | R | R                                 | R                  | R | P | P | satellite dish/solar collectors       |
| R | R |  | R | R | R |   |   |   |   |   |   |   |   |   |   |                                   |                    |   |   | R | home occupations                      |
|   |   |  |   |   |   |   |   |   |   |   |   |   |   |   |   | COMMERCIAL                        |                    |   |   |   |                                       |
|   |   |  |   |   |   |   |   |   |   |   |   |   |   |   |   |                                   |                    |   |   | P | aviation related commercial operation |
|   |   |  |   |   |   |   |   |   |   |   |   |   |   |   |   | AGRICULTURAL SALES AND SERVICE    |                    |   |   |   |                                       |
|   |   |  |   |   |   |   |   |   |   |   |   |   |   |   |   |                                   |                    |   |   | P | kennels                               |
|   |   |  |   |   |   |   |   |   |   |   |   |   |   |   |   |                                   |                    |   |   |   | pet shops                             |
|   |   |  |   |   |   |   |   |   |   |   |   |   |   |   |   |                                   |                    |   |   |   | pet shops                             |
|   |   |  |   |   |   |   |   |   |   |   |   |   |   |   |   |                                   |                    |   |   | P | veterinary services                   |
| R |   |  |   |   |   |   |   |   |   |   |   |   |   |   |   |                                   |                    |   |   | R | farm animals                          |



|   |     |   |   |   |   |   |   |   |   |   |   |   |   |   |   |                          |  |
|---|-----|---|---|---|---|---|---|---|---|---|---|---|---|---|---|--------------------------|--|
|   |     |   |   |   |   |   |   |   |   |   |   |   |   |   |   | HEALTH CARE              |  |
|   |     |   |   |   | P | P | P | P | P |   | P |   |   |   | R |                          | clinic (outpatient treatment centers)            |
|   |     |   |   |   |   |   |   | P | P |   |   |   |   |   |   |                          | hospitals  |
| C |     | C | C | C | C | C | C | C | C | C | C | C | C | C | C | C                        | interim use                                      |
| U | CUP | U | U | U | U | U | U | U | U | U | U | U | U | U | U | U                        |  |
| P |     | P | P | P | P | P | P | P | P | P | P | P | P | P | P | P                        |  |
|   |     |   |   |   | R | P | P |   |   |   | P |   |   |   |   | P                        | office - business                                |
|   |     |   |   |   | R | P | P | P | P |   | P |   |   |   |   | P                        | professional, scientific, and technical services |
|   |     |   |   |   | R | P | P | P | P |   | P |   |   |   |   |                          | administrative and support services              |
|   |     |   |   |   |   |   |   |   |   |   |   |   |   |   |   | RECREATION/ENTERTAINMENT |  |
|   |     |   |   |   |   | P | P |   |   |   |   |   |   |   |   |                          | indoor   |
|   |     |   |   |   | R | P | P |   | P |   | P |   |   |   | P |                          | health & fitness club                            |
| R |     |   |   |   | R | R | R | R |   |   |   |   |   |   |   | R                        | clubs, lodges, membership organizations, etc.    |
|   |     |   |   |   |   | C |   |   |   | P |   |   | C | C | C |                          | recreation facility, commercial - outdoor        |
|   |     |   |   |   |   | U |   |   |   |   |   |   | U | U | U |                          |  |
|   |     |   |   |   |   | P |   |   |   |   |   |   | P | P | P |                          |  |
|   |     |   |   |   |   |   |   |   |   | R |   |   |   |   |   |                          | shooting range                                   |
|   |     |   |   |   |   |   |   |   |   | P |   |   |   |   |   |                          | off-road motorized sport vehicle trails          |
|   |     |   |   |   |   | R | R |   |   |   |   |   |   |   |   |                          | video arcades                                    |
|   |     |   |   |   |   | P | P |   |   |   | P |   |   |   |   |                          | communication services                           |
|   |     |   |   |   |   |   |   |   |   |   |   |   |   |   |   | RETAIL                   |  |
|   |     |   |   |   | R | P | P |   |   |   |   |   |   |   |   | R                        | general sales and services (see                  |

|   |   |  |   |   |   |             |   |   |   |   |  |  |   |   |   |  |   |   |                            |   |                                |
|---|---|--|---|---|---|-------------|---|---|---|---|--|--|---|---|---|--|---|---|----------------------------|---|--------------------------------|
|   |   |  |   |   |   |             |   |   |   |   |  |  |   |   |   |  |   |   |                            | definition)   |                                |
|   |   |  |   |   |   | C<br>U<br>P |   |   |   |   |  |  |   |   |   |  |   |   |                            | general sales and services (see definition), greater than 70,000 sq. ft. building footprint |                                |
|   |   |  |   |   |   | P           | P |   |   |   |  |  |   |   |   |  |   |   | P                          | nursery, landscaping  |                                |
|   |   |  |   |   |   | P           | P |   |   |   |  |  |   |   |   |  |   |   |                            | grocery stores  |                                |
|   |   |  |   |   |   | P           | P |   |   |   |  |  |   |   |   |  |   |   |                            | hotels and motels   |                                |
|   |   |  |   |   |   | P           | P |   |   | P |  |  | P |   |   |  |   |   |                            | medical equipment and supplies (see definition)   |                                |
|   |   |  |   |   |   | R           | P | P | R | R |  |  |   |   |   |  |   |   |                            | pharmacy  |                                |
|   |   |  |   |   |   |             | R | R | R |   |  |  |   |   |   |  |   | R | P                          | temporary outdoor sales   |                                |
|   |   |  |   |   |   |             | R | R |   |   |  |  | R |   |   |  |   |   |                            | brewery/distillery/winery   |                                |
|   |   |  |   |   |   |             | P | P |   |   |  |  | P |   |   |  |   |   |                            | taproom/tasting room  |                                |
|   |   |  |   | R | R | R           | P | P |   |   |  |  | P |   |   |  |   |   |                            | salon/barber shop   |                                |
|   |   |  |   |   |   |             |   |   |   |   |  |  |   |   |   |  |   |   | SCHOOLS PUBLIC AND PRIVATE |   |                                |
| R | R |  | R | R | R |             |   |   |   |   |  |  |   |   |   |  |   | P |                            | elementary - secondary  |                                |
|   |   |  |   |   |   |             | R | P | P |   |  |  | P |   |   |  |   |   | P                          | educational service institution   |                                |
|   |   |  |   |   |   |             |   | P | P |   |  |  |   |   |   |  |   |   | P                          | P   | post high schools and colleges |
|   |   |  |   |   |   |             |   |   |   |   |  |  |   |   |   |  |   |   | WAREHOUSE                  |   |                                |
|   |   |  |   |   |   |             | P |   |   |   |  |  | P | P | P |  | R |   |                            | general   |                                |
|   |   |  |   |   |   |             | P |   |   |   |  |  |   |   | P |  |   |   |                            | mini storage  |                                |
|   |   |  |   |   |   |             | P |   |   |   |  |  | P | P | P |  |   |   |                            | motor freight terminal  |                                |

|                    |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |  |   |                        |  |
|--------------------|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|--|---|------------------------|--|
|                    |   |   |   |   |   | R | R | R | R | R | R | R | R | R | R | R | R | R | outdoor storage of land/sea containers |   |                        |  |
| PUBLIC/SEMI-PUBLIC |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |  |   |                        |  |
| P                  | P |   | P | P | P |   |   |   |   |   |   |   |   |   |   |   | P | P | athletic facilities - public           |   |                        |  |
|                    |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   | P | P                                      | cemeteries  |                        |  |
| R                  | R |   | R | R | R | R | R | R |   |   |   |   |   |   |   |   |   |   | P                                      | churches  |                        |  |
|                    |   |   |   |   |   |   | P | P |   |   |   |   |   |   |   |   |   |   | P                                      | cultural facilities (art galleries, libraries, museums) |                        |  |
| R                  | R |   | R | R | R |   |   |   |   |   | P |   |   |   |   |   |   |   | R                                      | P   | golf and country clubs |  |
|                    |   |   |   |   |   |   |   |   |   |   |   |   |   | P | P |   |   |   | P                                      | water sewage treatment                                  |                        |  |
|                    |   |   |   |   |   |   |   |   |   |   | C | U | P | C | U | P | C | U | P                                      | telecommunications towers                               |                        |  |
| P                  | P |   | P | P | P | P | P | P | P | P | P | P | P | P | P |   |   |   | P                                      | P   | P                      | treatment, power substations, neighborhood parks |
| C                  | U | P | C | U | P | C | U | P | C | U | P | R | R | R | R | R | R | R | R                                      | R   | R                      | essential services structure                     |
|                    |   |   |   |   |   |   |   |   |   |   |   |   |   | C |   |   |   |   |  |   |                        | jail, detention                                  |

|                |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |  |
|----------------|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|--|
|                |   |   |   |   |   |   |   |   |   |   |   | U |   |   |   |   |   |   | center, and juvenile detention center                                    |
| TRANSPORTATION |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |  |
|                |   |   |   |   |   |   |   |   |   |   | P | P | P |   |   |   | P | P | major (terminals, hangers, switching yards, sidings, runways, heliports) |
|                | P | P | P | P | P | P | P | P | P | P | P | P | P | P | P | P | P | P | minor (railroad, rights-of-way, streets, transit shelters)               |
| INDUSTRIAL     |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |  |
|                |   |   |   |   |   | P |   |   |   |   |   | P |   |   |   |   |   |   | monument work/sales  |
|                |   |   |   |   |   |   |   |   |   |   |   | P |   |   | P |   |   | P | military post  |
|                |   |   |   |   | R | R | R |   |   |   | P | P | P |   |   |   |   |   | manufacturing, light   |
|                |   |   |   |   |   |   |   |   |   |   |   | P | P |   |   |   |   |   | manufacturing, heavy   |
|                |   |   |   |   |   |   |   |   |   |   |   | P | P | P |   |   |   |   | light industrial activities not listed                                   |
|                |   |   |   |   |   |   |   |   |   |   |   | P | P |   |   |   |   |   | heavy industrial activities not listed                                   |
|                |   |   |   |   |   | R |   |   |   |   |   | P |   |   |   |   |   |   | recycling center   |
|                |   |   |   |   |   | P |   |   |   |   |   | P | P |   |   |   |   |   | wholesale distribution facility  |
|                |   |   |   |   | R | R | R |   |   |   | R | R | R |   |   |   |   |   | outdoor storage (merchandise/material)                                   |
| C              |   |   |   |   |   |   |   |   |   |   | C |   | C | C |   |   |   | C | mining of sand and gravel  |
| U              |   |   |   |   |   |   |   |   |   |   | U |   | U | U |   |   |   | U |  |
| P              |   |   |   |   |   |   |   |   |   |   | P |   | P | P |   |   |   | P |  |



PASSED AND ADOPTED BY THE CITY OF GRAND RAPIDS COUNCIL

\_\_\_\_\_.

|                | <b>AYE</b> | <b>NAY</b> | <b>ABSENT</b> | <b>ABSTAIN</b> |
|----------------|------------|------------|---------------|----------------|
| Dale Adams     | _____      | _____      | _____         | _____          |
| Tasha Connelly | _____      | _____      | _____         | _____          |
| Michelle Toven | _____      | _____      | _____         | _____          |
| Rick Blake     | _____      | _____      | _____         | _____          |
| Dale Christy   | _____      | _____      | _____         | _____          |

Presiding Officer

Attest

\_\_\_\_\_  
Dale Christy, Mayor, City of Grand Rapids

\_\_\_\_\_  
Kimberly Gibeau, City Clerk, City of Grand Rapids



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## REQUEST FOR COUNCIL ACTION

**AGENDA DATE:** November 28, 2022

**AGENDA ITEM:** Conduct a public hearing to consider the establishment of Tax Increment Financing District 1-14; Voyageur Capital/Arbor Wood

**PREPARED BY:** Rob Mattei, Director of Community Development

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**BACKGROUND:**

Staff will present the attached PowerPoint presentation as background for the public hearing.

**REQUESTED COUNCIL ACTION:**



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Item 18.

# **City Council Public Hearing**

## **Tax Increment Finance (TIF) Redevelopment District 1-14**

**Voyageur Capital Group, LLC and the City of Grand Rapids**

**November 28, 2022**

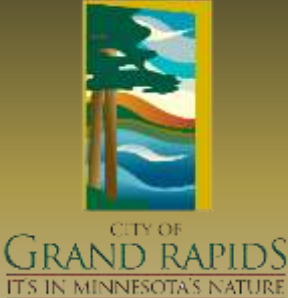
# Project Background



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- **Voyageur Capital Group, a Delaware limited liability company, based in International Falls, MN (VCG), filed an application for TIF Business Assistance on September 2 of this year requesting Tax Increment Financing (TIF) in the amount of \$425,000.**
- **Project Scope**
  - **VCG purchased the site of the former Ainsworth OSB Plant in September 2020.**
  - **VCG plans to renovate the existing industrial building, located on the 138-acre site, converting it to a mixed use, multi-tenant, warehousing and light manufacturing use.**
  - **The project's initial phase will support the location of Arbor Wood Co. through the buildout of approximately 48,000 sq. ft. of the larger industrial building.**
  - **Major components of the buildout include: extending sanitary sewer and water service to the proposed Arbor Wood space, new electrical and mechanical systems, a demising wall, roof repairs, fire suppression system, doors, restrooms and office/conference area construction.**

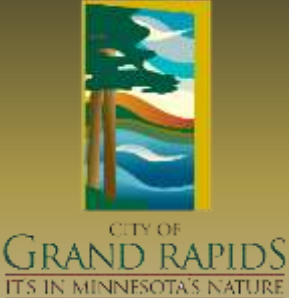
# Project Background



- **Arbor Wood Co. – is a supplier of thermally modified siding, decking and dimensional lumber. The Arbor Wood manufacturing process, which is currently outsourced, uses heat and steam to improve the aesthetics and durability of the building materials, across a range of wood species.**
- **The Grand Rapids project will bring the production process in-house for Arbor Wood. Control of the process will improve delivery speed, quality control and increase production capacity.**
- **Arbor Wood will utilize the built out space for raw and finished material storage, production and modification (milling). Arbor Wood will purchase and install approximately \$3.0MM of equipment for their process, including a \$1.8MM autoclave.**
- **Project Timeline –**

| Timeline     | Description  | Capital Investment |
|--------------|--|--------------------|
| 12/22 - 5/23 | Renovation of building/tenant buildout: demising wall, electric and lighting upgrades, fire suppression system, roof repair, mechanical, overhead doors, and office buildout           | \$2,509,300        |
| 2/23 - 7/23  | Civil/Site Improvements: sanitary and water service, fire loop and CT cabinets and feeder  | \$875,900          |
| 4/23 - 7/23  | Equipment Delivery and Installation: Autoclave, Optimizer Line, Moulder Line, End Matcher Line, Gang Rip Saw, Dust Collections System, Air Compressor, Combi Lift, and 7500 Fork Lift. | \$2,981,900        |
| Total:       |  | \$6,367,100        |

# Project Background



- **Employment** – The Arbor Wood project will create the following full time positions within the first two years of operation:

| <b>Positions</b>  | <b>Base Wage</b> |
|---|------------------|
| 1 Production Manager  | \$81,080/year    |
| 3 Technicians   | \$25/hour        |
| 3 General Laborer   | \$17/hour        |
| <b>Estimated annual net increase in payroll after full implementation, including benefits</b> | <b>\$430,000</b> |

- **Arbor Wood provides health care and retirement benefits, the value of which is an average of \$6.00/hour**
- **We estimate the renovation, site improvements and internal building layout modifications will employ approximately 15 full-time temporary jobs for the duration of the project.**



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# Project Background

- **Project Location** – The project is proposed to be located on a 138-acre industrial zoned area, owned by Voyageur Capital Group, consisting of six parcels:

91-019-2201, 91-019-2202, 91-019-2300, 91-019-2403, 91-019-3200, 91-019-3102

- The address for the project is 502 W. Co. Rd. 63, Grand Rapids.

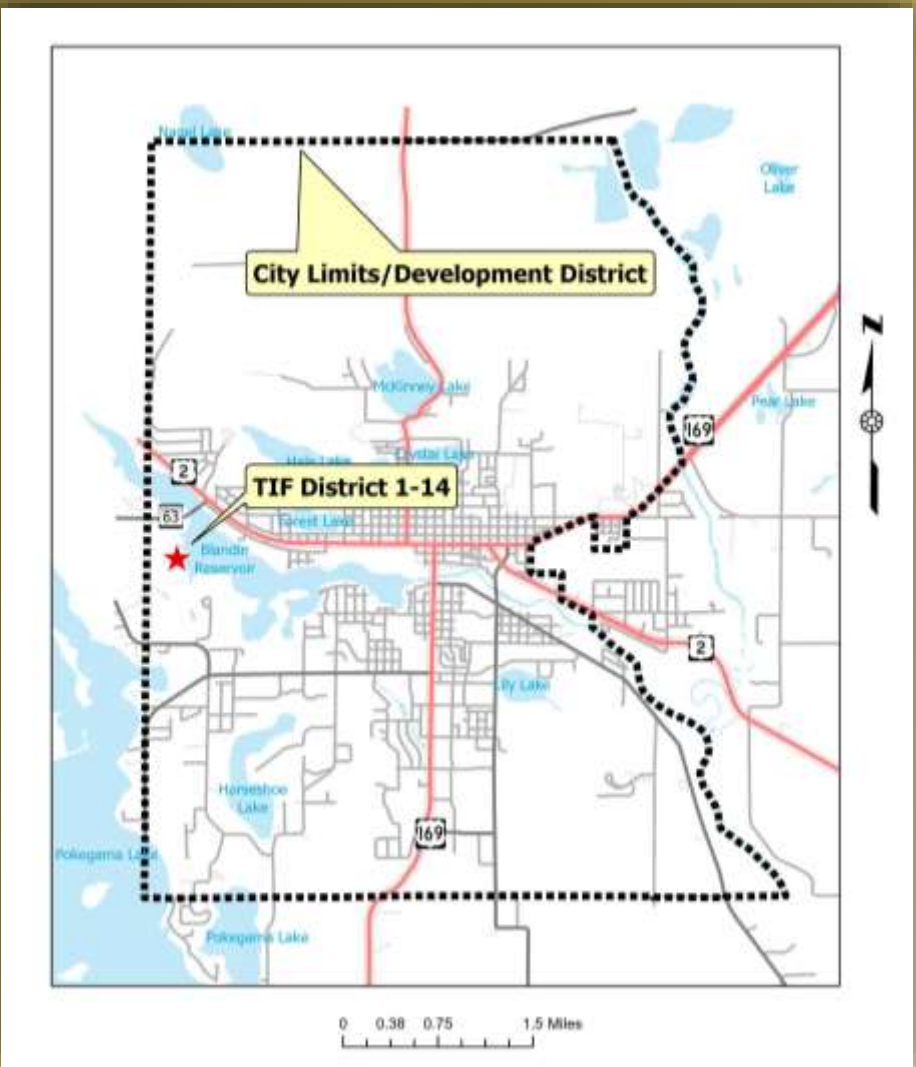




# Project Background

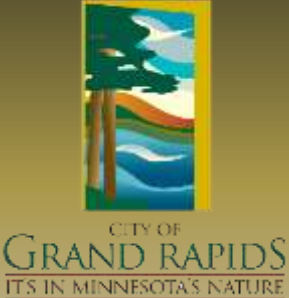


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# Project Background



## Project Sources and Uses:

| <b>Sources/Revenue:</b>         |                    | <b>Uses/Development Costs:</b>               |                    |
|---------------------------------|--------------------|--|--------------------|
| <b>Bank Loan</b>                | <b>\$2,500,000</b> | <b>Site Acquisition</b>                      | <b>\$1,321,061</b> |
| <b>Equity</b>                   | <b>\$1,514,122</b> | <b>Construction Costs – Site Development</b> | <b>\$875,900</b>   |
| <b>IRRR Dev. Infrastructure</b> | <b>\$500,000</b>   | <b>Construction Costs – Tenant Buildout</b>  | <b>\$2,509,300</b> |
| <b>TIF</b>                      | <b>\$425,000</b>   | <b>A &amp; E</b>                             | <b>\$35,000</b>    |
|                                 |                    | <b>Development Fee</b>                       | <b>\$153,304</b>   |
|                                 |                    | <b>Cash Accounts/Escrows/Reserves</b>        | <b>\$44,557</b>    |
| <b>Total:</b>                   | <b>\$4,939,122</b> | <b>Total:</b>                                | <b>\$4,939,122</b> |

This Project Sources and Uses does not include Arbor Wood’s \$2,981,800 investment in equipment nor the GREDA MIF loan of \$212,000 and IRRR Bank Participation Loan of up to \$1,200,000 for those equipment purchases.

# Project Background



## Current and Future Assessed Value Estimate:

|  | <b>Current<br/>(Itasca County Assessor)</b> | <b>Future<br/>(Itasca County Assessor)</b> |
|--|---|--|
| <b>Land Value (138 acres)</b>                | <b>\$722,600</b>                            | <b>\$2,920,600</b>                         |
| <b>Building Value</b>                        | <b>\$1,130,100</b>                          | <b>\$2,689,300</b>                         |
| <b>Total Value</b>                           | <b>\$1,862,700</b>                          | <b>\$5,609,900</b>                         |
| <b>Annual Property Taxes (Pay 2022 Rate)</b> | <b>\$70,901</b>                             | <b>\$187,429</b>                           |



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# TIF Business Assistance

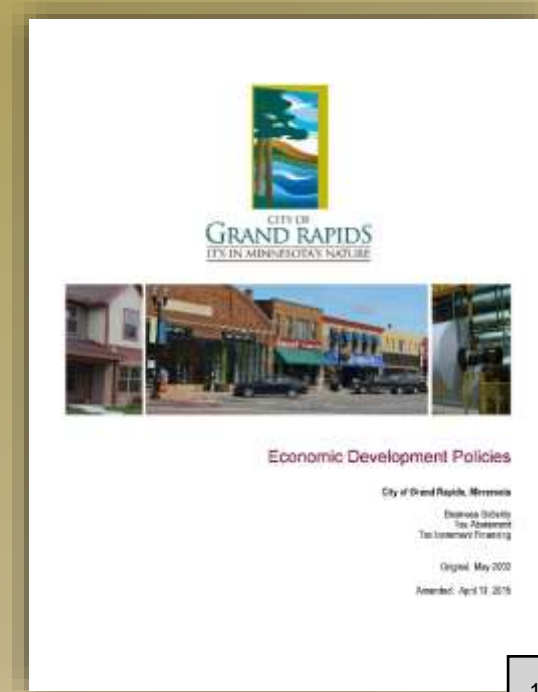
- **The proposed TIF district would be a Redevelopment District**
  - **Minnesota Statutes, Section 469.174, Subd. 10 lists criteria for a qualified Redevelopment TIF District which include:**
    - **Parcels consisting of 70% of the area of the district are occupied by buildings, streets, utilities or parking lots; and**
    - **More than 50% of the buildings are structurally substandard to a degree requiring substantial renovation or clearance; and**
    - **That the substandard buildings must be reasonably distributed throughout the district.**
  - **GREDA contracted with LHB Architects to conduct an inspection of the proposed district. Their report, dated November 7, 2022, confirms that the statutory criteria is met with the proposed district.**
- **In Minnesota, TIF can be used for two purposes:**
  - **To finance public infrastructure that is related to the development, or**
  - **To induce or cause a development or redevelopment that otherwise would not occur. (The economics of the development won't work without the assistance, for reasons such as; added cost of building acquisition and renovation, development costs won't allow for market rate rents, added cost of site cleanup, etc.)**
  - **For this project, it will be used for both purposes.**



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# TIF Business Assistance

- **The Public Purpose Objectives, within the City's *Economic Development Policies*, which this project aligns with are:**
  - **To retain local jobs and/or increase the number and diversity.**
  - **To enhance and/or diversify the City's economic base.**
  - **To encourage additional unsubsidized private (re)development**
  - **To remove blight and/or encourage (re)development of commercial and industrial areas.**





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# TIF Business Assistance

- **TIF But-for Test**

- Under Minnesota statute, before a City can establish a TIF district for a project, the developer must demonstrate and the City must verify that, but-for the use of TIF, the project would not occur in the foreseeable future.

- **TIF Basics:**



- Important to note that the property taxes collected currently are still received and retained by the City during the term of the TIF
- Only the increase in taxes resulting from the new development (increment) is delayed until the TIF commitment is satisfied.
- Upon that satisfaction, all property taxes resume full distribution to the taxing entities.



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# TIF Business Assistance

- **TIF Need Analysis** – the City’s fiscal consultant Ehlers has analyzed and evaluated the Developer’s updated project budget and pro forma based upon industry standards and market ranges for rate of return, as well as development costs and revenues. (Ehlers memo attached)
  - Based upon that analysis, it was determined that TIF assistance in the amount of \$425,000 is required to achieve the Developers desired return on investment of ranging between 5.4% and 6.3% for this project. This cash-on-cash ROI is below industry standard, however VCG expects to earn a greater return on future phases.
  - On November 3, bids were opened for the Grand Rapids/Cohasset Infrastructure Project, which will serve the project site and adjacent undeveloped industrial property. The low bid of \$4,697,800 was \$776,587 greater than the project budget. With the City’s contribution to the project leveraged by \$3,507,703 in federal, state and local partner contributions, staff has worked with Ehlers and the City Finance Department to explore utilizing excess TIF capacity for this project to fund the City cost, including the overrun, while also pursuing additional cost participation from the GRPUC.
  - An additional \$869,380 of TIF revenue will fund the cost for the City share of the public infrastructure, bringing the total amount of TIF need to \$1,294,380.
  - The structure of the assistance, including the term for the VCG \$425,000 PAYGO Note are being negotiated and will be brought to the City Council for review at a future date.



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# TIF Business Assistance

- **TIF Plan**

- **When approving a TIF Plan, the City Council must find (among other things) that:**
  - **The proposed development would not reasonably be expected to occur solely through private investment in the reasonably foreseeable future; and**
  - **The increased market value of the site that could reasonably be expected to occur without the use of TIF would be less than the increase estimated to result from the proposed development.**
- **The Draft Resolution, TIF Plan and it's Appendix C address these required findings and describe the basis of the determined need for this public assistance to advance the public purpose objectives previously outlined.**
- **The proposed TIF involves pay-as-you-go financing, which means the Developer will pay the costs of creating the private improvements with their funds, and the increments, as they are generated by the new development, will be used to reimburse the developer for these costs over time.**
- **Redevelopment districts have a maximum duration of 26 years. As said, the final structure of the PAYGO note to the developer is being negotiated. Those discussions will determine if the increment revenue is shared between the City and VCG at first or if we structure payment to the City occurring after VCG note is satisfied. Regardless of the approach, the full TIF amount can be paid prior to the maximum term for the District.**





# Process

**At their November 17, 2022 meeting, GREDA:**

- 1. GREDA reviewed the request for business assistance and adopted a resolution supporting a modification to the Development Program for the City's Development District No. 1, establishing TIF District 1-14 and adopting a TIF Plan.**

**At today's meeting, the City Council will hold a public hearing to consider this request for TIF Business Assistance. Actions that will be considered immediately following the Public Hearing will include:**

- 1. Adoption of a resolution approving the establishment of TIF District No. 1-14 and approving the TIF Plan for the District.**

**At an upcoming meeting, the City Council will consider:**

- 1. Adoption of a resolution approving a Contract for Private Development between the City and Voyageur Capital Group and awarding the sale of, and providing the form, terms, covenants and directions for the issuance of its tax increment revenue note.**





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Item 18.

# Questions?



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## REQUEST FOR COUNCIL ACTION

**AGENDA DATE:** November 28, 2022

**AGENDA ITEM:** Consider adopting a resolution approving a modification to the development program for the Municipal Development District 1 and the establishment of Tax Increment Financing District No. 1-14: Arbor Wood, and a Tax Increment Plan therefore

**PREPARED BY:**

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### BACKGROUND:

Following the public hearing, the City Council may consider the facts presented, the public testimony and the recommendation of the Grand Rapids Economic Development Authority in considering the draft resolution.

### REQUESTED COUNCIL ACTION:

Make a motion to adopt a resolution approving a modification to the development program for the Municipal Development District 1 and the establishment of Tax Increment Financing District No. 1-14: Arbor Wood, and a Tax Increment Plan therefore

**CITY OF GRAND RAPIDS, MINNESOTA**

**RESOLUTION NO. 22-\_\_\_\_\_**

**RESOLUTION APPROVING A MODIFICATION OF THE DEVELOPMENT PROGRAM FOR MUNICIPAL DEVELOPMENT DISTRICT NO. 1, THE ESTABLISHMENT OF TAX INCREMENT FINANCING DISTRICT NO. 1-14: ARBOR WOOD, AND A TAX INCREMENT FINANCING PLAN THEREFOR**

BE IT RESOLVED By the City Council of the City of Grand Rapids, Minnesota (the “City”) as follows:

Section 1.       Background.

1.01. The City has previously established Municipal Development District No. 1 (the “Development District”) within the City and has approved a Development Program therefor (the “Development Program”) in accordance with Minnesota Statutes, Sections 469.124 through 469.133, as amended (the “City Development District Act”).

1.02. The City has proposed to establish Tax Increment Financing District No. 1-14: Arbor Wood (the “TIF District”), a redevelopment district within the Development District, and adopt a Tax Increment Financing Plan therefor (the “TIF Plan”), all pursuant to the City Development District Act and Minnesota Statutes, Sections 469.174 through 469.1794, as amended (the “TIF Act”). To that end, the City has caused to be prepared a Modification to the Development Program (the “Development Program Modification”) and a Tax Increment Financing Plan for the TIF District (the “TIF Plan”). Copies of the Development Program Modification and the TIF Plan are on file with the City.

1.03. On November 17, 2022, the Board of Commissioners of the Grand Rapids Economic Development Authority adopted a resolution supporting the creation of the TIF District and the adoption of the Development Program Modification and the TIF Plan.

1.04. The City and its consultants have performed all actions required by law to be performed prior to the adoption and approval of the Development Program Modification and the TIF Plan, including without limitation notification of the commissioner of Itasca County, Minnesota (the “County”) representing the area included in the TIF District, notification of the County Auditor of the County and Clerk of the Board of Education of Independent School District No. 318 (the “School District”). In addition, on the date hereof, the City Council conducted a public hearing, following notice thereof published in the City’s official newspaper at least 10 but not more than 30 days prior to the date of the public hearing.

1.05. Certain information, written reports and other documentation and materials (collectively, the “Materials”) relating to the establishment of the TIF District, the approval and adoption of the Development Program Modification and the TIF Plan, and the activities contemplated therein have heretofore been prepared and submitted to the City Council and/or made a part of the City’s files and proceedings on the TIF Plan. The Materials, which are incorporated herein by reference, including (1) the “studies and analyses” on why the new TIF District meets the requirements to be a redevelopment tax increment financing district, including the Report of Inspection Procedures and Results for Determining Qualifications of a Tax Increment Financing District, dated November 7, 2022 (the “LHB Report”), prepared by LHB; (2) the reasons for which the TIF District meets the so-called “but for” test, including an

analysis of the proforma, application for assistance, and other materials submitted by Voyageur Capital Group, LLC, a Delaware limited liability company, or an affiliate, successor, or assign (collectively, the “Developer”); and (3) the bases for the other findings and determinations made in this resolution. The City Council hereby confirms, ratifies, and adopts the Materials, which are hereby incorporated into and made as fully a part of this resolution to the same extent as if set forth in full herein.

1.06. The TIF District is being established to facilitate a redevelopment project by the Developer consisting of the development of approximately 48,960 square feet of light manufacturing and warehouse space on property located in the City and owned by the Developer (the “Development”).

Section 2. Findings; Development District.

2.01. The boundaries of the Development District are not being expanded and the Development Program is not being modified other than to incorporate the establishment of the TIF District therein; therefore, the City Council reaffirms the findings and determinations originally made in connection with the establishment of the Development District and the adoption of the Development Program therefor. The purposes and development activities set forth in the proposed Development District Modification are hereby expanded to include all development and redevelopment activities occurring within the TIF District.

2.02. It is further specifically found and determined that (i) the land within the Development District would not be made available for redevelopment without the public intervention and financial assistance described in the Development Program Modification; (ii) the Development Program Modification will afford maximum opportunity, consistent with the sound needs of the City as a whole, for the development and redevelopment of the Development Program by private enterprise; and (iii) the Development Program Modification conforms to the general plan for the development of the City as a whole and otherwise promotes certain public purposes and accomplish certain objectives as specified in the Development Program Modification and the TIF Plan.

Section 3. Findings; TIF District.

3.01. The City Council hereby finds that the TIF District is in the public interest and is a redevelopment district, as defined in Section 469.174, subdivision 10 of the TIF Act for the following reasons:

The TIF District is, pursuant to Section 469.174, subdivision 10 of the TIF Act, a “redevelopment district” because it consists of a project or portions of a project within which the following conditions, reasonably distributed throughout the TIF District, exist: (1) parcels consisting of at least 70% of the area of the TIF District are occupied by buildings, streets, utilities, paved or gravel parking lots, or other similar structures; and (2) more than 50% of the buildings, not including outbuildings, located within the TIF District are deemed “structurally substandard” (within the meaning of Section 469.174, subdivision 10(b) and (c) of the TIF Act) to a degree requiring substantial renovation or clearance. Such conditions are reasonably distributed throughout the geographic area of the proposed TIF District

The TIF District consists of six parcels. Parcels consisting of 73.9% of the area of the TIF District parcels are “occupied” as defined in Section 469.174, subdivision 10(e) of the TIF Act, in that (1) the parcels are occupied by buildings, streets, utilities, paved or gravel parking lots, or other similar structures; and (2) the buildings in the TIF District (i.e., 100% of the buildings in the TIF District) are structurally substandard to a degree requiring substantial renovation or clearance. In addition, the costs of bringing the structurally substandard buildings into compliance with building codes

applicable to new buildings would exceed 15% of the cost of constructing new structures of the same size and type on the site.

The Materials, including without limitation the LHB Report, and the supporting facts for these determinations, are on file with the staff of the City. There have been no building permits issued or improvements made to the parcel or building since the date of the report.

3.02. The City Council hereby makes the following additional findings:

(a) The City Council further finds that the proposed Development, in the opinion of the City Council, would not occur solely through private investment within the reasonably foreseeable future and, therefore, the use of tax increment financing is deemed necessary. The specific basis for such finding being:

This finding is supported by the fact that the redevelopment proposed in the TIF Plan meets the City's objectives for redevelopment. Due to the high cost of redevelopment on the parcels currently occupied by a substandard building, and the cost of financing the proposed improvements, this project is feasible only through assistance, in part, from tax increment financing. The Developer was asked for and provided a letter and a proforma as justification that the Developer would not have gone forward without tax increment assistance.

The cost of site and public improvements and utilities add to the total redevelopment cost. Historically, construction costs, site and public improvements costs in this area have made redevelopment infeasible without tax increment assistance. The City reasonably determines that no other redevelopment of similar scope is anticipated on this site without substantially similar assistance being provided to the development.

(b) The City Council further finds that the TIF Plan conforms to the general plan for the development or redevelopment of the City as a whole. The specific basis for such finding being:

The TIF Plan conforms with the general development plan of the City and will generally complement and serve to implement policies adopted in the City's comprehensive plan. The construction of the Development contemplated on the property is in accordance with the existing zoning or approved zoning variances for the property.

(c) The City Council further finds that the TIF Plan will afford maximum opportunity consistent with the sound needs of the City as a whole for the development of the Development District by private enterprise. The specific basis for such finding being:

The Development proposed to occur within the TIF District will afford maximum opportunity for the development of the applicable parcels consistent with the needs of the City and the removal of blighted buildings will increase the potential for future redevelopment. The Development is primarily manufacturing and warehouse space. Through the implementation of the TIF Plan, the Development will result in increased employment in the City and the State of Minnesota, the renovation of substandard properties, increased tax base of the State, help redevelop a long vacant site in the City that has been a priority for the City to redevelop, and add a high-quality development to the City.

(d) For purposes of compliance with Section 469.175, subdivision 3(b)(2) of the TIF Act, the City Council hereby finds that the increased market value of the property to be developed within the TIF District that could reasonably be expected to occur without the use of tax increment financing is likely \$0, which is less than the market value estimated to result from the proposed development (approximately \$26,862,336), after subtracting the present value of the projected tax increments for the maximum duration of the TIF District (approximately \$11,766,878), which is approximately \$15,095,458. In making these findings, the City Council has noted that the existing buildings on the Development property are blighted and would likely remain in its current condition or further deteriorate if tax increment financing were not available. Thus, the use of tax increment financing will be a positive net gain to the City, the School District, and the County, and the tax increment assistance does not exceed the benefit which will be derived therefrom.

3.03. The City elects to retain all of the captured tax capacity to finance the costs of the TIF District and the Development District. The City elects to delay the receipt of the first increment as set forth in the TIF Plan. The City Council elects to calculate the fiscal disparities for the TIF District in accordance with Section 469.177, subdivision 3(b) of the TIF Act, which means that the fiscal disparities contribution will be taken from inside the TIF District.

3.04. The provisions of Sections 3.02 and 3.03 hereof are hereby incorporated by reference into and made a part of the TIF Plan. The findings of the TIF Plan, including but not limited to the LHB Report, are incorporated herein by reference and made a part hereof.

3.05. The City Council further finds that TIF Plan is intended and in the judgment of the City Council its effect will be to promote the public purposes and accomplish the objectives specified therein. The TIF Plan will increase employment in the area, help redevelop a site in the City which may spur additional spin off development and improve the tax base. The City Council expressly finds that any private benefit to be received by a private developer is incidental, as the tax increment assistance is provided solely to make the development financially feasible and thus produce the public benefits described. Therefore, the City Council finds that the public benefits of the TIF Plan exceed any private benefits.

3.06. The TIF District is hereby established and the TIF Plan, as presented to the City Council on this date, including without limitation the findings and statements of objectives contained therein, is hereby approved, ratified, established, and adopted and shall be placed on file in the office of the in the office of the Community Development Director. Approval of the TIF Plan does not constitute approval of any project or a development agreement with any developer. City staff and consultants are authorized and directed to proceed with implementation of the TIF Plan and to transmit the request for certification of the TIF District to the County Auditor in such form and content as the County Auditor may specify and to file a copy of TIF Plan with the Minnesota Commissioner of Revenue and the Office of the State Auditor as required by the TIF Act. The County Auditor is requested to certify the original net tax capacity of the TIF District as described in the TIF Plan, and to certify in each year thereafter the amount by which the original net tax capacity has increased or decreased in accordance with the Act.

3.07. City staff, advisors, and legal counsel are authorized and directed to proceed with the implementation of the TIF Plan and to negotiate, draft, prepare, and present to the City Council for its consideration all further plans, resolutions, documents, and contracts necessary for this purpose.

Approved this November 28, 2022 by the City Council of the City of Grand Rapids, Minnesota.

\_\_\_\_\_  
Mayor

ATTEST:

\_\_\_\_\_  
City Clerk

Public Hearing Date: November 28, 2022

# City of Grand Rapids, Itasca County, Minnesota

## MODIFICATION TO THE DEVELOPMENT PROGRAM

Municipal Development District No. 1  
&

## Tax Increment Financing (TIF) Plan

Establishment of Tax Increment Financing District No. 1-14:  
Arbor Wood  
(a redevelopment district)



Prepared by:

Ehlers  
3060 Centre Pointe Drive  
Roseville, Minnesota 55113

**BUILDING COMMUNITIES. IT'S WHAT WE DO.**



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# Modification to the Development Program for Municipal Development District No. 1

## FOREWORD

The following text represents a Modification to the Development Program for Municipal Development District No. 1. This modification represents a continuation of the goals and objectives set forth in the Development Program for Municipal Development District No. 1. Generally, the substantive changes include the establishment of Tax Increment Financing District No. 1-14: Arbor Wood.

For further information, a review of the Development Program for Municipal Development District No. 1, is recommended. It is available from the Community Development Director at the City of Grand Rapids. Other relevant information is contained in the tax increment financing plans for the tax increment financing districts located within Municipal Development District No. 1.

# Tax Increment Financing Plan for Tax Increment Financing District No. 1-14: Arbor Wood

## FOREWORD

The City of Grand Rapids (the "City"), staff and consultants have prepared the following information to expedite the establishment of Tax Increment Financing District No. 1-14: Arbor Wood (the "District"), a redevelopment tax increment financing district located in Municipal Development District No. 1.

## STATUTORY AUTHORITY

Within the City, there exist areas where public involvement is necessary to cause development or redevelopment to occur. To this end, the City has certain statutory powers pursuant to *Minnesota Statutes ("M.S."), Sections 469.124 - 469.133*, inclusive, as amended, and *M.S., Sections 469.174 to 469.1794*, inclusive, as amended (the "TIF Act"), to assist in financing public costs related to this project.

This section contains the Tax Increment Financing Plan (the "TIF Plan") for the District. Other relevant information is contained in the Modification to the Development Program for Municipal Development District No. 1.

## STATEMENT OF OBJECTIVES

The District currently consists of six (6) parcels of land and adjacent roads and internal rights-of-way. The District is being created to facilitate the development of approximately 48,960 square feet of light manufacturing and warehousing space, and the District includes space for future redevelopment in the City. The City has not entered into a development agreement but anticipates entering into an agreement with Voyageur Capital Group, LLC, or an affiliate thereof (the "Developer"). Development is anticipated to begin in the winter of 2022/23 and be completed by the end of year 2023. This TIF Plan is expected to achieve many of the objectives outlined in the Development Program for the Development District.

The activities contemplated in the Modification to the Development Program and the TIF Plan do not preclude the undertaking of other qualified development or redevelopment activities. These activities are anticipated to occur over the life of the Development District and the District..

## DEVELOPMENT PROGRAM OVERVIEW

Pursuant to the Development Program and authorizing state statutes, the City is authorized to undertake the following activities in the District:

1. Property to be Acquired - Selected property located within the District may be acquired by the City and is further described in this TIF Plan.
2. Upon approval of a developer’s plan relating to the project and completion of the necessary legal requirements, the City may sell to a developer selected properties that it may acquire within the District or may lease land or facilities to a developer.
3. The City may perform or provide for some or all necessary acquisition, construction, demolition, and required utilities and public street work within the District.

## DESCRIPTION OF PROPERTY IN THE DISTRICT AND PROPERTY TO BE ACQUIRED

The District encompasses all property and adjacent roads rights-of-way and abutting roadways identified by the parcels listed below.

| Parcel number | Address        | Owner         |
|---------------|----------------|---------------|
| 91-019-3200   | 502 Co. Rd. 63 | Voyageur Cap. |
| 91-019-2201   | Unassigned     | Voyageur Cap. |
| 91-019-2202   | Unassigned     | Voyageur Cap. |
| 91-019-2300   | Unassigned     | Voyageur Cap. |
| 91-019-2403   | Unassigned     | Voyageur Cap. |
| 91-019-3102   | Unassigned     | Voyageur Cap. |

Please also see the map in Appendix A for further information on the location of the District.

The City may acquire any parcel within the District including interior an adjacent street rights-of-way. Any properties identified for acquisition will be acquired by the City only in order to accomplish one or more of the following: construct storm sewer improvements; provide land for needed public streets, utilities and facilities; and carry out land acquisition, site improvements, clearance and/or development to accomplish the uses and objectives set forth in this TIF Plan. The City may acquire property by gift, dedication or direct purchase from willing sellers in order to achieve the objectives of this TIF Plan. Such acquisitions will be undertaken only when there is assurance of funding to finance the acquisition and related costs.

The City currently does not own any of the property to be included in the District.

## DISTRICT CLASSIFICATION

The City, in determining the need to create a tax increment financing district in accordance with the TIF Act, finds that the District, to be established, is a redevelopment district pursuant to M.S., Section 469.174, Subd. 10(a)(1).

- The District is a redevelopment district consisting of six (6) parcels.
- An inventory shows that parcels consisting of more than 70% of the area in the District is occupied by buildings, streets, utilities, paved or gravel parking lots or other similar structures.
- An inspection of the buildings located within the District finds that more than 50% of the buildings are structurally substandard as defined in the TIF Act. (See Appendix D).

Pursuant to *M.S., Section 469.176, Subd. 7*, the District does not contain any parcel or part of a parcel that qualified under the provisions of *M.S., Section 273.111, 273.112, or 273.114* or *Chapter 473H* for taxes payable in any of the five calendar years before the filing of the request for certification of the District.

## DURATION & FIRST YEAR OF DISTRICT'S TAX INCREMENT

Pursuant to *M.S., Section 469.175, Subd. 1, and Section 469.176, Subd. 1*, the duration and first year of tax increment of the District must be indicated within the TIF Plan. Pursuant to *M.S., Section 469.176, Subd. 1b.*, the duration of the District will be 25 years after receipt of the first increment by the City (a total of 26 years of tax increment). The City elects to receive the first tax increment in 2025, which is no later than four years following the year of approval of the District.

Thus, it is estimated that the District, including any modifications of the TIF Plan for subsequent phases or other changes, would terminate after 2050, or when the TIF Plan is satisfied. The City reserves the right to decertify the District prior to the legally required date.

## **ORIGINAL TAX CAPACITY, TAX RATE & ESTIMATED CAPTURED NET TAX CAPACITY VALUE/INCREMENT & NOTIFICATION OF PRIOR PLANNED IMPROVEMENTS**

Pursuant to *M.S., Section 469.174, Subd. 7 and M.S., Section 469.177, Subd. 1*, the Original Net Tax Capacity (ONTC) as certified for the District will be based on the market values placed on the property by the assessor in 2022 for taxes payable 2023.

Pursuant to *M.S., Section 469.177, Subds. 1 and 2*, the County Auditor shall certify in each year (beginning in the payment year 2025) the amount by which the original value has increased or decreased as a result of:

1. Change in tax exempt status of property;
2. Reduction or enlargement of the geographic boundaries of the District;
3. Change due to adjustments, negotiated or court-ordered abatements;
4. Change in the use of the property and classification;
5. Change in state law governing class rates; or
6. Change in previously issued building permits.

In any year in which the current Net Tax Capacity (NTC) value of the District declines below the ONTC, no value will be captured and no tax increment will be payable to the City.

The original local tax rate for the District will be the local tax rate for taxes payable 2023, assuming the request for certification is made before June 30, 2023. The rates for 2023 were not available at the time the District was established. The ONTC and the Original Local Tax Rate for the District appear in the table below.

Pursuant to *M.S., Section 469.174 Subd. 4 and M.S., Section 469.177, Subds. 1, 2, and 4*, the estimated Captured Net Tax Capacity (CTC) of the District, within the Development District, upon completion of the projects within the District, will annually approximate tax increment revenues as shown in the table below. The City requests 100% of the available increase in tax capacity be used for repayment of the obligations of the City and current expenditures, beginning in the tax year payable 2025. The Project Tax Capacity (PTC) listed is an estimate of values when the projects within the District are completed.

| Project Tax Capacity                           |                    |          |
|--|--------------------|----------|
| Project estimated Tax Capacity upon completion | \$1,139,204        |          |
| Original estimated Net Tax Capacity            | -34,687            |          |
| Fiscal Disparities                             | <u>-278,067</u>    |          |
| Estimated Captured Tax Capacity                | <b>826,450</b>     |          |
| Original Local Tax Rate                        | <u>168.1770%</u>   | Pay 2022 |
| Estimated Annual Tax Increment                 | <b>\$1,389,899</b> |          |
| Percent Retained by the City                   | 100%               |          |

Note: Tax capacity includes a 3.00% inflation factor for the duration of the District. The tax capacity included in this chart is the estimated tax capacity of the District in year 26. The tax capacity of the District in year one is estimated to be \$69,729.

Pursuant to *M.S., Section 469.177, Subd. 4*, the City shall, after a due and diligent search, accompany its request for certification to the County Auditor or its notice of the District enlargement pursuant to *M.S., Section 469.175, Subd. 4*, with a listing of all properties within the District or area of enlargement for which building permits have been issued during the eighteen (18) months immediately preceding approval of the TIF Plan by the municipality pursuant to *M.S., Section 469.175, Subd. 3*. The County Auditor shall increase the original net tax capacity of the District by the net tax capacity of improvements for which a building permit was issued.

The City has reviewed the area to be included in the District and found no parcels for which building permits have been issued during the 18 months immediately preceding approval of the TIF Plan by the City.

### SOURCES OF REVENUE/BONDS TO BE ISSUED

The total estimated tax increment revenues for the District are shown in the table below:

| SOURCES       |                      |
|---------------|----------------------|
| Tax Increment | \$ 24,281,515        |
| Interest      | <u>2,428,151</u>     |
| <b>TOTAL</b>  | <b>\$ 26,709,666</b> |

The costs outlined in the section Uses of Funds will be financed primarily through the annual collection of tax increments. The City reserves the right to issue bonds (as defined in the TIF Act) or incur other indebtedness as a result of the TIF Plan. As presently proposed, the projects within the District will be financed by pay-as-you-go notes, general obligation bonds for City infrastructure and interfund loans. Any refunding amounts will be deemed a budgeted cost without a formal modification to this TIF Plan. This provision does not obligate the City to incur debt. The City will issue bonds or incur other debt only upon the determination that such action is in the best interest of the City.

The City may issue bonds secured in whole or in part with tax increments from the District in a maximum principal amount of \$15,408,367. Such bonds may be in the form of pay-as-you-go notes, revenue bonds or notes, general obligation bonds, or interfund loans. This estimate of total bonded indebtedness is a cumulative statement of authority under this TIF Plan as of the date of approval.

**USES OF FUNDS**

Currently under consideration for the District is a proposal to facilitate the development of approximately 48,960 square feet of light manufacturing and warehousing space. The City has determined that it will be necessary to provide assistance to the project(s) for certain District costs, as described herein.

The City has studied the feasibility of the development or redevelopment of property in and around the District. To facilitate the establishment and development or redevelopment of the District, this TIF Plan authorizes the use of tax increment financing to pay for the cost of certain eligible expenses. The estimate of public costs and uses of funds associated with the District is outlined in the following table.

| <b>USES</b>                             |                      |
|---|----------------------|
| Land/Building Acquisition               | \$ 2,500,000         |
| Site Improvements/Preparation           | 3,000,000            |
| Affordable Housing                      | -                    |
| Utilities                               | 2,500,000            |
| Other Qualifying Improvements           | 4,980,217            |
| Administrative Costs (up to 10%)        | 2,428,151            |
| <b>PROJECT COSTS TOTAL</b>              | <b>\$ 15,408,368</b> |
| Interest                                | 11,301,298           |
| <b>PROJECT AND INTEREST COSTS TOTAL</b> | <b>\$ 26,709,666</b> |



The total project cost, including financing costs (interest) listed in the table above, does not exceed the total projected tax increments for the District as shown in the Sources of Revenue section.

Estimated costs associated with the District are subject to change among categories without a modification to the TIF Plan. The cost of all activities to be considered for tax increment financing will not exceed, without formal modification, the budget above pursuant to the applicable statutory requirements. Pursuant to *M.S., Section 469.1763, Subd. 2*, no more than 25% of the tax increment paid by property within the District will be spent on activities related to development or redevelopment outside of the District but within the boundaries of the Development District, (including administrative costs, which are considered to be spent outside of the District) subject to the limitations as described in the TIF Plan.

**FISCAL DISPARITIES ELECTION**

Pursuant to *M.S., Section 469.177, Subd. 3*, the City may elect one of two methods to calculate fiscal disparities.

The City will choose to calculate fiscal disparities by clause b (inside).

**ESTIMATED IMPACT ON OTHER TAXING JURISDICTIONS**

The estimated impact on other taxing jurisdictions assumes that the redevelopment contemplated by the TIF Plan would occur without the creation of the District. However, the City has determined that such development or redevelopment would not occur "but for" tax increment financing and that, therefore, the fiscal impact on other taxing jurisdictions is \$0. The estimated fiscal impact of the District would be as follows if the "but for" test were not met:

| Impact on Tax Base      |   |   |   |
|-------------------------|---|---|---|
| Entity                  | 2021/Pay<br>2022 Total<br>Net Tax<br>Capacity | Estimated<br>Captured Tax<br>Capacity<br>(CTC) upon<br>completion | Percent of<br>CTC to<br>Entity<br>Total |
| Itasca County           | 63,718,485                                    | 826,450   | <b>1.2970%</b>                          |
| City of Grand Rapids    | 9,252,644                                     | 826,450   | <b>8.9320%</b>                          |
| ISD 318 (Itasca County) | 44,974,111                                    | 826,450   | <b>1.8376%</b>                          |

| Impact on Tax Rates     |                               |                     |         |                    |
|-------------------------|-------------------------------|---------------------|---------|--------------------|
| Entity                  | Pay 2022<br>Extension<br>Rate | Percent of<br>Total | CTC     | Potential<br>Taxes |
| Itasca County           | 61.0290%                      | 36.29%              | 826,450 | \$ 504,374         |
| City of Grand Rapids    | 84.0570%                      | 49.98%              | 826,450 | 694,689            |
| ISD 318 (Itasca County) | 22.8080%                      | 13.56%              | 826,450 | 188,497            |
| Other                   | 0.2830%                       | 0.17%               | 826,450 | 2,339              |
|                         | <b>168.1770%</b>              | <b>100.00%</b>      |         | <b>\$1,389,899</b> |

The estimates listed above display the captured tax capacity when all construction is completed. The tax rate used for calculations is the Pay 2022 rate. The total net capacity for the entities listed above are based on Pay 2022 figures. The District will be certified under the Pay 2023 rates, which were unavailable at the time this TIF Plan was prepared.

Pursuant to *M.S., Section 469.175 Subd. 2(b)*:

- (1) Estimate of total tax increment. It is estimated that the total amount of tax increment that will be generated over the life of the District is \$24,281,515;
- (2) Probable impact of the District on city provided services and ability to issue debt. An impact of the District on police protection is expected to be minimal. With any addition of new residents or businesses, police calls for service will be increased; however, the redevelopment is reinvesting in vacant space, which also may create policing challenges. New developments add an increase in traffic, and additional overall demands to the call load. The City does not expect that the proposed development, in and of itself, will necessitate new capital investment in vehicles or facilities.

The probable impact of the District on fire protection is not expected to be significant. Typically, new buildings generate few calls, if any, and are of superior construction. The existing buildings, located at the site, which will be rehabilitated or eliminated by the new development, have public safety concerns that include several unprotected old buildings with issues such as access, hydrant locations, and converted structures. The City does not expect that the proposed development, in and of itself, will necessitate new capital investment in vehicles or facilities.

The impact of the District on public infrastructure is expected to be minimal. The development is not expected to significantly impact any traffic movements in the area. The current infrastructure for sanitary sewer, storm sewer and water will be able to handle the additional volume generated from the proposed development. However, infrastructure will need to be extended to serve the site. It is anticipated that tax increment, along with utility funds and grants, will be used to finance the needed infrastructure. Based on the development plans, there are no additional costs associated with street maintenance, sweeping, plowing, lighting and sidewalks.

The probable impact of the issuance of any general obligation tax increment bonds payable from tax increment revenues from the District on the City's ability to issue debt for general fund purposes is expected to be minimal. The City is reviewing options to finance the infrastructure improvements and may issue general obligation bonds. Issuance of general obligation debt supported by tax increment and/or utility revenues will not impact the City's ability to incur future debt or impact the City's debt limit.

- (3) Estimated amount of tax increment attributable to school district levies. It is estimated that the amount of tax increments over the life of the District that would be attributable to school district levies, assuming the school district's share of the total local tax rate for all taxing jurisdictions remained the same, is \$3,293,035;
- (4) Estimated amount of tax increment attributable to county levies. It is estimated that the amount of tax increments over the life of the District that would be attributable to county levies, assuming the county's share of the total local tax rate for all taxing jurisdictions remained the same, is \$8,811,410;
- (5) Additional information requested by the county or school district. The City is not aware of any standard questions in a county or school district written policy regarding tax increment districts and impact on county or school district services. The county or school district must request additional information pursuant to *M.S., Section 469.175, Subd. 2(b)* within 15 days after receipt of the tax increment financing plan.

No requests for additional information from the county or school district regarding the proposed development for the District have been received.

## SUPPORTING DOCUMENTATION

Pursuant to *M.S., Section 469.175, Subd. 1 (a), clause 7*, this TIF Plan must contain identification and description of studies and analyses used to make the determination set forth in *M.S., Section 469.175, Subd. 3, clause (b)(2)* and the findings are required in the resolution approving the District.

- (i) In making said determination, reliance has been placed upon (1) written representation made by the Developer to such effects; (2) review of the Developer's proforma; and (3) City staff awareness of the feasibility of developing the project site within the District, which is further outlined in the City Council resolution approving the establishment of the District and Appendix C.
- (ii) A comparative analysis of estimated market value both with and without establishment of the District and the use of tax increments has been performed. Such analysis is included with the cashflow in Appendix B and indicates that the increase in estimated market value of the proposed development (less the indicated subtractions) exceeds the estimated market value of the site absent the establishment of the District and the use of tax increments.

## DISTRICT ADMINISTRATION

Administration of the District will be handled by the Community Development Director.

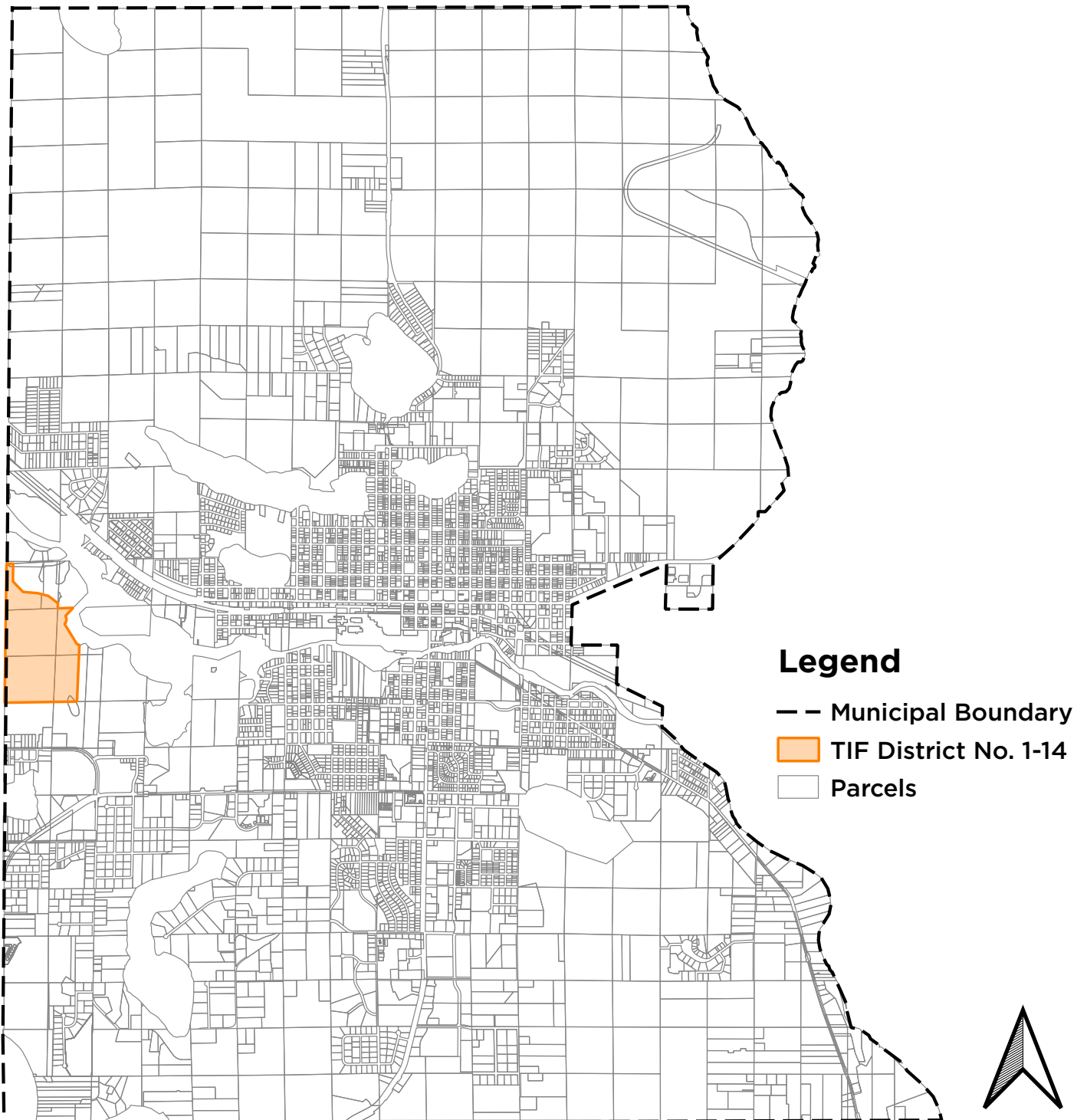
## **Appendix A: Map of Municipal Development District No. 1 and the TIF District**

# Tax Increment Financing District No. 1-14 Arbor Wood

Item 19.

## Municipal Development District No. 1

City of Grand Rapids  
Itasca County, Minnesota



## Appendix B: Estimated Cash Flow for the District

**Tax Increment Financing District 1-14: Arbor Wood - 3% Inflation**  
 City of Grand Rapids, MN

Redevelopment for approximately 48,960 SF Manufacturing and Warehousing and Future Development



**ASSUMPTIONS AND RATES**

| DistrictType:  | Redevelopment      | Tax Rates  |
|--|--------------------|--|
| District Name/Number:  | TIF 1-14           |  |
| County District #:   | TBD                |  |
| First Year Construction or Inflation on Value                | 2023               | Exempt Class Rate (Exempt) 0.00%                       |
| Existing District - Specify No. Years Remaining              |                    | Commercial Industrial Preferred Class Rate (C/I Pref.) |
| Inflation Rate - Every Year:                                 | 3.00%              | First \$150,000 1.50%                                  |
| Interest Rate:   | 5.00%              | Over \$150,000 2.00%                                   |
| Present Value Date:  | 1-Aug-24           | Commercial Industrial Class Rate (C/I) 2.00%           |
| First Period Ending  | 1-Feb-25           | Rental Housing Class Rate (Rental) 1.25%               |
| Tax Year District was Certified:                             | Pay 2023           | Affordable Rental Housing Class Rate (Aff. Rental)     |
| Cashflow Assumes First Tax Increment For Development:        | 2025               | First \$100,000 0.75%                                  |
| Years of Tax Increment                                       | 26                 | Over \$100,000 0.25%                                   |
| Assumes Last Year of Tax Increment                           | 2050               | Non-Homestead Residential (Non-H Res. 1 Unit)          |
| Fiscal Disparities Election [Outside (A), Inside (B), or NA] | Incremental        | First \$500,000 1.00%                                  |
| Incremental or Total Fiscal Disparities                      |                    | Over \$500,000 1.25%                                   |
| Fiscal Disparities Contribution Ratio                        | 25.1754% Pay 2022  | Homestead Residential Class Rate (Hmstd. Res.)         |
| Fiscal Disparities Metro-Wide Tax Rate                       | 174.2243% Pay 2022 | First \$500,000 1.00%                                  |
| Maximum/Frozen Local Tax Rate:                               | 168.177% Pay 2022  | Over \$500,000 1.25%                                   |
| Current Local Tax Rate: (Use lesser of Current or Max.)      | 168.177% Pay 2022  | Agricultural Non-Homestead 1.00%                       |
| State-wide Tax Rate (Comm./Ind. only used for total taxes)   | 36.2890% Pay 2022  |  |
| Market Value Tax Rate (Used for total taxes)                 | 0.11974% Pay 2022  |  |

**BASE VALUE INFORMATION (Original Tax Capacity)**

| Map ID      | PID | Owner         | Address        | Land Market Value | Building Market Value | Total Market Value | Percentage Of Value Used for District | Original Market Value | Tax Year Original Market Value | Property Tax Class | Current Original Tax Capacity | Class After Conversion | After Conversion Orig. Tax Cap. | Area/ Phase |
|-------------|-----|---------------|----------------|-------------------|-----------------------|--------------------|---------------------------------------|-----------------------|--------------------------------|--------------------|-------------------------------|------------------------|---------------------------------|-------------|
| 91-019-3200 |     | Voyageur Cap. | 502 Co. Rd. 63 | 258,200           | 963,000               | 1,221,200          | 100%                                  | 1,221,200             | Pay 2023                       | C/I Pref.          | 23,674                        | C/I Pref.              | 23,674                          |             |
| 91-019-2201 |     | Voyageur Cap. | Unassigned     | 78,600            |                       | 78,600             | 100%                                  | 78,600                | Pay 2023                       | C/I Pref.          | 1,179                         | C/I Pref.              | 1,179                           |             |
| 91-019-2201 |     | Voyageur Cap. | Unassigned     | 300               |                       | 300                | 100%                                  | 300                   | Pay 2023                       | Taconite           | -                             | C/I Pref.              | 5                               |             |
| 91-019-2202 |     | Voyageur Cap. | Unassigned     | 15,800            |                       | 15,800             | 100%                                  | 15,800                | Pay 2023                       | C/I Pref.          | 237                           | C/I Pref.              | 237                             |             |
| 91-019-2300 |     | Voyageur Cap. | Unassigned     | 267,300           | 164,100               | 431,400            | 100%                                  | 431,400               | Pay 2023                       | C/I Pref.          | 7,878                         | C/I Pref.              | 7,878                           |             |
| 91-019-2300 |     | Voyageur Cap. | Unassigned     | 100               |                       | 100                | 100%                                  | 100                   | Pay 2023                       | Taconite           | -                             | C/I Pref.              | 2                               |             |
| 91-019-2403 |     | Voyageur Cap. | Unassigned     | 39,100            | 11,600                | 50,700             | 100%                                  | 50,700                | Pay 2023                       | C/I Pref.          | 761                           | C/I Pref.              | 761                             |             |
| 91-019-3102 |     | Voyageur Cap. | Unassigned     | 63,500            |                       | 63,500             | 100%                                  | 63,500                | Pay 2023                       | C/I Pref.          | 953                           | C/I Pref.              | 953                             |             |
|             |     |               |                | <b>722,900</b>    | <b>1,138,700</b>      | <b>1,861,600</b>   |                                       | <b>1,861,600</b>      |                                |                    | <b>34,681</b>                 |                        | <b>34,687</b>                   |             |

Note:  
 1. Base values are based on information from the County Assessor dated Sept. 22, 2022.  
 2. Located in SD # 318.



**Tax Increment Financing District 1-14: Arbor Wood - 3% Inflation**  
 City of Grand Rapids, MN  
 Redevelopment for approximately 48,960 SF Manufacturing and Warehousing and Future Development



| PROJECT INFORMATION (Project Tax Capacity) |                       |   |                                       |                     |                            |                    |                      |                           |                           |                           |                           |                           |                               |
|--|-----------------------|---|---------------------------------------|---------------------|----------------------------|--------------------|----------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|-------------------------------|
| Area/Phase                                 | New Use               | Estimated Market Value Per Sq. Ft./Unit | Taxable Market Value Per Sq. Ft./Unit | Total Sq. Ft./Units | Total Taxable Market Value | Property Tax Class | Project Tax Capacity | Project Tax Capacity/Unit | Percentage Completed 2023 | Percentage Completed 2024 | Percentage Completed 2025 | Percentage Completed 2026 | First Year Full Taxes Payable |
| 1  | Arbor Wood            | 72                                      | 72                                    | 48,960              | 3,523,936                  | C/I Pref.          | 69,729               | 1                         | 100%                      | 100%                      | 100%                      | 100%                      | 2025                          |
| 2  | Future Warehouse/Mfg. | 72                                      | 72                                    | 350,000             | 25,200,000                 | C/I Pref.          | 503,250              | 1                         | 0%                        | 50%                       | 100%                      | 100%                      | 2027                          |
| <b>TOTAL</b>                               |                       |   |                                       |                     | <b>28,723,936</b>          |                    | <b>572,979</b>       |                           |                           |                           |                           |                           |                               |
| Subtotal Residential                       |                       |   |                                       | 0                   | 0                          |                    | 0                    |                           |                           |                           |                           |                           |                               |
| Subtotal Commercial/Ind.                   |                       |   |                                       | 398,960             | 28,723,936                 |                    | 572,979              |                           |                           |                           |                           |                           |                               |

Note:

- 1. Market values for Arbor Wood are based on information from the County Assessor dated Sept. 22, 2022.

| TAX CALCULATIONS      |                    |                                 |                    |                      |                          |                           |                    |                  |                        |
|-----------------------|--------------------|---------------------------------|--------------------|----------------------|--------------------------|---------------------------|--------------------|------------------|------------------------|
| New Use               | Total Tax Capacity | Fiscal Disparities Tax Capacity | Local Tax Capacity | Local Property Taxes | Fiscal Disparities Taxes | State-wide Property Taxes | Market Value Taxes | Total Taxes      | Taxes Per Sq. Ft./Unit |
| Arbor Wood            | 69,729             | 17,554                          | 52,174             | 87,745               | 30,584                   | 24,760                    | 4,220              | 147,308          | 3.01                   |
| Future Warehouse/Mfg. | 503,250            | 126,695                         | 376,555            | 633,279              | 220,734                  | 182,080                   | 30,174             | 1,066,267        | 3.05                   |
| <b>TOTAL</b>          | <b>572,979</b>     | <b>144,250</b>                  | <b>428,729</b>     | <b>721,024</b>       | <b>251,318</b>           | <b>206,840</b>            | <b>34,394</b>      | <b>1,213,575</b> |                        |

Note:

- 1. Taxes and tax increment will vary significantly from year to year depending upon values, rates, state law, fiscal disparities and other factors which cannot be predicted.

| WHAT IS EXCLUDED FROM TIF? |                |
|----------------------------|----------------|
| Total Property Taxes       | 1,213,575      |
| less State-wide Taxes      | (206,840)      |
| less Fiscal Disp. Adj.     | (251,318)      |
| less Market Value Taxes    | (34,394)       |
| less Base Value Taxes      | (43,649)       |
| <b>Annual Gross TIF</b>    | <b>677,374</b> |

| MARKET VALUE BUT / FOR ANALYSIS                           |            |
|---|------------|
| Current Market Value - Est.                               | 1,861,600  |
| New Market Value - Est.                                   | 28,723,936 |
| Difference  | 26,862,336 |
| Present Value of Tax Increment                            | 11,766,878 |
| Difference  | 15,095,458 |
| Value likely to occur without Tax Increment is less than: | 15,095,458 |



**Tax Increment Financing District 1-14: Arbor Wood - 3% Inflation**  
 City of Grand Rapids, MN  
 Redevelopment for approximately 48,960 SF Manufacturing and Warehousing and Future Development

**TAX INCREMENT CASH FLOW**

| % of OTC     | Project Tax Capacity | Original Tax Capacity                | Fiscal Disparities Incremental | Captured Tax Capacity     | Local Tax Rate | Annual Gross Tax Increment | Semi-Annual Gross Tax Increment | State Auditor 0.36% | Admin. at 10%      | Semi-Annual Net Tax Increment | Semi-Annual Present Value | PERIOD ENDING Yrs. | Tax Year | Payment Date |
|--------------|----------------------|--------------------------------------|--------------------------------|---------------------------|----------------|----------------------------|---------------------------------|---------------------|--------------------|-------------------------------|---------------------------|--------------------|----------|--------------|
| 100%         | 69,729               | (34,687)                             | (8,822)                        | 26,220                    | 168.177%       | 44,096                     | 22,048                          | (79)                | (2,197)            | 19,772                        | 18,819                    | 0.5                | 2025     | 02/01/25     |
|              |                      |                                      |                                |                           |                |                            | 22,048                          | (79)                | (2,197)            | 19,772                        | 37,179                    | 1                  | 2025     | 02/01/26     |
| 100%         | 323,446              | (34,687)                             | (70,851)                       | 217,908                   | 168.177%       | 366,470                    | 183,235                         | (660)               | (18,258)           | 164,318                       | 186,043                   | 1.5                | 2026     | 08/01/26     |
|              |                      |                                      |                                |                           |                |                            | 183,235                         | (660)               | (18,258)           | 164,318                       | 331,276                   | 2                  | 2026     | 02/01/27     |
| 100%         | 577,225              | (34,687)                             | (136,586)                      | 405,952                   | 168.177%       | 682,718                    | 341,359                         | (1,229)             | (34,013)           | 306,117                       | 595,240                   | 2.5                | 2027     | 08/01/27     |
|              |                      |                                      |                                |                           |                |                            | 341,359                         | (1,229)             | (34,013)           | 306,117                       | 852,765                   | 3                  | 2027     | 02/01/28     |
| 100%         | 594,542              | (34,687)                             | (140,946)                      | 418,909                   | 168.177%       | 704,509                    | 352,254                         | (1,268)             | (35,099)           | 315,888                       | 1,112,029                 | 3.5                | 2028     | 08/01/28     |
|              |                      |                                      |                                |                           |                |                            | 352,254                         | (1,268)             | (35,099)           | 315,888                       | 1,364,969                 | 4                  | 2028     | 02/01/29     |
| 100%         | 612,378              | (34,687)                             | (145,436)                      | 432,255                   | 168.177%       | 726,954                    | 363,477                         | (1,309)             | (36,217)           | 325,952                       | 1,619,602                 | 4.5                | 2029     | 08/01/29     |
|              |                      |                                      |                                |                           |                |                            | 363,477                         | (1,309)             | (36,217)           | 325,952                       | 1,868,025                 | 5                  | 2029     | 02/01/30     |
| 100%         | 630,750              | (34,687)                             | (150,061)                      | 446,001                   | 168.177%       | 750,072                    | 375,036                         | (1,350)             | (37,369)           | 336,317                       | 2,118,095                 | 5.5                | 2030     | 08/01/30     |
|              |                      |                                      |                                |                           |                |                            | 375,036                         | (1,350)             | (37,369)           | 336,317                       | 2,362,067                 | 6                  | 2030     | 02/01/31     |
| 100%         | 649,672              | (34,687)                             | (154,825)                      | 460,160                   | 168.177%       | 773,883                    | 386,942                         | (1,393)             | (38,555)           | 346,994                       | 2,607,644                 | 6.5                | 2031     | 08/01/31     |
|              |                      |                                      |                                |                           |                |                            | 386,942                         | (1,393)             | (38,555)           | 346,994                       | 2,847,231                 | 7                  | 2031     | 02/01/32     |
| 100%         | 669,162              | (34,687)                             | (159,732)                      | 474,744                   | 168.177%       | 798,409                    | 399,205                         | (1,437)             | (39,777)           | 357,991                       | 3,088,382                 | 7.5                | 2032     | 08/01/32     |
|              |                      |                                      |                                |                           |                |                            | 399,205                         | (1,437)             | (39,777)           | 357,991                       | 3,323,652                 | 8                  | 2032     | 02/01/33     |
| 100%         | 689,237              | (34,687)                             | (164,786)                      | 489,764                   | 168.177%       | 823,671                    | 411,836                         | (1,483)             | (41,035)           | 369,318                       | 3,560,446                 | 8.5                | 2033     | 08/01/33     |
|              |                      |                                      |                                |                           |                |                            | 411,836                         | (1,483)             | (41,035)           | 369,318                       | 3,791,465                 | 9                  | 2033     | 02/01/34     |
| 100%         | 709,914              | (34,687)                             | (169,991)                      | 505,236                   | 168.177%       | 849,691                    | 424,845                         | (1,529)             | (42,332)           | 380,984                       | 4,023,968                 | 9.5                | 2034     | 08/01/34     |
|              |                      |                                      |                                |                           |                |                            | 424,845                         | (1,529)             | (42,332)           | 380,984                       | 4,250,801                 | 10                 | 2034     | 02/01/35     |
| 100%         | 731,212              | (34,687)                             | (175,353)                      | 521,172                   | 168.177%       | 876,491                    | 438,246                         | (1,578)             | (43,667)           | 393,001                       | 4,479,082                 | 10.5               | 2035     | 08/01/35     |
|              |                      |                                      |                                |                           |                |                            | 438,246                         | (1,578)             | (43,667)           | 393,001                       | 4,701,794                 | 11                 | 2035     | 02/01/36     |
| 100%         | 753,148              | (34,687)                             | (180,875)                      | 537,586                   | 168.177%       | 904,095                    | 452,048                         | (1,627)             | (45,042)           | 405,378                       | 4,925,918                 | 11.5               | 2036     | 08/01/36     |
|              |                      |                                      |                                |                           |                |                            | 452,048                         | (1,627)             | (45,042)           | 405,378                       | 5,144,575                 | 12                 | 2036     | 02/01/37     |
| 100%         | 775,742              | (34,687)                             | (186,564)                      | 554,492                   | 168.177%       | 932,528                    | 466,264                         | (1,679)             | (46,459)           | 418,127                       | 5,364,608                 | 12.5               | 2037     | 08/01/37     |
|              |                      |                                      |                                |                           |                |                            | 466,264                         | (1,679)             | (46,459)           | 418,127                       | 5,579,274                 | 13                 | 2037     | 02/01/38     |
| 100%         | 799,015              | (34,687)                             | (192,423)                      | 571,905                   | 168.177%       | 961,813                    | 480,906                         | (1,731)             | (47,918)           | 431,258                       | 5,795,281                 | 13.5               | 2038     | 08/01/38     |
|              |                      |                                      |                                |                           |                |                            | 480,906                         | (1,731)             | (47,918)           | 431,258                       | 6,006,020                 | 14                 | 2038     | 02/01/39     |
| 100%         | 822,985              | (34,687)                             | (198,457)                      | 589,841                   | 168.177%       | 991,977                    | 495,988                         | (1,786)             | (49,420)           | 444,783                       | 6,218,067                 | 14.5               | 2039     | 08/01/39     |
|              |                      |                                      |                                |                           |                |                            | 495,988                         | (1,786)             | (49,420)           | 444,783                       | 6,424,942                 | 15                 | 2039     | 02/01/40     |
| 100%         | 847,675              | (34,687)                             | (204,673)                      | 608,315                   | 168.177%       | 1,023,046                  | 511,523                         | (1,841)             | (50,968)           | 458,713                       | 6,633,092                 | 15.5               | 2040     | 08/01/40     |
|              |                      |                                      |                                |                           |                |                            | 511,523                         | (1,841)             | (50,968)           | 458,713                       | 6,836,166                 | 16                 | 2040     | 02/01/41     |
| 100%         | 873,105              | (34,687)                             | (211,075)                      | 627,343                   | 168.177%       | 1,055,046                  | 527,523                         | (1,899)             | (52,562)           | 473,062                       | 7,040,484                 | 16.5               | 2041     | 08/01/41     |
|              |                      |                                      |                                |                           |                |                            | 527,523                         | (1,899)             | (52,562)           | 473,062                       | 7,239,819                 | 17                 | 2041     | 02/01/42     |
| 100%         | 899,298              | (34,687)                             | (217,669)                      | 646,942                   | 168.177%       | 1,088,007                  | 544,004                         | (1,958)             | (54,205)           | 487,841                       | 7,440,367                 | 17.5               | 2042     | 08/01/42     |
|              |                      |                                      |                                |                           |                |                            | 544,004                         | (1,958)             | (54,205)           | 487,841                       | 7,636,024                 | 18                 | 2042     | 02/01/43     |
| 100%         | 926,277              | (34,687)                             | (224,461)                      | 667,129                   | 168.177%       | 1,121,957                  | 560,978                         | (2,020)             | (55,896)           | 503,063                       | 7,832,865                 | 18.5               | 2043     | 08/01/43     |
|              |                      |                                      |                                |                           |                |                            | 560,978                         | (2,020)             | (55,896)           | 503,063                       | 8,024,905                 | 19                 | 2043     | 02/01/44     |
| 100%         | 954,065              | (34,687)                             | (231,457)                      | 687,921                   | 168.177%       | 1,156,925                  | 578,463                         | (2,082)             | (57,638)           | 518,742                       | 8,218,100                 | 19.5               | 2044     | 08/01/44     |
|              |                      |                                      |                                |                           |                |                            | 578,463                         | (2,082)             | (57,638)           | 518,742                       | 8,406,583                 | 20                 | 2044     | 02/01/45     |
| 100%         | 982,687              | (34,687)                             | (238,663)                      | 709,337                   | 168.177%       | 1,192,942                  | 596,471                         | (2,147)             | (59,432)           | 534,891                       | 8,596,194                 | 20.5               | 2045     | 08/01/45     |
|              |                      |                                      |                                |                           |                |                            | 596,471                         | (2,147)             | (59,432)           | 534,891                       | 8,781,181                 | 21                 | 2045     | 02/01/46     |
| 100%         | 1,012,168            | (34,687)                             | (246,085)                      | 731,396                   | 168.177%       | 1,230,040                  | 615,020                         | (2,214)             | (61,281)           | 551,525                       | 8,967,267                 | 21.5               | 2046     | 08/01/46     |
|              |                      |                                      |                                |                           |                |                            | 615,020                         | (2,214)             | (61,281)           | 551,525                       | 9,148,815                 | 22                 | 2046     | 02/01/47     |
| 100%         | 1,042,533            | (34,687)                             | (253,729)                      | 754,117                   | 168.177%       | 1,268,251                  | 634,125                         | (2,283)             | (63,184)           | 568,658                       | 9,331,438                 | 22.5               | 2047     | 08/01/47     |
|              |                      |                                      |                                |                           |                |                            | 634,125                         | (2,283)             | (63,184)           | 568,658                       | 9,509,606                 | 23                 | 2047     | 02/01/48     |
| 100%         | 1,073,809            | (34,687)                             | (261,603)                      | 777,519                   | 168.177%       | 1,307,608                  | 653,804                         | (2,354)             | (65,145)           | 586,305                       | 9,688,822                 | 23.5               | 2048     | 08/01/48     |
|              |                      |                                      |                                |                           |                |                            | 653,804                         | (2,354)             | (65,145)           | 586,305                       | 9,863,668                 | 24                 | 2048     | 02/01/49     |
| 100%         | 1,106,023            | (34,687)                             | (269,713)                      | 801,623                   | 168.177%       | 1,348,146                  | 674,073                         | (2,427)             | (67,165)           | 604,481                       | 10,039,537                | 24.5               | 2049     | 08/01/49     |
|              |                      |                                      |                                |                           |                |                            | 674,073                         | (2,427)             | (67,165)           | 604,481                       | 10,211,116                | 25                 | 2049     | 02/01/50     |
| 100%         | 1,139,204            | (34,687)                             | (278,067)                      | 826,450                   | 168.177%       | 1,389,899                  | 694,950                         | (2,502)             | (69,245)           | 623,203                       | 10,383,696                | 25.5               | 2050     | 08/01/50     |
|              |                      |                                      |                                |                           |                |                            | 694,950                         | (2,502)             | (69,245)           | 623,203                       | 10,552,066                | 26                 | 2050     | 02/01/51     |
| <b>Total</b> |                      |                                      |                                |                           |                |                            | <b>24,369,244</b>               | <b>(87,729)</b>     | <b>(2,428,151)</b> | <b>21,853,363</b>             |                           |                    |          |              |
|              |                      | <b>Present Value From 08/01/2024</b> |                                | <b>Present Value Rate</b> | <b>5.00%</b>   |                            | <b>11,766,878</b>               | <b>(42,361)</b>     | <b>(1,172,452)</b> | <b>10,552,066</b>             |                           |                    |          |              |

## Appendix C: Findings Including But/For Qualifications

The reasons and facts supporting the findings for the adoption of the Tax Increment Financing Plan (TIF Plan) for Tax Increment Financing District No. 1-14: Arbor Wood (the “District”), as required pursuant to *Minnesota Statutes (M.S.), Section 469.175, Subdivision 3* are as follows:

1. *Finding that Tax Increment Financing District No. 1-14: Arbor Wood is a redevelopment district as defined in M.S., Section 469.174, Subd. 10.*

The District consists of six (6) parcels and vacant right-of-way, with plans to redevelop the area for the development of approximately 48,960 square feet of light manufacturing and warehousing space. Parcels consisting of 70% of the area of the District are occupied by buildings, streets, utilities, paved or gravel parking lots or other similar structures and more than 50% of the buildings in the District, not including outbuildings, are structurally substandard to a degree requiring substantial renovation or clearance. (See Appendix D of the TIF Plan.)

2. *Finding that the proposed development, in the opinion of the City Council, would not reasonably be expected to occur solely through private investment within the reasonably foreseeable future and that the increased market value of the site that could reasonably be expected to occur without the use of tax increment financing would be less than the increase in the market value estimated to result from the proposed development after subtracting the present value of the projected tax increments for the maximum duration of Tax Increment Financing District No. 1-14: Arbor Wood permitted by the TIF Plan.*

*The proposed development, in the opinion of the City, would not reasonably be expected to occur solely through private investment within the reasonably foreseeable future:* This finding is supported by the fact that the redevelopment proposed in the TIF Plan meets the City's objectives for redevelopment. Due to the high cost of redevelopment on the parcels currently occupied by a substandard building, and the cost of financing the proposed improvements, this project is feasible only through assistance, in part, from tax increment financing. The Developer was asked for and provided a letter and a pro forma as justification that the Developer would not have gone forward without tax increment assistance.

*The increased market value of the site that could reasonably be expected to occur without the use of tax increment financing would be less than the increase in market value estimated to result from the proposed development after subtracting the present value of the projected tax*

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*increments for the maximum duration of the District permitted by the TIF Plan:* This finding is justified on the grounds that the cost of site and public improvements and utilities add to the total redevelopment cost. Historically, construction costs, site and public improvements costs in this area have made redevelopment infeasible without tax increment assistance. The City reasonably determines that no other redevelopment of similar scope is anticipated on this site without substantially similar assistance being provided to the development.

Therefore, the City concludes as follows:

- a. The City's estimate of the amount by which the market value of the entire District will increase without the use of tax increment financing is \$0.
  - b. If the proposed development occurs, the total increase in market value will be \$26,862,336.
  - c. The present value of tax increments from the District for the maximum duration of the district permitted by the TIF Plan is estimated to be \$11,766,878.
  - d. Even if some development other than the proposed development were to occur, the Council finds that no alternative would occur that would produce a market value increase greater than \$15,095,458 (the amount in clause b less the amount in clause c) without tax increment assistance.
3. *Finding that the TIF Plan for Tax Increment Financing District No. 1-14: Arbor Wood conforms to the general plan for the development or redevelopment of the municipality as a whole.*

The City Council reviewed the TIF Plan and found that the TIF Plan conforms to the general development plan of the City.

4. *Finding that the TIF Plan for Tax Increment Financing District No. 1-14: Arbor Wood will afford maximum opportunity, consistent with the sound needs of the City as a whole, for the development or redevelopment of Municipal Development District No. 1 by private enterprise.*

The project to be assisted by the District will result in increased employment in the City and the State of Minnesota, the renovation of substandard properties, increased tax base of the State, help redevelop a long vacant site in the City that has been a priority for the City to redevelop, and add a high-quality development to the City.

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## Appendix D: Redevelopment Qualifications for the District

*To be added to prior to the public hearing*

REPORT OF INSPECTION PROCEDURES AND RESULTS  
FOR  
DETERMINING QUALIFICATIONS  
OF A  
TAX INCREMENT FINANCING DISTRICT

OSB PLANT  
REDEVELOPMENT TIF DISTRICT

*Prepared for*

CITY OF GRAND RAPIDS, MINNESOTA

November 7, 2022

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# Part 1: Executive Summary

## Purpose of the Evaluation

LHB was hired by the City of Grand Rapids to inspect and evaluate the properties within a Tax Increment Financing Redevelopment District ("TIF District") proposed to be established by the City. The proposed TIF District is located at 502 County Road 63 in Grand Rapids, MN (Diagram 1). The purpose of LHB's work is to determine whether the proposed TIF District meets the statutory requirements for coverage, and whether two (2) buildings on six (6) parcels, located within the proposed TIF District, meet the qualifications required for a Redevelopment District.



Diagram 1: Proposed TIF District



## Scope of Work

The proposed TIF District consists of six (6) parcels with two (2) structures. Two (2) buildings were inspected on September 19, 2022. Building Code and Condition Deficiency reports for the buildings that were inspected and found substandard are in Appendix B.

## Conclusion

After inspecting and evaluating the properties within the proposed TIF District and applying current statutory criteria for a Redevelopment District under *Minnesota Statutes, Section 469.174, Subdivision 10*, it is our professional opinion that the proposed TIF District qualifies as a Redevelopment District because:

- The proposed TIF District has a coverage calculation of 73.9 percent which is above the 70 percent requirement.
- 100 percent of the buildings are structurally substandard which is above the 50 percent requirement.
- The substandard buildings are reasonably distributed.

The remainder of this report describes our process and findings in detail.

# Part 2: Minnesota Statute 469.174, Subdivision 10 Requirements

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The properties were inspected in accordance with the following requirements under *Minnesota Statutes, Section 469.174, Subdivision 10(c)*, which states:

## Interior Inspection

"The municipality may not make such determination [that the building is structurally substandard] without an interior inspection of the property..."

## Exterior Inspection and Other Means

"An interior inspection of the property is not required, if the municipality finds that

(1) the municipality or authority is unable to gain access to the property after using its best efforts to obtain permission from the party that owns or controls the property; and

(2) the evidence otherwise supports a reasonable conclusion that the building is structurally substandard."

## Documentation

"Written documentation of the findings and reasons why an interior inspection was not conducted must be made and retained under section 469.175, subdivision 3(1)."

## Qualification Requirements

*Minnesota Statutes, Section 469.174, Subdivision 10 (a) (1)* requires three tests for occupied parcels:

### 1. COVERAGE TEST

- a. Minnesota Statutes, Section 469.174, Subdivision 10(a)(1) states:

"parcels consisting of 70 percent of the area of the district are occupied by buildings, streets, utilities, or paved or gravel parking lots..."

- b. The coverage required by the parcel to be considered occupied is defined under *Minnesota Statutes, Section 469.174, Subdivision 10(e)*, which states:

"For purposes of this subdivision, a parcel is not occupied by buildings, streets, utilities, paved or gravel parking lots, or other similar structures unless 15 percent of the area of the parcel contains buildings, streets, utilities, paved or gravel parking lots, or other similar structures."

## 2. CONDITION OF BUILDINGS TEST

- a. Minnesota Statutes, Section 469.174, Subdivision 10(a) states:

"...and more than 50 percent of the buildings, not including outbuildings, are structurally substandard to a degree requiring substantial renovation or clearance;"

- b. Structurally substandard is defined under Minnesota Statutes, Section 469.174, Subdivision 10(b), which states:

"For purposes of this subdivision, 'structurally substandard' shall mean containing defects in structural elements or a combination of deficiencies in essential utilities and facilities, light and ventilation, fire protection including adequate egress, layout and condition of interior partitions, or similar factors, which defects or deficiencies are of sufficient total significance to justify substantial renovation or clearance."

- i. We do not count energy code deficiencies toward the thresholds required by *Minnesota Statutes, Section 469.174, Subdivision 10(b)* defined as "structurally substandard", due to concerns expressed by the State of Minnesota Court of Appeals in the *Walser Auto Sales, Inc. vs. City of Richfield* case filed November 13, 2001.
- c. Buildings are not eligible to be considered structurally substandard unless they meet certain additional criteria, as set forth in Subdivision 10(c) which states:

"A building is not structurally substandard if it follows the building code applicable to new buildings or could be modified to satisfy the building code at a cost of less than 15 percent of the cost of constructing a new structure of the same square footage and type on the site. The municipality may find that a building is not disqualified as structurally substandard under the preceding sentence based on reasonably available evidence, such as the size, type, and age of the building, the average cost of plumbing, electrical, or structural repairs, or other similar reliable evidence."

"Items of evidence that support such a conclusion [that the building is not disqualified] include recent fire or police inspections, on-site property tax appraisals or housing inspections, exterior evidence of deterioration, or other similar reliable evidence."

- i. LHB counts energy code deficiencies toward the 15 percent code threshold required by Minnesota Statutes, Section 469.174, Subdivision 10(c) for the following reasons:
- 1) The Minnesota energy code is one of ten building code areas highlighted by the Minnesota Department of Labor and Industry website where minimum construction standards are required by law.
  - 2) Chapter 13 of the 2015 *Minnesota Building Code* states, "Buildings shall be designed and constructed in accordance with the *International Energy Conservation Code*." Furthermore, Minnesota Rules, Chapter 1305.0021 Subpart 9 states, "References to the *International Energy Conservation Code* in this code mean the *Minnesota Energy Code*..."
  - 3) Chapter 11 of the 2015 Minnesota Residential Code incorporates Minnesota Rules, Chapters, 1322 and 1323 *Minnesota Energy Code*.
  - 4) The Senior Building Code Representative for the Construction Codes and Licensing Division of the Minnesota Department of Labor and Industry confirmed that the Minnesota Energy Code is being enforced throughout the State of Minnesota.
  - 5) In a January 2002 report to the Minnesota Legislature, the Management Analysis Division of the Minnesota Department of Administration confirmed that the construction cost of new buildings complying with the Minnesota Energy Code is higher than buildings built prior to the enactment of the code.

- 6) Proper TIF analysis requires a comparison between the replacement value of a new building built under current code standards with the repairs that would be necessary to bring the existing building up to current code standards. For an equal comparison to be made, all applicable code chapters should be applied to both scenarios. Since current construction estimating software automatically applies the construction cost of complying with the Minnesota Energy Code, energy code deficiencies should also be identified in the existing structures.

### 3. DISTRIBUTION OF SUBSTANDARD BUILDINGS

- a. Minnesota Statutes, Section 469.174, Subdivision 10, defines a Redevelopment District and requires one or more of the following conditions "reasonably distributed throughout the district.":
- "(1) Parcels consisting of 70 percent of the area of the district are occupied by buildings, streets, utilities, paved or gravel parking lots, or other similar structures and more than 50 percent of the buildings, not including outbuildings, are structurally substandard to a degree requiring substantial renovation or clearance;
- (2) the property consists of vacant, unused, underused, inappropriately used, or infrequently used rail yards, rail storage facilities, or excessive or vacated railroad rights-of-way;
- (3) tank facilities, or property whose immediately previous use was for tank facilities..."
- b. Our interpretation of the distribution requirement is that the substandard buildings must be reasonably distributed throughout the district as compared to the location of all buildings in the district. For example, if all the buildings in a district are located on one half of the area of the district, with the other half occupied by parking lots (meeting the required 70 percent coverage for the district), we would evaluate the distribution of the substandard buildings compared with only the half of the district where the buildings are located. If all the buildings in a district are located evenly throughout the entire area of the district, the substandard buildings must be reasonably distributed throughout the entire area of the district. We believe this is consistent with the opinion expressed by the State of Minnesota Court of Appeals in the *Walser Auto Sales, Inc. vs. City of Richfield* case filed November 13, 2001.

## Part 3: Procedures Followed

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LHB inspected two buildings on the interior and exterior during the day of September 19, 2022.

## Part 4: Findings

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### 1. Coverage Test

- The total square foot area of the parcels in the proposed TIF District were obtained from City records, GIS mapping and site verification.
- The total square foot area of buildings and site improvements on the parcels in the proposed TIF District were obtained from City records, GIS mapping and site verification.
- The percentage of coverage for each parcel in the proposed TIF District was computed to determine if the 15 percent minimum requirement was met. The total square footage of parcels meeting the 15 percent requirement was divided into the total square footage of the entire district to determine if the 70 percent requirement was met.

**FINDING**

The proposed TIF District met the coverage test under *Minnesota Statutes, Section 469.174, Subdivision 10(e)*, which resulted in parcels consisting of 73.9 percent of the area of the proposed TIF District being occupied by buildings, streets, utilities, paved or gravel parking lots, or other similar structures (Diagram 2). This exceeds the 70 percent area coverage requirement for the proposed TIF District under *Minnesota Statutes, Section 469.174, Subdivision (a) (1)*.



Diagram 2 – Coverage Diagram

Shaded area depicts a parcel more than 15 percent occupied by buildings, streets, utilities, paved or gravel parking lots or other similar structures

## 2. Condition of Building Test

### a. BUILDING INSPECTION

- i. The first step in the evaluation process is the building inspection. After an initial walk-thru, the inspector makes a judgment whether a building “appears” to have enough defects or deficiencies of sufficient total significance to justify substantial renovation or clearance. If it does, the inspector documents with notes and photographs code and non-code deficiencies in the building.

### b. REPLACEMENT COST

- i. The second step in evaluating a building to determine if it is substandard to a degree requiring substantial renovation or clearance is to determine its replacement cost. This is the cost of constructing a new structure of the same square footage and type on site. Replacement costs were researched using R.S. Means Cost Works square foot models for 2022.
- ii. A replacement cost was calculated by first establishing building use (office, retail, residential, etc.), building construction type (wood, concrete, masonry, etc.), and building size to obtain the appropriate median replacement cost, which factors in the costs of construction in Grand Rapids, Minnesota.
- iii. Replacement cost includes labor, materials, and the contractor’s overhead and profit. Replacement costs do not include architectural fees, legal fees or other “soft” costs not directly related to construction activities. Replacement cost for each building is tabulated in Appendix A.

### c. CODE DEFICIENCIES

- i. The next step in evaluating a building is to determine what code deficiencies exist with respect to such building. Code deficiencies are those conditions for a building which are not in compliance with current building codes applicable to new buildings in the State of Minnesota.
- ii. Minnesota Statutes, Section 469.174, Subdivision 10(c), specifically provides that a building cannot be considered structurally substandard if its code deficiencies are not at least 15 percent of the replacement cost of the building. As a result, it was necessary to determine the extent of code deficiencies for each building in the proposed TIF District.
- iii. The evaluation was made by reviewing all available information with respect to such buildings contained in City Building Inspection records and making interior and exterior inspections of the buildings. LHB utilizes the current Minnesota State Building Code as the official code for our evaluations. The Minnesota State Building Code is a series of provisional codes written specifically for Minnesota only requirements, adoption of several international codes, and amendments to the adopted international codes.
- iv. After identifying the code deficiencies in each building, we used R.S. Means Cost Works 2022; Unit and Assembly Costs to determine the cost of correcting the identified deficiencies. We were then able to compare the correction costs with the replacement cost of each building to determine if the costs for correcting code deficiencies meet the required 15 percent threshold.

### FINDING

Two (2) out of two (2) buildings (100 percent) in the proposed TIF District contained code deficiencies exceeding the 15 percent threshold required by Minnesota Statutes, Section 469.174, Subdivision 10(c). Building Code, Condition Deficiency and Context Analysis reports for the buildings in the proposed TIF District can be found in Appendix B of this report.

### d. SYSTEM CONDITION DEFICIENCIES

- i. If a building meets the minimum code deficiency threshold under Minnesota Statutes, Section 469.174, Subdivision 10(c), then for such building to be “structurally substandard” under Minnesota Statutes, Section 469.174, Subdivision 10(b), the building’s defects, or deficiencies should be of sufficient total significance to justify “substantial renovation or clearance.” Based on this definition, LHB re-evaluated each of the buildings that met the code deficiency threshold under Minnesota Statutes, Section 469.174, Subdivision 10(c), to determine if the total deficiencies warranted “substantial renovation or clearance” based on the criteria we outlined above.
- ii. System condition deficiencies are a measurement of defects or substantial deterioration in site elements, structure, exterior envelope, mechanical and electrical components, fire protection and emergency systems, interior partitions, ceilings, floors, and doors.

- iii. The evaluation of system condition deficiencies was made by reviewing all available information contained in City records and making interior and exterior inspections of the buildings. LHB only identified system condition deficiencies that were visible upon our inspection of the building or contained in City records. We did not consider the amount of “service life” used up for a particular component unless it was an obvious part of that component’s deficiencies.
- iv. After identifying the system condition deficiencies in each building, we used our professional judgment to determine if the list of defects or deficiencies is of sufficient total significance to justify “substantial renovation or clearance.”

#### **FINDING**

In our professional opinion, two (2) out of two (2) buildings (100 percent) in the proposed TIF District are structurally substandard to a degree requiring substantial renovation or clearance, because of defects in structural elements or a combination of deficiencies in essential utilities and facilities, light and ventilation, fire protection including adequate egress, layout and condition of interior partitions, or similar factors which defects or deficiencies are of sufficient total significance to justify substantial renovation or clearance. This exceeds the 50 percent requirement of Subdivision 10a(1).

### **3. Distribution of Substandard Structures**

- e. Much of this report has focused on the condition of individual buildings as they relate to requirements identified by Minnesota Statutes, Section 469.174, Subdivision 10. It is also important to look at the distribution of substandard buildings throughout the geographic area of the proposed TIF District (Diagram 3).

#### **FINDING**

The parcels with substandard buildings are reasonably distributed compared to all parcels that contain buildings.





Diagram 3 – Substandard Buildings

Shaded yellow area depicts parcels with buildings.  
Shaded orange area depicts substandard buildings.

## Part 5: Team Credentials

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### Michael A. Fischer, AIA, LEED AP - Project Principal/TIF Analyst

Michael has 34 years of experience as project principal, project manager, project designer and project architect on planning, urban design, educational, commercial, and governmental projects. He has become an expert on Tax Increment Finance District analysis assisting over 100 cities with strategic planning for TIF Districts. He is an Architectural Principal at LHB and currently leads the Minneapolis office.

Michael completed a two-year Bush Fellowship, studying at MIT and Harvard in 1999, earning master's degrees in City Planning and Real Estate Development from MIT. He has served on more than 50 committees, boards, and community task forces, including a term as a City Council President, Chair of a Metropolitan Planning Organization, and Chair of the Edina Planning Commission. Most recently, he served as a member of the Edina city council and Secretary of the Edina HRA. Michael has also managed and designed several award-winning architectural projects and was one of four architects in the Country to receive the AIA Young Architects Citation in 1997.

### Phil Fisher – Inspector

For 35 years, Phil Fisher worked in the field of Building Operations in Minnesota including White Bear Lake Area Schools. At the University of Minnesota, he earned his Bachelor of Science in Industrial Technology. He is a Certified Playground Safety Inspector, Certified Plant Engineer, and is trained in Minnesota Enterprise Real Properties (MERP) Facility Condition Assessment (FCA). His FCA training was recently applied to the Minnesota Department of Natural Resources Facilities Condition Assessment project involving over 2,000 buildings.

## Appendices

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- APPENDIX A** Property Condition Assessment Summary Sheet
- APPENDIX B** Building Code, Condition Deficiency and Context Analysis Reports
- APPENDIX C** Building Replacement Cost Reports
  - Code Deficiency Cost Reports
  - Photographs



# APPENDIX A

Property Condition Assessment Summary Sheet

# OSB Plant Redevelopment TIF District

Property Condition Assessment Summary Sheet

Grand Rapids, Minnesota

| TIF Map No.   | PID #       | Property Address   | Improved or Vacant | Survey Method Used | Site Area (S.F.) | Coverage Area of Improvements (S.F.) | Coverage Percent of Improvements | Coverage Quantity (S.F.)       | No. of Buildings | Building Replacement Cost | 15% of Replacement Cost | Building Code Deficiencies  | No. of Buildings Exceeding 15% Criteria | No. of buildings determined substandard |
|---------------|-------------|--------------------|--------------------|--------------------|------------------|--------------------------------------|----------------------------------|--------------------------------|------------------|---------------------------|-------------------------|---|---|---|
| A             | 91.019.2201 | N/A                | Vacant             | Exterior           | 666,998          | 132,689                              | 19.9%                            | 666,998                        | 0                |                           |                         |   |   |   |
| B             | 91.019.2202 | N/A                | Vacant             | Exterior           | 146,824          | 0                                    | 0.0%                             | 0                              | 0                |                           |                         |   |   |   |
| C             | 91.019.2300 | N/A                | Improved           | Interior/Exterior  | 1,909,440        | 572,850                              | 30.0%                            | 1,909,440                      | 1                | \$6,525,115               | \$978,767               | \$2,921,000   | 1                                       | 1                                       |
| D             | 91.019.2403 | N/A                | Vacant             | Exterior           | 561,599          | 0                                    | 0.0%                             | 0                              | 0                |                           |                         |   |   |   |
| E             | 91.019.3200 | 502 County Road 63 | Improved           | Interior/Exterior  | 1,849,355        | 739,742                              | 40.0%                            | 1,849,355                      | 1                | \$40,966,347              | \$6,144,952             | \$14,112,000  | 1                                       | 1                                       |
| F             | 91.019.3102 | N/A                | Vacant             | Exterior           | 850,955          | 93,605                               | 11.0%                            | 0                              | 0                |                           |                         |   |   |   |
| <b>TOTALS</b> |             |                    |                    |                    | 5,985,171        |                                      |                                  | 4,425,793                      | 2                |                           |                         |   | 2                                       | 2                                       |
|               |             |                    |                    |                    |                  |                                      |                                  | <b>Total Coverage Percent:</b> | <b>73.9%</b>     |                           |                         |   |   |   |
|               |             |                    |                    |                    |                  |                                      |                                  |                                |                  |                           |                         | <b>Percent of buildings exceeding 15 percent code deficiency threshold:</b> | <b>100.0%</b>                           |   |
|               |             |                    |                    |                    |                  |                                      |                                  |                                |                  |                           |                         | <b>Percent of buildings determined substandard:</b>                         | <b>100.0%</b>                           |   |

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## APPENDIX B

Building Code, Condition Deficiency and Context Analysis Reports

# OSB Plant Redevelopment TIF District

## Building Code, Condition Deficiency and Context Analysis Report

### Parcel C

Address:

### OSB Plant – Annex

502 West County Road 63, Grand Rapids, Minnesota 55744

Parcel ID:

91-091-2300

Inspection Date(s) & Time(s):

September 19, 2022, 2:45 PM

Inspection Type:

Interior and Exterior

Summary of Deficiencies:

It is our professional opinion that this building is Substandard because:

- Substantial renovation is required to correct Conditions found.
- Building Code deficiencies total more than 15% of replacement cost, NOT including energy code deficiencies.

Estimated Replacement Cost:

\$6,525,115

Estimated Cost to Correct Building Code Deficiencies:

\$2,921,000

Percentage of Replacement Cost for Building Code Deficiencies:

44.8%

### DEFECTS IN STRUCTURAL ELEMENTS

1. Steel lintels should be protected from rusting per code.
2. Steel structural columns should be protected from rusting per code.
3. Steel structural columns have been modified and do not comply with code.

### COMBINATION OF DEFICIENCIES

1. Essential Utilities and Facilities
  - a. There is no code required accessible parking.
  - b. There is no code required accessible route into the building.
  - c. There is no code compliant accessible route to all levels of the building.
  - d. There is no code compliant accessible restroom in the building.
  - e. There is no code required potable water in the building.
  - f. There is no code compliant drinking fountain in the building.
  - g. There are no code compliant showers.
2. Light and Ventilation
  - a. Lighting does not comply with code.
  - b. Electrical wiring does not comply with code.
  - c. The HVAC system does not comply with code.
  - d. The plumbing system does not comply with code.
3. Fire Protection/Adequate Egress

- a. There are no code required smoke detectors in the building.
  - b. There is no code required emergency lighting system in the building.
  - c. The emergency notification system does not comply with code.
  - d. The building sprinkler system does not comply with code.
  - e. The stairways do not comply with code.
  - f. Door hardware does not comply with code.
  - g. Thresholds do not comply with code for maximum height.
  - h. Flooring is damaged creating an impediment to emergency egress which does not comply with code.
4. Layout and Condition of Interior Partitions/Materials
- a. All interior surfaces should be repaired/repainted.
  - b. Graffiti is present and should be removed.
  - c. Interior doors are damaged and should be replaced.
  - d. Elevated platforms are not properly protected per code.
5. Exterior Construction
- a. Roofing material has failed allowing for water intrusion, contrary to code.
  - b. Sidewalls are open allowing for water intrusion which is contrary to code.
  - c. Exterior doors should be repaired, repainted, or replaced.
  - d. The surrounding green space should be mowed.
  - e. Parking lots and roadways are in disrepair.
  - f. Hollow metal steel doors are rusting and should be repainted.

#### DESCRIPTION OF CODE DEFICIENCIES

- 1. Steel lintels should be protected from rusting per code.
- 2. Protect steel structural columns from rusting per code.
- 3. Replace modified structural steel columns to comply with code.
- 4. Accessible parking should be created per code.
- 5. An accessible route into the building should be created per code.
- 6. An accessible route to all levels of the building should be created per code.
- 7. A code required accessible restroom should be created.
- 8. Showers should be made code compliant.
- 9. Code required potable water should be available in the building.
- 10. A code required accessible drinking fountain should be installed.
- 11. Elevated platforms should have safety toe boards installed per code.
- 12. The electrical wiring system should be replaced to comply with code.
- 13. The lighting system does not comply with code.
- 14. The HVAC system does not comply with code.
- 15. The plumbing system does not comply with code.
- 16. There are no code required smoke detectors.
- 17. There is no code required emergency lighting system installed.

18. The emergency notification system does not comply with code.
19. The building sprinkler system does not comply with code.
20. Stairways do not comply with code.
21. Door hardware does not comply with code.
22. Thresholds do not comply with code for maximum height.
23. Flooring is damaged creating an impediment to emergency egress which is contrary to code.
24. Sidewalls should be repaired/replaced to prevent water intrusion per code.
25. Roofing material has failed allowing for water intrusion, contrary to code.

## OVERVIEW OF DEFICIENCIES

This manufacturing facility annex has been vacant for several years. Code required potable water is not currently available in the building. There are several steel columns that have been modified to accommodate removal of equipment that do not comply with structural code. Accessible code issues include parking, access into the building, access to all levels of the building, accessible restrooms, accessible showers, and accessible drinking fountains. The exterior metal siding is failing allowing for water intrusion which is contrary to code. Roofing material is failing allowing for water intrusion which is contrary to code. Sidewalls should be repaired/replaced to prevent water intrusion per code. The HVAC system, the plumbing system, the lighting system, and the electrical wiring do not comply with code. All life safety systems required by code are not in compliance or are not present. The interior walls and ceilings should be repaired/repainted. Flooring is damaged creating an impediment to emergency egress which is contrary to code. Stairways do not comply with code. Door hardware and thresholds do not comply with code. Graffiti should be removed.

## ENERGY CODE DEFICIENCIES

In addition to the building code deficiencies listed above, the existing building does not comply with the current energy code. These deficiencies are not included in the estimated costs to correct code deficiencies and are not considered in determining whether the building is substandard.

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# OSB Plant Redevelopment TIF District

## Building Code, Condition Deficiency and Context Analysis Report

### Parcel E

Address:  
Parcel ID:  
Inspection Date(s) & Time(s):  
Inspection Type:  
Summary of Deficiencies:

### OSB Plant – Main Building

502 West County Road 63, Grand Rapids, Minnesota 55744  
91-019-3200  
September 19, 2022, 2:00 PM  
Interior and Exterior  
It is our professional opinion that this building is Substandard because:

- Substantial renovation is required to correct Conditions found.
- Building Code deficiencies total more than 15% of replacement cost, NOT including energy code deficiencies.

|  |              |
|--|--------------|
| Estimated Replacement Cost:                                    | \$40,966,347 |
| Estimated Cost to Correct Building Code Deficiencies:          | \$14,112,000 |
| Percentage of Replacement Cost for Building Code Deficiencies: | 34.4%        |

### DEFECTS IN STRUCTURAL ELEMENTS

1. Steel lintels should be protected from rusting per code.
2. Steel structural columns should be protected from rusting per code.

### COMBINATION OF DEFICIENCIES

1. Essential Utilities and Facilities
  - a. There is no code required accessible parking.
  - b. There is no code required accessible route into the building.
  - c. There is no code compliant accessible route to all levels of the building.
  - d. There is no code compliant accessible restroom in the building.
  - e. There is no code required potable water in the building.
  - f. There is no code compliant drinking fountain in the building.
  - g. There are no code compliant showers.
2. Light and Ventilation
  - a. Lighting does not comply with code.
  - b. Electrical wiring does not comply with code.
  - c. The HVAC system does not comply with code.
  - d. The plumbing system does not comply with code.
3. Fire Protection/Adequate Egress
  - a. There are no code required smoke detectors in the building.

- b. There is no code required emergency lighting system in the building.
  - c. Through wall, floor and ceiling penetrations should have code required fire caulking installed.
  - d. The emergency notification system does not comply with code.
  - e. The building sprinkler system does not comply with code.
  - f. The stairways do not comply with code.
  - g. Door hardware does not comply with code.
  - h. Thresholds do not comply with code for maximum height.
  - i. Flooring is damaged creating an impediment to emergency egress which does not comply with code.
4. Layout and Condition of Interior Partitions/Materials
- a. All interior surfaces should be repaired/repainted.
  - b. Graffiti is present and should be removed.
  - c. Interior doors are damaged and should be replaced.
  - d. Elevated platforms are not properly protected per code.
5. Exterior Construction
- a. Exterior windows have failed allowing for water intrusion, contrary to code.
  - b. Roofing material has failed allowing for water intrusion, contrary to code.
  - c. Exterior doors should be repaired, repainted, or replaced.
  - d. The surrounding green space should be mowed.
  - e. Parking lots and roadways are in disrepair.
  - f. Hollow metal steel doors are rusting and should be repainted.

#### DESCRIPTION OF CODE DEFICIENCIES

1. Steel lintels should be protected from rusting per code.
2. Protect steel structural columns from rusting per code.
3. Accessible parking should be created per code.
4. An accessible route into the building should be created per code.
5. An accessible route to all levels of the building should be created per code.
6. A code required accessible restroom should be created.
7. Code compliant showers should be installed.
8. Code required potable water should be available in the building.
9. A code required accessible drinking fountain should be installed.
10. Elevated platforms should have safety railings per code.
11. The electrical wiring system should be replaced to comply with code.
12. The lighting system does not comply with code.
13. The HVAC system does not comply with code.
14. The plumbing system does not comply with code.
15. There are no code required smoke detectors.
16. There is no code required emergency lighting system installed.
17. The emergency notification system does not comply with code.



18. The building sprinkler system does not comply with code.
19. Stairways do not comply with code.
20. Door hardware does not comply with code.
21. Thresholds do not comply with code for maximum height.
22. Flooring is damaged creating an impediment to emergency egress which is contrary to code.
23. Exterior windows have failed allowing for water intrusion, contrary to code.
24. Roofing material has failed allowing for water intrusion, contrary to code.

### OVERVIEW OF DEFICIENCIES

This manufacturing facility has been vacant for several years. Code required potable water is not currently available in the building. Accessible code issues include parking, access into the building, access to all levels of the building, accessible restrooms, accessible showers, and accessible drinking fountains. The exterior metal siding is failing allowing for water intrusion which is contrary to code. Roofing material is failing allowing for water intrusion which is contrary to code. The HVAC system, the plumbing system, the lighting system, and the electrical wiring do not comply with code. All life safety systems required by code are not in compliance or are not present. The interior walls and ceilings should be repaired/repainted. Flooring is damaged creating an impediment to emergency egress which is contrary to code. Stairways do not comply with code. Door hardware and thresholds do not comply with code. Graffiti should be removed.

### ENERGY CODE DEFICIENCIES

In addition to the building code deficiencies listed above, the existing building does not comply with the current energy code. These deficiencies are not included in the estimated costs to correct code deficiencies and are not considered in determining whether the building is substandard.

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## APPENDIX C

Building Replacement Cost Reports

Code Deficiency Cost Reports

Photographs

# OSB Plant Redevelopment TIF District

Item 19.

## Replacement Cost Report

RSMMeans data  
from SERRIAN

Square Foot Cost Estimate Report

Date:

10/17/2022

Estimate Name: **OSB Plant - Annex - Building B**

Building Type: **Metal Panel / Rigid Steel**

Location: **GRAND RAPIDS, MN**

Story Count: **1**

Story Height (L.F.): **36.00**

Floor Area (S.F.): **52000**

Labor Type: **OPN**

Basement Included: **No**

Data Release: **Year 2022 Quarter 3**

Cost Per Square Foot: **\$125.48**

Building Cost: **\$6,525,115.01**



Costs are derived from a building model with basic components.  
Scope differences and market conditions can cause costs to vary significantly.

|              |  | Quantity | % of Total    | Cost Per S.F.  | Cost                  |
|--------------|--|----------|---------------|----------------|-----------------------|
| <b>A</b>     | <b>Substructure</b>  |          | <b>15.00%</b> | <b>\$16.37</b> | <b>\$851,183.47</b>   |
| <b>A1010</b> | <b>Standard Foundations</b>  |          |               | <b>\$4.73</b>  | <b>\$246,146.83</b>   |
| A10101051560 | Foundation wall, CIP, 4' wall height, direct chute, .148 CY/LF, 7.2 PLF, 12" thick   | 1400     |               | \$2.79         | \$145,111.40          |
| A10101102900 | Strip footing, concrete, reinforced, load 6.8 KLF, soil bearing capacity 3 KSF, 12" deep x 32" wide  | 1400     |               | \$1.75         | \$91,009.10           |
| A10102107300 | Spread footings, 3000 PSI concrete, load 75K, soil bearing capacity 6 KSF, 4' - 0" square x 12" deep   | 26       |               | \$0.19         | \$10,026.33           |
| <b>A1030</b> | <b>Slab on Grade</b>   |          |               | <b>\$11.44</b> | <b>\$594,824.88</b>   |
| A10301204520 | Slab on grade, 6" thick, light industrial, reinforced  | 52000    |               | \$11.44        | \$594,824.88          |
| <b>A2010</b> | <b>Basement Excavation</b>   |          |               | <b>\$0.20</b>  | <b>\$10,211.76</b>    |
| A20101105740 | Excavate and fill, 30,000 SF, 4' deep, sand, gravel, or common earth, on site storage  | 52000    |               | \$0.20         | \$10,211.76           |
| <b>B</b>     | <b>Shell</b>   |          | <b>38.90%</b> | <b>\$42.44</b> | <b>\$2,206,956.38</b> |
| <b>B1020</b> | <b>Roof Construction</b>   |          |               | <b>\$16.55</b> | <b>\$860,853.76</b>   |
| B10201245800 | Roof, steel joists, joist girder, 1.5" 22 ga metal deck, on columns, 50'x50' bay, 40 PSF superimposed load, 59" deep, 64 PSF total load                  | 52000    |               | \$14.95        | \$777,472.80          |
| B10201245850 | Roof, steel joists, joist girder, 1.5" 22 ga metal deck, on columns, 50'x50' bay, 40 PSF superimposed load, 59" deep, 64 PSF total load, add for columns | 52000    |               | \$1.60         | \$83,380.96           |
| <b>B2010</b> | <b>Exterior Walls</b>  |          |               | <b>\$6.17</b>  | <b>\$320,861.01</b>   |
| B20101463400 | Metal siding, steel, corrugated or ribbed, 20 ga, .0359" thick, galvanized   | 35280    |               | \$5.04         | \$262,056.31          |
| B20101544100 | Metal siding support, 18' building height, 30 PSF wind load, 25' column spacing, wind columns  | 35280    |               | \$1.13         | \$58,804.70           |
| <b>B2030</b> | <b>Exterior Doors</b>  |          |               | <b>\$11.39</b> | <b>\$592,191.60</b>   |
| B20302205500 | Door, steel, vertical lift, door with frame, motor operator, 16'-0" x 16'-0" opening   | 15.6     |               | \$11.39        | \$592,191.60          |
| <b>B3010</b> | <b>Roof Coverings</b>  |          |               | <b>\$8.14</b>  | <b>\$423,393.03</b>   |
| B30101300970 | Roofing, corrugated, steel, galvanized, 22 ga, 1.45 PSF  | 52000    |               | \$6.85         | \$356,200.00          |
| B30104201400 | Roof edges, aluminum, duranodic, .050" thick, 6" face  | 1400     |               | \$0.99         | \$51,463.65           |
| B30104300040 | Flashing, aluminum, no backing sides, .019"  | 1400     |               | \$0.30         | \$15,729.38           |
| <b>B3020</b> | <b>Roof Openings</b>   |          |               | <b>\$0.19</b>  | <b>\$9,656.98</b>     |
| B30202100200 | Roof hatch, with curb, 1" fiberglass insulation, 2'-6" x 3'-0", aluminum   | 5.2      |               | \$0.19         | \$9,656.98            |
| <b>C</b>     | <b>Interiors</b>   |          | <b>1.21%</b>  | <b>\$1.32</b>  | <b>\$68,618.66</b>    |
| <b>C1010</b> | <b>Partitions</b>  |          |               | <b>\$0.53</b>  | <b>\$27,554.49</b>    |
| C10101022000 | Concrete block (CMU) partition, regular weight, hollow, 8" thick, no finish  | 2600     |               | \$0.53         | \$27,421.26           |
| C10101201100 | Tile partition, 8W series 8"x16", 4" thick wall, reinforced every 2 courses, glazed 2 sides  | 5.2      |               | \$0.00         | \$133.23              |
| <b>C1020</b> | <b>Interior Doors</b>  |          |               | <b>\$0.31</b>  | <b>\$16,098.20</b>    |
| C10201022600 | Door, single leaf, kd steel frame, hollow metal, commercial quality, flush, 3'-0" x 7'-0" x 1-3/8"   | 10.4     |               | \$0.31         | \$16,098.20           |
| <b>C1030</b> | <b>Fittings</b>  |          |               | <b>\$0.35</b>  | <b>\$18,328.53</b>    |
| C10301100860 | Toilet partitions, cubicless, floor mounted, headrail braced, plastic laminate   | 10.4     |               | \$0.26         | \$13,446.04           |

|              |  |       |               |                |                       |
|--------------|--|-------|---------------|----------------|-----------------------|
| C10301101100 | Entrance screens, floor mounted, 54" high, painted metal   | 5.2   |               | \$0.03         | \$1,708.63            |
| C10301101300 | Urinal screens, floor mounted, 24" wide, plastic laminate  | 7.8   |               | \$0.06         | \$3,173.86            |
| <b>C3010</b> | <b>Wall Finishes</b>   |       |               | <b>\$0.13</b>  | <b>\$6,637.44</b>     |
| C30102300300 | Painting, masonry or concrete, latex, brushwork, primer & 1 coat   | 5200  |               | \$0.13         | \$6,637.44            |
| <b>D</b>     | <b>Services</b>  |       | <b>44.89%</b> | <b>\$48.99</b> | <b>\$2,547,254.54</b> |
| <b>D1010</b> | <b>Elevators and Lifts</b>   |       |               | <b>\$1.78</b>  | <b>\$92,396.70</b>    |
| D10101102200 | Hydraulic, passenger elevator, 3000 lb, 2 floors, 100 FPM  | 1     |               | \$1.78         | \$92,396.70           |
| <b>D2010</b> | <b>Plumbing Fixtures</b>   |       |               | <b>\$3.74</b>  | <b>\$194,585.58</b>   |
| D20101102000 | Water closet, vitreous china, tank type, 2 piece close coupled   | 17.68 |               | \$0.51         | \$26,631.47           |
| D20102102040 | Urinal, vitreous china, stall type   | 4.42  |               | \$0.26         | \$13,281.79           |
| D20103102080 | Lavatory w/trim, wall hung, PE on Cl, 19" x 17"  | 17.68 |               | \$0.83         | \$42,931.99           |
| D20104404340 | Service sink w/trim, PE on Cl, wall hung w/rim guard, 24" x 20"  | 4.42  |               | \$0.57         | \$29,882.85           |
| D20107101680 | Shower, stall, baked enamel, terrazzo receptor, 36" square   | 17.68 |               | \$1.34         | \$69,473.74           |
| D20108201920 | Water cooler, electric, wall hung, wheelchair type, 7.5 GPH  | 4.42  |               | \$0.24         | \$12,383.74           |
| <b>D2020</b> | <b>Domestic Water Distribution</b>   |       |               | <b>\$3.69</b>  | <b>\$192,078.61</b>   |
| D20202502260 | Gas fired water heater, commercial, 100 < F rise, 600 MBH input, 576 GPH   | 4.42  |               | \$3.69         | \$192,078.61          |
| <b>D2040</b> | <b>Rain Water Drainage</b>   |       |               | <b>\$1.59</b>  | <b>\$82,812.26</b>    |
| D20402104280 | Roof drain, Cl, soil, single hub, 5" diam, 10' high  | 20.8  |               | \$1.24         | \$64,601.78           |
| D20402104320 | Roof drain, Cl, soil, single hub, 5" diam, for each additional foot add  | 291.2 |               | \$0.35         | \$18,210.48           |
| <b>D3020</b> | <b>Heat Generating Systems</b>   |       |               | <b>\$8.98</b>  | <b>\$467,098.84</b>   |
| D30201082040 | Heating systems, steel boiler, gas, terminal unit heaters, 1,960 MBH, 26,100 SF bldg                                       | 52000 |               | \$8.98         | \$467,098.84          |
| <b>D3050</b> | <b>Terminal &amp; Package Units</b>  |       |               | <b>\$0.38</b>  | <b>\$19,900.00</b>    |
| D30502800270 | 16000 CFM, 5 HP vane axial fan   | 2.6   |               | \$0.38         | \$19,900.00           |
| <b>D4010</b> | <b>Sprinklers</b>  |       |               | <b>\$10.31</b> | <b>\$536,142.36</b>   |
| D40103701580 | Deluge sprinkler systems, steel, extra hazard, 1 floor, 10,000 SF  | 52000 |               | \$10.31        | \$536,142.36          |
| <b>D4020</b> | <b>Standpipes</b>  |       |               | <b>\$3.07</b>  | <b>\$159,763.27</b>   |
| D40203101580 | Wet standpipe risers, class III, steel, black, sch 40, 6" diam pipe, 1 floor   | 2     |               | \$0.80         | \$41,406.50           |
| D40203101600 | Wet standpipe risers, class III, steel, black, sch 40, 6" diam pipe, additional floors                                     | 2.8   |               | \$0.28         | \$14,801.57           |
| D40204103650 | Fire pump, electric, with controller, 5" pump, 100 HP, 1000 GPM  | 2     |               | \$1.99         | \$103,555.20          |
| <b>D5010</b> | <b>Electrical Service/Distribution</b>   |       |               | <b>\$1.19</b>  | <b>\$61,999.78</b>    |
| D50101200280 | Overhead service installation, includes breakers, metering, 20' conduit & wire, 3 phase, 4 wire, 120/208 V, 200 A          | 3.25  |               | \$0.21         | \$10,816.57           |
| D50102300280 | Feeder installation 600 V, including RGS conduit and XHHW wire, 200 A  | 260   |               | \$0.26         | \$13,605.15           |
| D50102400200 | Switchgear installation, incl switchboard, panels & circuit breaker, 120/208 V, 3 phase, 400 A                             | 2.6   |               | \$0.72         | \$37,578.06           |
| <b>D5020</b> | <b>Lighting and Branch Wiring</b>  |       |               | <b>\$12.88</b> | <b>\$669,594.64</b>   |
| D50201100320 | Receptacles incl plate, box, conduit, wire, 4 per 1000 SF, .5 W per SF, with transformer                                   | 52000 |               | \$2.70         | \$140,333.44          |
| D50201350200 | Miscellaneous power, to .5 watts   | 52000 |               | \$0.16         | \$8,492.64            |
| D50202260680 | HID fixture, 16' above work plane, 3 watt/SF, type G, 157 FC, 3 fixtures per 1000 SF                                       | 52000 |               | \$10.01        | \$520,768.56          |
| <b>D5030</b> | <b>Communications and Security</b>   |       |               | <b>\$1.26</b>  | <b>\$65,354.87</b>    |
| D50309100452 | Communication and alarm systems, fire detection, addressable, 25 detectors, includes outlets, boxes, conduit and wire      | 2.6   |               | \$1.18         | \$61,469.79           |
| D50309100460 | Fire alarm command center, addressable without voice, excl. wire & conduit   | 1     |               | \$0.07         | \$3,885.08            |
| <b>D5090</b> | <b>Other Electrical Systems</b>  |       |               | <b>\$0.11</b>  | <b>\$5,527.63</b>     |
| D50902100200 | Generator sets, w/battery, charger, muffler and transfer switch, gas/gasoline operated, 3 phase, 4 wire, 277/480 V, 7.5 kW | 2.6   |               | \$0.08         | \$4,044.40            |
| D50902100560 | Generator sets, w/battery, charger, muffler and transfer switch, diesel engine with fuel tank, 30 kW                       | 2     |               | \$0.03         | \$1,483.23            |
| <b>E</b>     | <b>Equipment &amp; Furnishings</b>   |       | <b>0.00%</b>  | <b>\$0.00</b>  | <b>\$0.00</b>         |
| <b>E1090</b> | <b>Other Equipment</b>   |       |               | <b>\$0.00</b>  | <b>\$0.00</b>         |
| <b>F</b>     | <b>Special Construction</b>  |       | <b>0.00%</b>  | <b>\$0.00</b>  | <b>\$0.00</b>         |
| <b>G</b>     | <b>Building Sitework</b>   |       | <b>0.00%</b>  | <b>\$0.00</b>  | <b>\$0.00</b>         |

|  |       |                 |                       |
|--|-------|-----------------|-----------------------|
| SubTotal   | 100%  | \$109.12        | \$5,674,013.05        |
| Contractor Fees (General Conditions,Overhead,Profit) | 15.0% | \$16.37         | \$851,101.96          |
| Architectural Fees                                   | 0.0%  | \$0.00          | \$0.00                |
| User Fees  | 0.0%  | \$0.00          | \$0.00                |
| <b>Total Building Cost</b>                           |       | <b>\$125.48</b> | <b>\$6,525,115.01</b> |

# OSB Plant Redevelopment TIF District

## Code Deficiency Cost Report

Parcel C - 502 West County Road 63, Grand Rapids, Minnesota 55744  
Parcel ID 91-019-2300

Building Name or Type  
OSB Plant - Annex

| Code | Related Cost Items | Unit Cost | Units | Unit Quantity | Total |
|------|--------------------|-----------|-------|---------------|-------|
|------|--------------------|-----------|-------|---------------|-------|

### Accessibility Items

#### Parking

|   |             |      |   |             |
|---|-------------|------|---|-------------|
| Create code required accessible parking | \$ 1,000.00 | Lump | 1 | \$ 1,000.00 |
|---|-------------|------|---|-------------|

#### Accessible Routes

|   |           |      |   |           |
|---|-----------|------|---|-----------|
| Create a code required accessible route into the building | \$ 500.00 | Lump | 1 | \$ 500.00 |
|---|-----------|------|---|-----------|

|   |         |    |        |              |
|---|---------|----|--------|--------------|
| Create a code required accessible route to all levels of the building | \$ 1.78 | SF | 52,000 | \$ 92,560.00 |
|---|---------|----|--------|--------------|

#### Restroom

|  |         |    |        |               |
|--|---------|----|--------|---------------|
| Create a code required accessible restroom | \$ 1.95 | SF | 52,000 | \$ 101,400.00 |
|--|---------|----|--------|---------------|

#### Potable Water

|   |         |    |        |              |
|---|---------|----|--------|--------------|
| Connect potable water to the building to comply with code | \$ 0.25 | SF | 52,000 | \$ 13,000.00 |
|---|---------|----|--------|--------------|

#### Drinking Fountain

|   |         |    |        |              |
|---|---------|----|--------|--------------|
| Install code required drinking fountain | \$ 0.24 | SF | 52,000 | \$ 12,480.00 |
|---|---------|----|--------|--------------|

#### Showers

|                                |         |    |        |              |
|--------------------------------|---------|----|--------|--------------|
| Install code compliant showers | \$ 1.34 | SF | 52,000 | \$ 69,680.00 |
|--------------------------------|---------|----|--------|--------------|

### Structural Elements

#### Steel Lintels

|   |             |      |   |             |
|---|-------------|------|---|-------------|
| Protect steel lintels from rusting per code | \$ 1,000.00 | Lump | 1 | \$ 1,000.00 |
|---|-------------|------|---|-------------|

#### Steel Structural Columns

|  |         |    |        |              |
|--|---------|----|--------|--------------|
| Protect steel structural columns from rusting per code | \$ 0.25 | SF | 52,000 | \$ 13,000.00 |
|--|---------|----|--------|--------------|

|   |         |    |        |               |
|---|---------|----|--------|---------------|
| Replace modified structural steel columns to comply with code | \$ 5.00 | SF | 52,000 | \$ 260,000.00 |
|---|---------|----|--------|---------------|

### Exiting

#### Emergency Lighting System

|  |         |    |        |              |
|--|---------|----|--------|--------------|
| Install a code compliant emergency lighting system | \$ 0.75 | SF | 52,000 | \$ 39,000.00 |
|--|---------|----|--------|--------------|

#### Emergency Notification System

|  |         |    |        |             |
|--|---------|----|--------|-------------|
| Install a code compliant emergency notification system | \$ 0.07 | SF | 52,000 | \$ 3,640.00 |
|--|---------|----|--------|-------------|

#### Emergency Exit Signs

|   |         |    |        |              |
|---|---------|----|--------|--------------|
| Install code compliant emergency exit signs | \$ 0.65 | SF | 52,000 | \$ 33,800.00 |
|---|---------|----|--------|--------------|

#### Stairs

|                                   |         |    |        |             |
|-----------------------------------|---------|----|--------|-------------|
| Modify stairs to comply with code | \$ 0.15 | SF | 52,000 | \$ 7,800.00 |
|-----------------------------------|---------|----|--------|-------------|

#### Door Hardware

|                                      |           |    |    |             |
|--------------------------------------|-----------|----|----|-------------|
| Install code compliant door hardware | \$ 250.00 | EA | 15 | \$ 3,750.00 |
|--------------------------------------|-----------|----|----|-------------|

#### Thresholds

|  |             |      |   |             |
|--|-------------|------|---|-------------|
| Modify thresholds to comply with code for maximum height | \$ 2,500.00 | Lump | 1 | \$ 2,500.00 |
|--|-------------|------|---|-------------|

| Code                           | Related Cost Items   | Unit Cost   | Units | Unit Quantity | Total               |
|--------------------------------|--|-------------|-------|---------------|---------------------|
|                                | Flooring   |             |       |               |                     |
|                                | Repair/replace damaged flooring to create a code required unimpeded means for emergency egress | \$ 0.35     | SF    | 52,000        | \$ 18,200.00        |
|                                | Elevated Platforms   |             |       |               |                     |
|                                | Install code required toe boards on elevated platforms to comply with code                     | \$ 1,000.00 | Lump  | 1             | \$ 1,000.00         |
|                                | <b>Fire Protection</b>   |             |       |               |                     |
|                                | Smoke Detectors  |             |       |               |                     |
|                                | Install code required smoke detectors  | \$ 1.18     | SF    | 52,000        | \$ 61,360.00        |
|                                | Fire Caulking  |             |       |               |                     |
|                                | Install code required fire caulking at all through wall, floor, and ceiling penetrations       | \$ 0.15     | SF    | 52,000        | \$ 7,800.00         |
|                                | Sprinkler System   |             |       |               |                     |
|                                | The building sprinkler system does not comply with code  | \$ 13.38    | SF    | 52,000        | \$ 695,760.00       |
|                                | <b>Exterior Construction</b>   |             |       |               |                     |
|                                | Siding   |             |       |               |                     |
|                                | Replace failed/missing siding material to prevent water intrusion per code                     | \$ 5.04     | SF    | 5,000         | \$ 25,200.00        |
|                                | <b>Roof Construction</b>   |             |       |               |                     |
|                                | Roofing Material   |             |       |               |                     |
|                                | Replace failed roofing material to prevent water intrusion per code                            | \$ 8.33     | SF    | 5,000         | \$ 41,650.00        |
|                                | <b>Mechanical - Electrical</b>   |             |       |               |                     |
|                                | Mechanical   |             |       |               |                     |
|                                | Install code compliant HVAC system   | \$ 9.46     | SF    | 52,000        | \$ 491,920.00       |
|                                | Install a code compliant plumbing system   | \$ 3.69     | SF    | 52,000        | \$ 191,880.00       |
|                                | Electrical   |             |       |               |                     |
|                                | Install a code compliant electrical wiring system  | \$ 4.05     | SF    | 52,000        | \$ 210,600.00       |
|                                | Install a code compliant lighting system   | \$ 10.01    | SF    | 52,000        | \$ 520,520.00       |
| <b>Total Code Improvements</b> |  |             |       |               | <b>\$ 2,921,000</b> |



OSB Plant Redevelopment TIF District | Parcel C: 502 W County Road 63

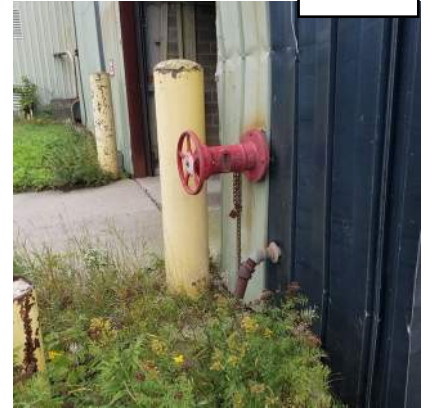
Item 19.



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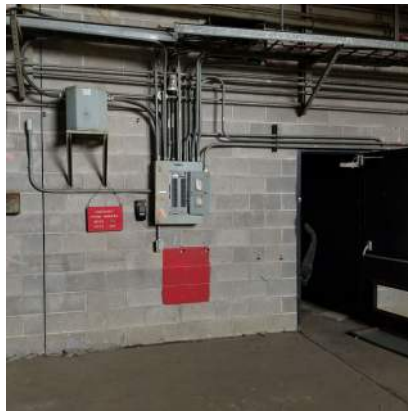
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OSB Plant Redevelopment TIF District | Parcel C: 502 W County Road 63

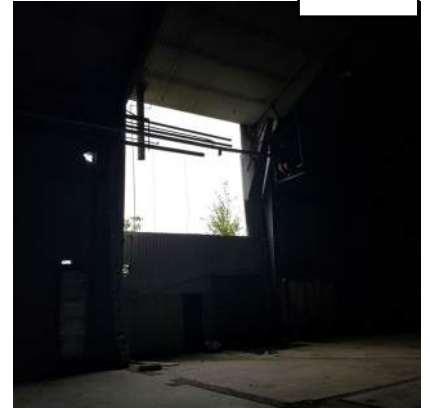
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# OSB Plant Redevelopment TIF District | Parcel C: 502 W County Road 63

Item 19.



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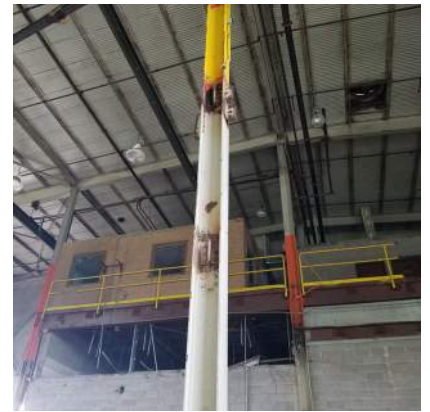
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# OSB Plant Redevelopment TIF District | Parcel C: 502 W County Road 63

Item 19.



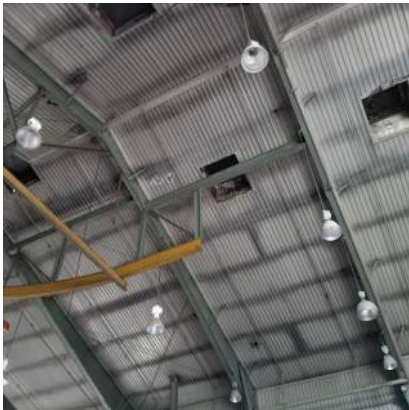
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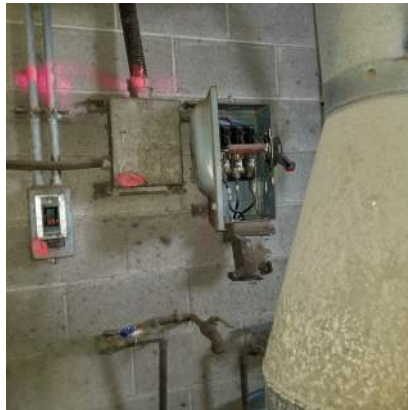
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# OSB Plant Redevelopment TIF District

Item 19.

## Replacement Cost Report

RSMMeans data  
from SORDIAN

Square Foot Cost Estimate Report

Date:

10/17/2022

Estimate Name: **OSB Plant - Building A**

Building Type: **Sandwich Panel / Rigid Steel**

Location: **GRAND RAPIDS, MN**

Story Count: **1**

Story Height (L.F.): **36.00**

Floor Area (S.F.): **400000**

Labor Type: **OPN**

Basement Included: **No**

Data Release: **Year 2022 Quarter 3**

Cost Per Square Foot: **\$102.42**

Building Cost: **\$40,966,347.08**



Costs are derived from a building model with basic components.  
Scope differences and market conditions can cause costs to vary significantly.

|              |  | Quantity | % of Total    | Cost Per S.F.  | Cost                   |
|--------------|--|----------|---------------|----------------|------------------------|
| <b>A</b>     | <b>Substructure</b>  |          | <b>14.91%</b> | <b>\$13.28</b> | <b>\$5,313,121.98</b>  |
| <b>A1010</b> | <b>Standard Foundations</b>  |          |               | <b>\$1.65</b>  | <b>\$658,993.98</b>    |
| A10101051560 | Foundation wall, CIP, 4' wall height, direct chute, .148 CY/LF, 7.2 PLF, 12" thick   | 3450     |               | \$0.89         | \$357,595.95           |
| A10101102900 | Strip footing, concrete, reinforced, load 6.8 KLF, soil bearing capacity 3 KSF, 12" deep x 32" wide  | 3450     |               | \$0.56         | \$224,272.43           |
| A10102107300 | Spread footings, 3000 PSI concrete, load 75K, soil bearing capacity 6 KSF, 4' - 0" square x 12" deep   | 200      |               | \$0.19         | \$77,125.60            |
| <b>A1030</b> | <b>Slab on Grade</b>   |          |               | <b>\$11.44</b> | <b>\$4,575,576.00</b>  |
| A10301204520 | Slab on grade, 6" thick, light industrial, reinforced  | 400000   |               | \$11.44        | \$4,575,576.00         |
| <b>A2010</b> | <b>Basement Excavation</b>   |          |               | <b>\$0.20</b>  | <b>\$78,552.00</b>     |
| A20101105740 | Excavate and fill, 30,000 SF, 4' deep, sand, gravel, or common earth, on site storage  | 400000   |               | \$0.20         | \$78,552.00            |
| <b>B</b>     | <b>Shell</b>   |          | <b>46.48%</b> | <b>\$41.40</b> | <b>\$16,558,552.01</b> |
| <b>B1020</b> | <b>Roof Construction</b>   |          |               | <b>\$16.55</b> | <b>\$6,621,952.00</b>  |
| B10201245800 | Roof, steel joists, joist girder, 1.5" 22 ga metal deck, on columns, 50'x50' bay, 40 PSF superimposed load, 59" deep, 64 PSF total load                  | 400000   |               | \$14.95        | \$5,980,560.00         |
| B10201245850 | Roof, steel joists, joist girder, 1.5" 22 ga metal deck, on columns, 50'x50' bay, 40 PSF superimposed load, 59" deep, 64 PSF total load, add for columns | 400000   |               | \$1.60         | \$641,392.00           |
| <b>B2010</b> | <b>Exterior Walls</b>  |          |               | <b>\$3.41</b>  | <b>\$1,364,440.71</b>  |
| B20101464200 | Metal siding, steel, sandwich panels, factory fabricated, 1" polystyrene, stl. core, 26 ga, colored 1 side   | 86940    |               | \$3.41         | \$1,364,440.71         |
| <b>B2020</b> | <b>Exterior Windows</b>  |          |               | <b>\$0.04</b>  | <b>\$15,588.00</b>     |
| B20201023150 | Windows, wood, double hung, insulated glass, 3'-0" x 5'-6"   | 20       |               | \$0.04         | \$15,588.00            |
| <b>B2030</b> | <b>Exterior Doors</b>  |          |               | <b>\$11.39</b> | <b>\$4,555,320.00</b>  |
| B20302205500 | Door, steel, vertical lift, door with frame, motor operator, 16'-0" x 16'-0" opening   | 120      |               | \$11.39        | \$4,555,320.00         |
| <b>B3010</b> | <b>Roof Coverings</b>  |          |               | <b>\$9.82</b>  | <b>\$3,926,966.82</b>  |
| B30101300970 | Roofing, corrugated, steel, galvanized, 22 ga, 1.45 PSF  | 400000   |               | \$6.85         | \$2,740,000.00         |
| B30103200300 | Insulation, rigid, roof deck, fiberboard, mineral, 1-1/2" thick, R4.17   | 400000   |               | \$2.55         | \$1,021,384.00         |
| B30104201400 | Roof edges, aluminum, duranodic, .050" thick, 6" face  | 3450     |               | \$0.32         | \$126,821.14           |
| B30104300040 | Flashing, aluminum, no backing sides, .019"  | 3450     |               | \$0.10         | \$38,761.68            |
| <b>B3020</b> | <b>Roof Openings</b>   |          |               | <b>\$0.19</b>  | <b>\$74,284.48</b>     |
| B30202100200 | Roof hatch, with curb, 1" fiberglass insulation, 2'-6" x 3'-0", aluminum   | 40       |               | \$0.19         | \$74,284.48            |
| <b>C</b>     | <b>Interiors</b>   |          | <b>1.48%</b>  | <b>\$1.32</b>  | <b>\$526,810.96</b>    |
| <b>C1010</b> | <b>Partitions</b>  |          |               | <b>\$0.53</b>  | <b>\$210,932.80</b>    |
| C10101022000 | Concrete block (CMU) partition, regular weight, hollow, 8" thick, no finish  | 20000    |               | \$0.53         | \$210,932.80           |
| <b>C1020</b> | <b>Interior Doors</b>  |          |               | <b>\$0.31</b>  | <b>\$123,832.32</b>    |
| C10201022600 | Door, single leaf, kd steel frame, hollow metal, commercial quality, flush, 3'-0" x 7'-0" x 1-3/8"   | 80       |               | \$0.31         | \$123,832.32           |
| <b>C1030</b> | <b>Fittings</b>  |          |               | <b>\$0.35</b>  | <b>\$140,988.64</b>    |
| C10301100860 | Toilet partitions, cubicless, floor mounted, headrail braced, plastic laminate   | 80       |               | \$0.26         | \$103,431.04           |

|              |  |        |               |                |                        |
|--------------|--|--------|---------------|----------------|------------------------|
| C10301101100 | Entrance screens, floor mounted, 54" high, painted metal   | 40     |               | \$0.03         | \$13,143.30            |
| C10301101300 | Urinal screens, floor mounted, 24" wide, plastic laminate  | 60     |               | \$0.06         | \$24,414.30            |
| <b>C3010</b> | <b>Wall Finishes</b>   |        |               | <b>\$0.13</b>  | <b>\$51,057.20</b>     |
| C30102300300 | Painting, masonry or concrete, latex, brushwork, primer & 1 coat   | 40000  |               | \$0.13         | \$51,057.20            |
| <b>D</b>     | <b>Services</b>  |        | <b>37.12%</b> | <b>\$33.06</b> | <b>\$13,224,425.55</b> |
| <b>D1010</b> | <b>Elevators and Lifts</b>   |        |               | <b>\$0.46</b>  | <b>\$184,793.40</b>    |
| D10101102200 | Hydraulic, passenger elevator, 3000 lb, 2 floors, 100 FPM  | 2      |               | \$0.46         | \$184,793.40           |
| <b>D2010</b> | <b>Plumbing Fixtures</b>   |        |               | <b>\$3.74</b>  | <b>\$1,496,812.09</b>  |
| D20101102000 | Water closet, vitreous china, tank type, 2 piece close coupled   | 136    |               | \$0.51         | \$204,857.48           |
| D20102102040 | Urinal, vitreous china, stall type   | 34     |               | \$0.26         | \$102,167.62           |
| D20103102080 | Lavatory w/trim, wall hung, PE on Cl, 19" x 17"  | 136    |               | \$0.83         | \$330,246.08           |
| D20104404340 | Service sink w/trim, PE on Cl, wall hung w/rim guard, 24" x 20"  | 34     |               | \$0.57         | \$229,868.05           |
| D20107101680 | Shower, stall, baked enamel, terrazzo receptor, 36" square   | 136    |               | \$1.34         | \$534,413.36           |
| D20108201920 | Water cooler, electric, wall hung, wheelchair type, 7.5 GPH  | 34     |               | \$0.24         | \$95,259.50            |
| <b>D2020</b> | <b>Domestic Water Distribution</b>   |        |               | <b>\$0.26</b>  | <b>\$105,379.50</b>    |
| D20202102060 | Electric water heater, residential, 100< F rise, 120 gallon tank, 23 GPH   | 10     |               | \$0.26         | \$105,379.50           |
| <b>D2040</b> | <b>Rain Water Drainage</b>   |        |               | <b>\$1.59</b>  | <b>\$637,017.44</b>    |
| D20402104280 | Roof drain, Cl, soil, single hub, 5" diam, 10' high  | 160    |               | \$1.24         | \$496,936.80           |
| D20402104320 | Roof drain, Cl, soil, single hub, 5" diam, for each additional foot add  | 2240   |               | \$0.35         | \$140,080.64           |
| <b>D3020</b> | <b>Heat Generating Systems</b>   |        |               | <b>\$0.57</b>  | <b>\$226,438.00</b>    |
| D30201060860 | Boiler, electric, steel, steam, 60 KW, 205 MBH   | 20     |               | \$0.57         | \$226,438.00           |
| <b>D3050</b> | <b>Terminal &amp; Package Units</b>  |        |               | <b>\$0.38</b>  | <b>\$153,076.90</b>    |
| D30502800270 | 16000 CFM, 5 HP vane axial fan   | 20     |               | \$0.38         | \$153,076.90           |
| <b>D4010</b> | <b>Sprinklers</b>  |        |               | <b>\$10.31</b> | <b>\$4,124,172.00</b>  |
| D40103701580 | Deluge sprinkler systems, steel, extra hazard, 1 floor, 10,000 SF  | 400000 |               | \$10.31        | \$4,124,172.00         |
| <b>D4020</b> | <b>Standpipes</b>  |        |               | <b>\$0.40</b>  | <b>\$159,763.27</b>    |
| D40203101580 | Wet standpipe risers, class III, steel, black, sch 40, 6" diam pipe, 1 floor   | 2      |               | \$0.10         | \$41,406.50            |
| D40203101600 | Wet standpipe risers, class III, steel, black, sch 40, 6" diam pipe, additional floors                                     | 2.8    |               | \$0.04         | \$14,801.57            |
| D40204103650 | Fire pump, electric, with controller, 5" pump, 100 HP, 1000 GPM  | 2      |               | \$0.26         | \$103,555.20           |
| <b>D5010</b> | <b>Electrical Service/Distribution</b>   |        |               | <b>\$1.19</b>  | <b>\$476,921.38</b>    |
| D50101200280 | Overhead service installation, includes breakers, metering, 20' conduit & wire, 3 phase, 4 wire, 120/208 V, 200 A          | 25     |               | \$0.21         | \$83,204.38            |
| D50102300280 | Feeder installation 600 V, including RGS conduit and XHHW wire, 200 A  | 2000   |               | \$0.26         | \$104,655.00           |
| D50102400200 | Switchgear installation, incl switchboard, panels & circuit breaker, 120/208 V, 3 phase, 400 A                             | 20     |               | \$0.72         | \$289,062.00           |
| <b>D5020</b> | <b>Lighting and Branch Wiring</b>  |        |               | <b>\$12.88</b> | <b>\$5,150,728.00</b>  |
| D50201100320 | Receptacles incl plate, box, conduit, wire, 4 per 1000 SF, .5 W per SF, with transformer                                   | 400000 |               | \$2.70         | \$1,079,488.00         |
| D50201350200 | Miscellaneous power, to .5 watts   | 400000 |               | \$0.16         | \$65,328.00            |
| D50202260680 | HID fixture, 16' above work plane, 3 watt/SF, type G, 157 FC, 3 fixtures per 1000 SF                                       | 400000 |               | \$10.01        | \$4,005,912.00         |
| <b>D5030</b> | <b>Communications and Security</b>   |        |               | <b>\$1.19</b>  | <b>\$476,729.58</b>    |
| D50309100452 | Communication and alarm systems, fire detection, addressable, 25 detectors, includes outlets, boxes, conduit and wire      | 20     |               | \$1.18         | \$472,844.50           |
| D50309100460 | Fire alarm command center, addressable without voice, excl. wire & conduit   | 1      |               | \$0.01         | \$3,885.08             |
| <b>D5090</b> | <b>Other Electrical Systems</b>  |        |               | <b>\$0.08</b>  | <b>\$32,593.99</b>     |
| D50902100200 | Generator sets, w/battery, charger, muffler and transfer switch, gas/gasoline operated, 3 phase, 4 wire, 277/480 V, 7.5 kW | 20     |               | \$0.08         | \$31,110.76            |
| D50902100560 | Generator sets, w/battery, charger, muffler and transfer switch, diesel engine with fuel tank, 30 kW                       | 2      |               | \$0.00         | \$1,483.23             |
| <b>E</b>     | <b>Equipment &amp; Furnishings</b>   |        | <b>0.00%</b>  | <b>\$0.00</b>  | <b>\$0.00</b>          |
| <b>E1090</b> | <b>Other Equipment</b>   |        |               | <b>\$0.00</b>  | <b>\$0.00</b>          |
| <b>F</b>     | <b>Special Construction</b>  |        | <b>0.00%</b>  | <b>\$0.00</b>  | <b>\$0.00</b>          |
| <b>G</b>     | <b>Building Sitework</b>   |        | <b>0.00%</b>  | <b>\$0.00</b>  | <b>\$0.00</b>          |

|  |       |                 |                        |
|--|-------|-----------------|------------------------|
| SubTotal   | 100%  | \$89.06         | \$35,622,910.50        |
| Contractor Fees (General Conditions,Overhead,Profit) | 15.0% | \$13.36         | \$5,343,436.58         |
| Architectural Fees                                   | 0.0%  | \$0.00          | \$0.00                 |
| User Fees  | 0.0%  | \$0.00          | \$0.00                 |
| <b>Total Building Cost</b>                           |       | <b>\$102.42</b> | <b>\$40,966,347.08</b> |

# OSB Plant Redevelopment TIF District

## Code Deficiency Cost Report

Parcel E - 502 West County Road 63, Grand Rapids, Minnesota 55744  
Parcel ID 91-019-3200

Building Name or Type  
OSB Plant - Main Building

| Code                       | Related Cost Items  | Unit Cost    | Units | Unit Quantity | Total         |
|----------------------------|---|--------------|-------|---------------|---------------|
| <b>Accessibility Items</b> |   |              |       |               |               |
|                            | Parking   |              |       |               |               |
|                            | Create code required accessible parking                               | \$ 1,000.00  | Lump  | 1             | \$ 1,000.00   |
|                            | Accessible Routes   |              |       |               |               |
|                            | Create a code required accessible route into the building             | \$ 1,000.00  | Lump  | 1             | \$ 1,000.00   |
|                            | Create a code required accessible route to all levels of the building | \$ 0.46      | SF    | 400,000       | \$ 184,000.00 |
|                            | Restroom  |              |       |               |               |
|                            | Create a code required accessible restroom                            | \$ 1.92      | SF    | 400,000       | \$ 768,000.00 |
|                            | Potable Water   |              |       |               |               |
|                            | Connect potable water to the building to comply with code             | \$ 0.10      | SF    | 400,000       | \$ 40,000.00  |
|                            | Drinking Fountain   |              |       |               |               |
|                            | Install code required drinking fountain                               | \$ 0.24      | SF    | 400,000       | \$ 96,000.00  |
|                            | Showers   |              |       |               |               |
|                            | Install code compliant showers  | \$ 1.34      | SF    | 400,000       | \$ 536,000.00 |
| <b>Structural Elements</b> |   |              |       |               |               |
|                            | Steel Lintels   |              |       |               |               |
|                            | Protect steel lintels from rusting per code                           | \$ 5,000.00  | Lump  | 1             | \$ 5,000.00   |
|                            | Steel Structural Columns  |              |       |               |               |
|                            | Protect steel structural columns from rusting per code                | \$ 0.25      | SF    | 400,000       | \$ 100,000.00 |
| <b>Exiting</b>             |   |              |       |               |               |
|                            | Emergency Lighting System   |              |       |               |               |
|                            | Install a code compliant emergency lighting system                    | \$ 0.90      | SF    | 400,000       | \$ 360,000.00 |
|                            | Emergency Notification System   |              |       |               |               |
|                            | Install a code compliant emergency notification system                | \$ 0.25      | SF    | 400,000       | \$ 100,000.00 |
|                            | Emergency Exit Signs  |              |       |               |               |
|                            | Install code compliant emergency exit signs                           | \$ 0.15      | SF    | 400,000       | \$ 60,000.00  |
|                            | Stairs  |              |       |               |               |
|                            | Modify stairs to comply with code                                     | \$ 0.19      | SF    | 400,000       | \$ 76,000.00  |
|                            | Door Hardware   |              |       |               |               |
|                            | Install code compliant door hardware                                  | \$ 250.00    | EA    | 50            | \$ 12,500.00  |
|                            | Thresholds  |              |       |               |               |
|                            | Modify thresholds to comply with code for maximum height              | \$ 10,000.00 | Lump  | 1             | \$ 10,000.00  |

| Code                           | Related Cost Items   | Unit Cost   | Units | Unit Quantity | Total                |
|--------------------------------|--|-------------|-------|---------------|----------------------|
|                                | Flooring   |             |       |               |                      |
|                                | Repair/replace damaged flooring to create a code required unimpeded means for emergency egress | \$ 0.65     | SF    | 400,000       | \$ 260,000.00        |
|                                | Elevated Platforms   |             |       |               |                      |
|                                | Install code required safety railings on elevated platforms to comply with code                | \$ 2,500.00 | Lump  | 1             | \$ 2,500.00          |
|                                | <b>Fire Protection</b>   |             |       |               |                      |
|                                | Smoke Detectors  |             |       |               |                      |
|                                | Install code required smoke detectors  | \$ 1.18     | SF    | 400,000       | \$ 472,000.00        |
|                                | Fire Caulking  |             |       |               |                      |
|                                | Install code required fire caulking at all through wall, floor, and ceiling penetrations       | \$ 0.10     | SF    | 400,000       | \$ 40,000.00         |
|                                | Sprinkler System   |             |       |               |                      |
|                                | Install code compliant building sprinkler system   | \$ 10.71    | SF    | 400,000       | \$ 4,284,000.00      |
|                                | <b>Exterior Construction</b>   |             |       |               |                      |
|                                | Windows  |             |       |               |                      |
|                                | Replace failed windows to prevent water intrusion per code                                     | \$ 0.04     | SF    | 400,000       | \$ 16,000.00         |
|                                | <b>Roof Construction</b>   |             |       |               |                      |
|                                | Roofing Material   |             |       |               |                      |
|                                | Replace failed roofing material to prevent water intrusion per code                            | \$ 11.60    | SF    | 50,000        | \$ 580,000.00        |
|                                | <b>Mechanical - Electrical</b>   |             |       |               |                      |
|                                | Mechanical   |             |       |               |                      |
|                                | Install code compliant HVAC system   | \$ 0.95     | SF    | 400,000       | \$ 380,000.00        |
|                                | Install a code compliant plumbing system   | \$ 0.26     | SF    | 400,000       | \$ 104,000.00        |
|                                | Electrical   |             |       |               |                      |
|                                | Install a code compliant electrical wiring system  | \$ 4.05     | SF    | 400,000       | \$ 1,620,000.00      |
|                                | Install a code compliant lighting system   | \$ 10.01    | SF    | 400,000       | \$ 4,004,000.00      |
| <b>Total Code Improvements</b> |  |             |       |               | <b>\$ 14,112,000</b> |

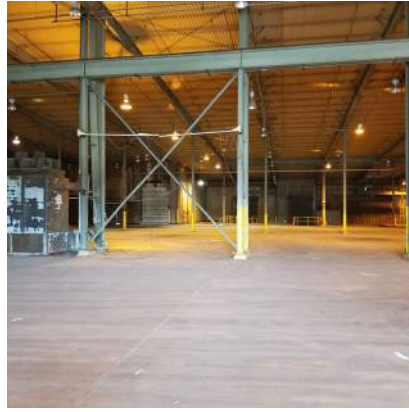


# OSB Plant Redevelopment TIF District | Parcel E: 502 W County Road 63

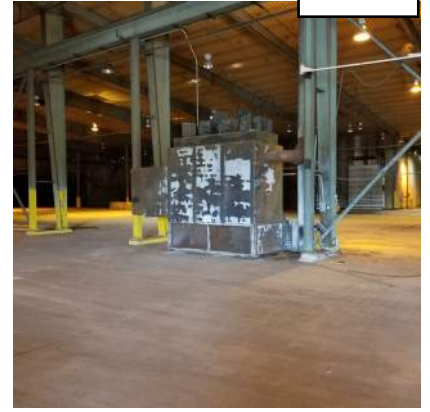
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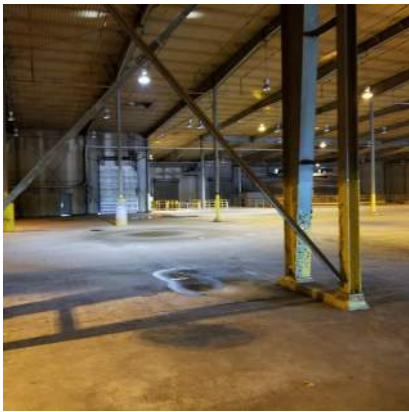
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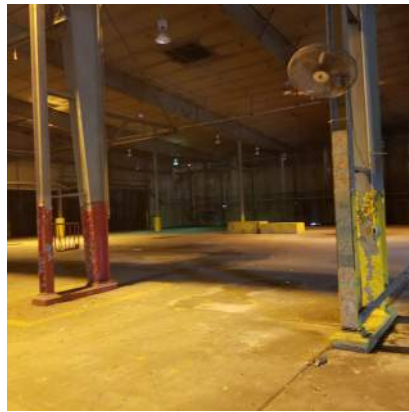
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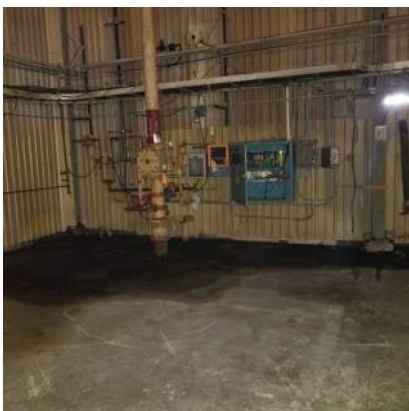
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# OSB Plant Redevelopment TIF District | Parcel E: 502 W County Road 63

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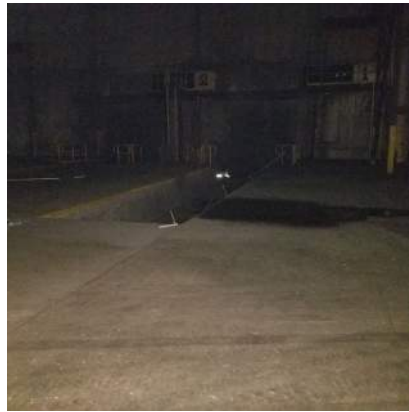
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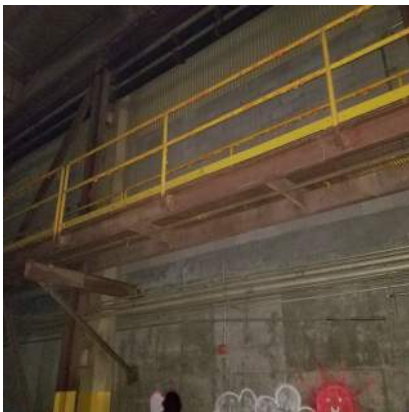
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OSB Plant Redevelopment TIF District | Parcel E: 502 W County Road 63

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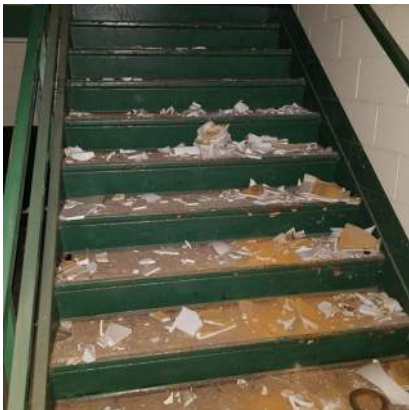
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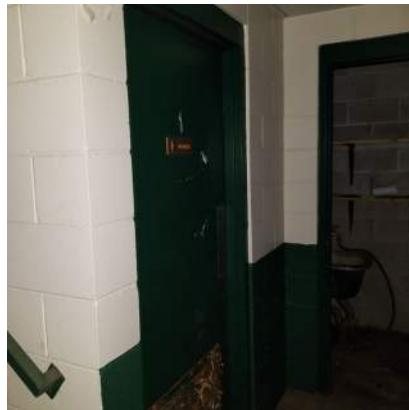
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OSB Plant Redevelopment TIF District | Parcel E: 502 W County Road 63

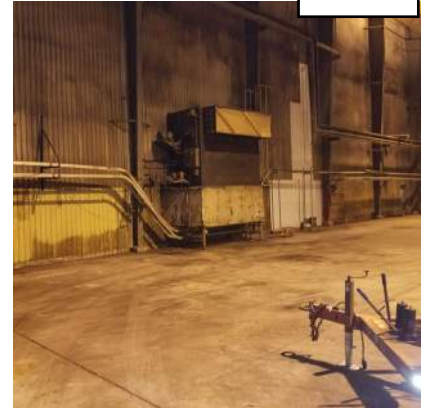
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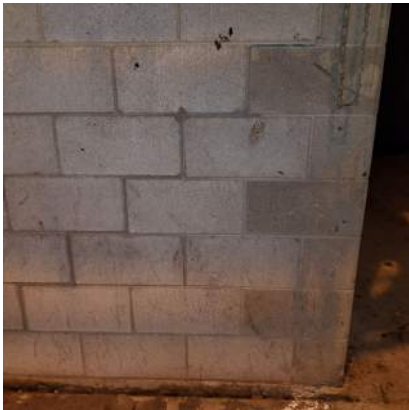
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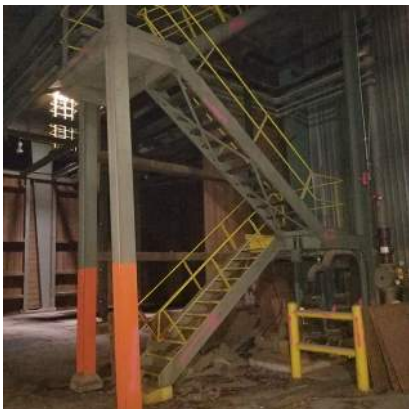
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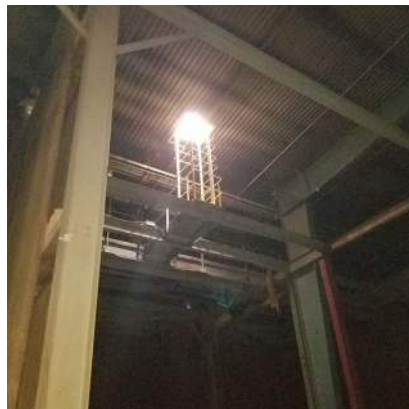
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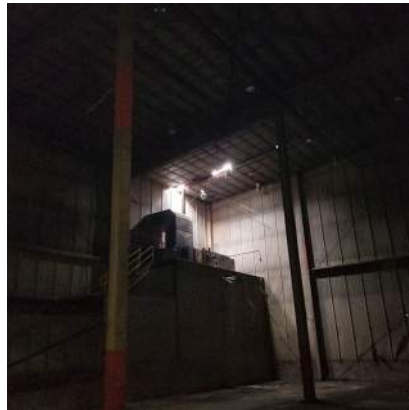
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OSB Plant Redevelopment TIF District | Parcel E: 502 W County Road 63

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OSB Plant Redevelopment TIF District | Parcel E: 502 W County Road 63

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# OSB Plant Redevelopment TIF District | Parcel E: 502 W County Road 63

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# OSB Plant Redevelopment TIF District | Parcel E: 502 W County Road 63

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# OSB Plant Redevelopment TIF District | Parcel E: 502 W County Road 63

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Prepared by:



701 Washington Avenue North, Suite 200, Minneapolis, MN 55401

LHBcorp.com

LHB Project No. 221087.00



## MEMORANDUM

**TO:** Board Members, Grand Rapids Economic Development Authority  
**FROM:** Rebecca Kurtz and Jessica Cook, Ehlers  
**DATE:** November 11, 2022  
**SUBJECT:** TIF for the Arbor Wood Company Project

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The Voyageur Capital Group (the “Developer”) has applied to the Grand Rapids EDA to receive \$425,000 of tax increment financing assistance for the redevelopment of the 300,000 sq. foot industrial building located on County Road 63. The first major tenant in the redeveloped space will be Arbor Wood Company, a manufacturer of thermally modified wood products such as siding, decking, and architectural millwork.

The Developer has submitted a TIF Application, and LHB has determined the area meets the qualifications of a redevelopment TIF District. A redevelopment TIF district provides for up to 26 years of tax increment revenue.

As part of the redevelopment, the site requires approximately \$4,697,800 in utility improvements. The City has identified several partners to assist with the infrastructure expenses. The City’s portion of these expenses is \$869,380.

### Developer’s Request

Ehlers evaluated the need for tax increment financing assistance by analyzing the Developer’s sources and uses budget and financial projections, generally known as a pro forma. We reviewed the project based on industry standards for construction, land, and project costs; operating expenses; Developer fees; underwriting and financing criteria; and cash flow / return on investment.

Based on our review, we have affirmed the Developer’s request of \$425,000 is justified. The Developer has agreed to move forward with the project at this level of assistance.

The following table depicts the Developer’s proposed sources and uses for the project. The sources include the \$425,000 TIF Note that the Developer has requested. Significantly, the Developer is putting in over 30% equity into the project.

| <b>SOURCES</b>       |                  |                |
|----------------------|------------------|----------------|
|                      | <b>Amount</b>    | <b>Pct.</b>    |
| First Mortgage       | 2,500,000        | 51.81%         |
| TIF Note             | 425,000          | 8.81%          |
| Developer Equity     | 1,500,000        | 31.09%         |
| <b>Subtotal</b>      | <b>4,425,000</b> | <b>91.71%</b>  |
| Grants               | 400,000          | 8.29%          |
| <b>TOTAL SOURCES</b> | <b>4,825,000</b> | <b>100.00%</b> |

| <b>USES</b>           |                  |                  |
|-----------------------|------------------|------------------|
|                       | <b>Amount</b>    | <b>Per Sq/Ft</b> |
| Acquisition Costs     | 982,652          | 20.07            |
| Construction Costs    | 3,189,383        | 65.14            |
| Professional Services | 314,557          | 6.42             |
| Insurance, Utilities  | 50,000           | 1.02             |
| Real Estate Taxes     | 113,408          | 2.32             |
| Project Management    | 175,000          | 3.57             |
| <b>TOTAL USES</b>     | <b>4,825,000</b> | <b>98.55</b>     |

## Project Analysis and Return on Investment

Based on our review, the project's key metrics all fall within or below industry standard ranges.

1. Total Development Cost (the "TDC") – The estimated TDC is \$4,825,000 or \$98.55 per square foot is within the market range for TDC.
2. Developer Fee – The Developer has proposed a developer fee of 3.57%, which is within the market rate. Typically, the Developer fee may be 5% of TDC.
3. Rents – The proposed rents are \$6.50 per square foot.
4. First Mortgage – The analysis confirms that the Developer has maximized the potential first mortgage based on the lender's underwriting criteria.
5. TIF Note – The recommended \$425,000 of TIF assistance represents approximately 9% of the total project cost. Depending on the project type, TIF assistance for commercial projects is commonly in the range of 10% of the total project cost.
6. Return on Investment – The most common measure we use to determine the Developer's profit from the project is the cash-on-cash (COC) rate of return. This measure is simply the projected annual cash flow divided by the Developer's equity in the project. At project stabilization, the Developer's cash return is expected to be 5.4% with the requested TIF assistance. The returns are expected to increase to 6.3% by the end of the projection period. This is below both the industry standard as well as the Developer's stated threshold. However, the Developer expects to earn a greater return on future development and is therefore willing to proceed with Arbor Wood at the lower rates of return. The Developer is





taking the risk that additional development will happen and concluded that this was a workable solution. With TIF assistance of \$425,000, the Developer achieves a COC that allows the project to move forward.

We conclude that TIF assistance in the amount of \$425,000 can be justified for this project. The Developer has maximized the potential private mortgage and minimized development costs. However, a demonstrated financial gap remains. The proposed development will not reasonably be expected to occur solely through private investment within the reasonably near future. Due to the costs associated with redeveloping a blighted site, this project is feasible only through the requested public assistance.

### Funding of City Portion of Infrastructure

Based on the Assessor's estimates of the increase in value -- not only from the proposed redevelopment but also from the benefit of the infrastructure improvements -- it is estimated the tax increment revenue will be sufficient to support the Developer's request of \$425,000 and the City's cost of \$869,380 over the 26-year term of the TIF district. Additional development on the site or increases in market value may allow the term to be shortened.

The structure of the assistance, including the term for the Developer's \$425,000 PAYGO Note are being negotiated and will be brought to the EDA for review at a future date.

Should you have any questions, please do not hesitate to contact Rebecca Kurtz at 651-697-8516 or Jessica Cook at 651-697-8546.

September 12, 2022

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

## AGREEMENT FOR INVESTIGATIVE SERVICES OSB PLANT TIF ANALYSIS

Thank you for the opportunity to submit our proposal to provide a TIF analysis for the proposed OSB Plant TIF analysis in Grand Rapids, MN.

LHB is a full-service architecture, planning, and engineering firm with a total of 260 staff located in our Minneapolis, Duluth, and Cambridge, Minnesota, and Superior, Wisconsin offices.

Our Government Studio has extensive experience working with local governments on their planning, design, architectural and engineering needs. Having been personally involved on various city councils and planning commissions, I understand how cities function and the importance of maintaining the support of appointed and elected officials and community throughout the process.

Below outlines our previous experience, team credentials, and scope of services. This proposal, if approved, will service as the Agreement between LHB and Client.

### I. PREVIOUS EXPERIENCE

LHB has significant experience with a variety of inspection and facility assessment projects, including the analysis of over 370 TIF Districts. Some examples include:

- City of Columbia Heights TIF Inspection Services
- City of St. Paul TIF Inspection Services
- City of St. Anthony Village, NW Quadrant TIF Inspection Services
- City of St. Louis Park TIF Inspection Services
- City of Mount TIF District "1-2" Inspection Services
- City of Osseo TIF Inspection Services
- City of New Richmond (Wisconsin) TIF Inspection Services
- Minnesota State System Facility Assessments
- State of Minnesota Facility Assessments
- Property Condition Assessments for the St. Paul Department of Planning and Economic Development (Franklin/Emerald Neighborhood)
- Condition Surveys for every DNR Facility in the State of Minnesota, 2014



## II. TEAM CREDENTIALS

### **Michael A. Fischer, AIA, LEED AP – Project Principal/TIF Analyst**

With over 34-years of experience serving as a Project Principal, Project Manager, Project Designer and Project Architect on planning urban design, educational, commercial, and governmental projects, he has become an expert on Tax Increment Finance District (TIF) analysis assisting over 100 cities with strategic planning for TIF Districts. Michael is an LHB Principal and Leader of the Integrative Design Team and leads the Minneapolis office.

Michael completed a two-year Bush Fellowship, studying at MIT and Harvard in 1999, earning master's degrees in City Planning and Real Estate Development from MIT. He has served on more than 50 committees, boards, and community task forces, including City Council President in Superior, Wisconsin, Chair of the Duluth/Superior Metropolitan Planning Organization, and Chair of the Edina, Minnesota Planning Commission. Most recently, he served as a member of the Edina city council and Secretary of the Edina HRA. Michael has also managed and designed several award-winning architectural projects and was one of four architects in the Country to receive the AIA Young Architects Citation in 1997.

### **Phil Fisher - Inspector**

For 35-years, Phil worked in the field of Building Operations in Minnesota including White Bear Lake Area Schools. At the University of Minnesota, he earned his Bachelor of Science in Industrial Technology. He is a Certified Playground Safety Inspector, a Certified Plant Engineer, and trained in Minnesota Enterprise Real Properties (MERP) Facility Condition Assessment (FCA). His FCA training was recently applied to the Minnesota Department of Natural Resources Facilities Condition Assessment project involving over 2,000 buildings.

## III. SCOPE OF SERVICES

### **1. Survey the TIF District to Determine if it Meets Applicable Coverage Test**

- a. To meet the coverage test, parcels consisting of 70 percent of the area of the district must be “occupied” by buildings, streets, utilities, or paved or gravel parking lots.
- b. A parcel is not considered “occupied” unless at least 15 percent of its total area contains improvements.

### **2. Conduct Visual Review of Building Interior and Exterior**

- a. Obtain property owner’s consent for inspection.
- b. Document property conditions relative to Minnesota Statutes Section 469.174 Subdivision 10.

### **3. Estimate Building Replacement Cost**

- a. Replacement cost is the cost of constructing a new structure of the same square footage and type on the site.
- b. A base cost will be calculated by establishing the building class, type, and construction quality.
- c. Identify amenities, which increase the value of the building over the standard construction quality level.
- d. Review building permits for each parcel.
- e. The base cost and cost of amenities will be totaled to determine the replacement cost for the property.

### **4. Evaluate Building Existing Condition**

- a. Evaluate condition of the building based on Minnesota Statutes Section 469.174 Subdivision 10 definition of structurally substandard:
  - i. “Structurally substandard shall mean containing defects in structural elements or a combination of deficiencies in essential utilities and facilities, light and ventilation, fire protection including adequate

egress, layout and condition of interior partitions, or similar factors, which defects, or deficiencies are of sufficient total significance to justify substantial renovation or clearance.”

**5. Determine Building(s) Code Deficiencies**

- a. Determine technical conditions, which are not in compliance with current building code applicable to new buildings.
- b. Provide opinion of probable cost to correct identified deficiencies.
- c. Compare cost of deficiency corrections to replacement value of building.

**6. Prepare and Deliver Report:**

- a. Full Redevelopment TIF Report
- b. Deliver final reports in .pdf format via Email.

**IV. ASSUMPTIONS**

- 1. The preliminary boundaries of the district area are as follows:
  - a. One 400,000 +/- sf OSB plant located at 502 W County Road 63 in Grand Rapids, MN.
- 2. Client will provide the following:
  - a. A scalable parcel map and/or aerial photo of the area to be inspected, including GIS information with specific parcel data.
  - b. A list of all parcels affected, including name of owner and current known business or resident name and address.
  - c. Available information regarding the requirements of the engagement, and reports on the condition of the structures.
- 3. LHB shall be entitled to rely upon the information provided by the Client.
- 4. A building is not considered structurally substandard if it is in compliance with building code applicable to new buildings or could be modified to satisfy the code at a cost which is less than 15 percent of its replacement cost.

**V. STANDARD OF CARE**

LHB shall perform its services consistent with the professional skill and care ordinarily provided by other professionals practicing in the same or similar locality under the same or similar circumstances. LHB shall perform its services in a timely manner consistent with the professional skill and care required for the orderly progress of the engagement.

Any report prepared by LHB represents a professional opinion based upon information available and arrived at in accordance with generally accepted professional standards. Other than as contained in the report, LHB makes no express or implied warranty.

Short of complete deconstruction to examine every element at every location, no assessment can reveal all conditions which may exist. Additional testing, assessment, or demolition may uncover conditions which would make it necessary to modify LHB’s conclusions or recommendations.

Any report prepared for the purpose described in this Agreement is for the exclusive use by those to whom the report is addressed. LHB will not and cannot be held liable for the unauthorized reliance upon this report by any third party.

## VI. COMPENSATION

We propose to provide services on an hourly basis with the following key staff:

- Project Principal, Michael Fischer      \$290/hour
- Project Manager                              \$165/hour
- Project Architect/Inspector              \$145/hour
- Project Coordinator                         \$ 95/hour

Compensation shall be on an hourly basis, not to exceed Five Thousand Nine Hundred Dollars (\$5,900), including reimbursable expenses, for the inspection of the properties and reports.

## VII. PAYMENT TERMS

Payments are due and payable upon receipt of our invoice. Unpaid balances 60-days after invoice date shall bear interest at the rate of 8% per annum or 0.67% per month on the unpaid balance.

Failure to make timely payment to LHB is a material breach of this Agreement and may, at LHB's sole discretion, result in a suspension or termination of services, and may, at LHB's sole discretion, result in the termination of the Client's limited license authorization to use LHB's copyrighted Instruments of Service.

## VIII. ADDITIONAL SERVICES

If there is a material change in the circumstances or conditions that affect the scope of work, schedule, allocation of risks or other material terms, LHB shall notify Client. Client and LHB shall promptly and in good faith enter into negotiation to address the changed conditions including equitable adjustment to compensation. The fees and costs for any additional services will be based upon LHB's 2022 Standard Hourly Rate Schedule and 2022 Reimbursable Expenses Schedule.

## IX. SCHEDULE

LHB can proceed to start the Work upon receipt of a signed copy of this Agreement.

The final report typically requires 30 to 45 days to complete from the time we are authorized to start. We can make preliminary conclusions prior to our full report being completed, if necessary, to allow other consultants and the client to begin their work.

## X. CONSEQUENTIAL DAMAGES

LHB and Client waive consequential damages for claims, disputes or other matters in question arising out of, or relating to, this Agreement.

## XI. LIMITATION OF LIABILITY

To the maximum extent permitted by law, Client agrees to limit LHB's liability for Client's damages to the sum of Ten Thousand Dollars (\$10,000) or LHB's fee, whichever is greater. This limitation shall apply regardless of the cause of action or legal theory pled or asserted.

XII. USE OF LHB'S DOCUMENTS

The documents prepared by LHB, including Documents in electronic format, are solely for use with respect to this Project. All Documents prepared or furnished by LHB pursuant to this Agreement are the Instruments of Service to the Project and LHB shall retain all common law, statutory and other reserved rights, including copyright. LHB grants to Client a nonexclusive limited license solely for the purposes of evaluating and executing the Project. Client shall not assign, delegate, sublicense, or otherwise transfer any license granted herein to another party.

To the extent the documents are transferred or are modified, supplemented or otherwise altered by Client, subsequent design professional, or any other party, Client agrees to indemnify, defend and hold LHB harmless for any claims, demands, damages or causes of action arising out of such transfer or modification, supplementation or alteration.

XIII. OTHER CONDITIONS

The laws of the State of Minnesota shall govern this Agreement. Any provision of this agreement later held to violate a law or regulation shall be deemed void. All remaining provisions shall continue in force.

Client recognizes that materials prepared by others may be subject to copyright protection and warrants to LHB that any documents provided by Client do not infringe upon the copyright held by another.

Unless the parties mutually agree otherwise, the parties shall endeavor to settle disputes by mediation. A demand for mediation shall be filed, in writing, within a reasonable period of time after a claim, dispute or other matter in question has arisen.

LHB and the Client, acting through the Client's legal representative, will, to the fullest reasonable extent, cooperate and coordinate efforts in preparing necessary responses to any third-party challenges to the inspections. The Client agrees to pay LHB its regular hourly rates spent as a result of a third-party legal challenge

If the terms and conditions of this Agreement are acceptable, please sign and return a copy to LHB.

LHB, INC.



Signature

Michael Fischer

Printed Name

Its: Vice President

Title

GRAND RAPIDS ECONOMIC DEVELOPMENT AUTHORITY



Signature

Rob Mattei

Printed Name

Its: Executive Director

Title

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

## REQUEST FOR COUNCIL ACTION

**AGENDA DATE:** November 28, 2022

**AGENDA ITEM:** Consider adopting a resolution authorizing interfund loan for advance of certain costs in connection with Tax Increment Financing District No. 1-14: Arbor Wood

**PREPARED BY:** Rob Mattei, Director of Community Development

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### BACKGROUND:

Minnesota Statute 469.178, subdivision 7 of the TIF Act authorizes the City to loan money from any permissible fund to finance expenses that are eligible to be paid by tax increments.

The draft resolution indicates that, should the city incur costs related to TIF District 1-14 up to an amount of \$1,200,000, that those costs will be financed on a temporary basis through an interloan fund from the City's General Reserves. This interloan fund will then be reimbursed through tax increments from the property within the TIF District.

### REQUESTED COUNCIL ACTION:

Make a motion to adopt a resolution authorizing interfund loan for advance of certain costs in connection with Tax Increment Financing District No. 1-14: Arbor Wood

**CITY OF GRAND RAPIDS, MINNESOTA**

**RESOLUTION NO. 22-\_\_\_\_\_**

**RESOLUTION AUTHORIZING INTERFUND LOAN FOR  
ADVANCE OF CERTAIN COSTS IN CONNECTION WITH TAX  
INCREMENT FINANCING DISTRICT NO. 1-14: ARBOR WOOD**

BE IT RESOLVED By the City Council of the City of Grand Rapids, Minnesota (the “City”) as follows:

Section 1.     Background.

1.01.    On the date hereof, the City Council approved the creation of Tax Increment Financing District No. 1-14: Arbor Wood (the “TIF District”), a redevelopment district within Municipal Development District No. 1 in the City, pursuant to Minnesota Statutes, Sections 469.124 through 469.133, as amended, and Sections 469.174 through 469.1794, as amended (the “TIF Act”), and a tax increment financing plan therefor.

1.02.    The City may incur certain costs related to the TIF District, which costs may be financed on a temporary basis from legally available City funds.

1.03.    Under Section 469.178, subdivision 7 of the TIF Act, the City is authorized to advance or loan money from any fund from which such advances may be legally made in order to finance expenditures that are eligible to be paid with tax increments under the TIF Act.

1.04.    The City may incur certain costs related to the TIF District, including certain administrative costs of the TIF district and certain public infrastructure costs related to the TIF District, including but not limited to the construction of sanitary sewer and water improvements consisting of a sanitary sewer main, sanitary sewer lift station stations and watermain relating to the TIF District (collectively, the “Qualified Costs”), in an aggregate amount of up to \$1,200,000, which may be financed on a temporary basis using City funds legally authorized for such purpose, and to reimburse such funds from tax increments from the TIF District when received.

1.05.    In order to finance the Qualified Costs in the amount of up to \$1,200,000, the City intends to borrow funds through an interfund loan from the City’s general balance reserves or any available fund of the City (the “Interfund Loan”) in accordance with the terms hereof; and

1.06.    The City intends to reimburse itself for the Qualified Costs paid by the Interfund Loan from tax increments derived from the property within the TIF District, or from any other available source

1.07    The City intends to designate such advances as an interfund loan in accordance with the terms of this resolution and the TIF Act.

Section 2.     Repayment of Interfund Loan.

2.01.    The City hereby authorizes the advance of up to \$1,200,000 in legally available City funds to pay the Qualified Costs, together with interest at the rate of 4% per annum (the “Interfund Loan”). Interest shall accrue on the principal amount of each advance from the date of such advance. The interest

rate is no more than the greatest of the rate specified under Minnesota Statutes, Sections 270.75 and 549.09, both in effect for calendar year 2022. The interest rate will not fluctuate.

2.02. Principal and interest (the “Payments”) on the Interfund Loan shall be paid semi-annually on each August 1 and February 1 (each a “Payment Date”), commencing on the first Payment Date on which the City has Available Tax Increment (defined below), or on any other dates determined by the Finance Director, through the date of last receipt of tax increment from the TIF District.

2.03. Payments on the Interfund Loan will be made solely from Available Tax Increment, defined as tax increment from the TIF District received by the City from Itasca County, Minnesota in the six-month period before any Payment Date. Payments shall be applied first to accrued interest, and then to unpaid principal. Payments on this Interfund Loan may be subordinated to any outstanding or future bonds, notes or contracts secured in whole or in part with Available Tax Increment, and are on a parity with any other outstanding or future interfund loans secured in whole or in part with Available Tax Increment.

2.04. The principal sum and all accrued interest payable under this resolution is pre-payable in whole or in part at any time by the City without premium or penalty.

2.05. This resolution is evidence of an internal borrowing by the City in accordance with Section 469.178, subdivision 7 of the TIF Act, and is a limited obligation payable solely from Available Tax Increment pledged to the payment hereof under this resolution. The Interfund Loan shall not be deemed to constitute a general obligation of the State of Minnesota or any political subdivision thereof, including without limitation the City. Neither the State of Minnesota nor any political subdivision thereof shall be obligated to pay the principal of or interest on the Interfund Loan or other costs incident hereto except out of Available Tax Increment. The City shall have no obligation to pay any principal amount of the Interfund Loan or accrued interest thereon which may remain unpaid after the final Payment Date.

2.06. The City may at any time make a determination to forgive all or a portion of the outstanding principal amount and accrued interest on the Interfund Loan to the extent permissible under law.

2.07. The City may from time to time amend the terms of this resolution to the extent permitted by law, including without limitation amendment to the payment schedule and the interest rate; provided that the interest rate may not be increased above the maximum specified in Section 469.178, subdivision 7 of the TIF Act.

Section 3. Effective Date. This resolution is effective as of the date of its adoption.

Approved this November 28, 2022 by the City Council of the City of Grand Rapids, Minnesota.

\_\_\_\_\_  
Mayor

ATTEST:

\_\_\_\_\_  
City Clerk