



GRAND RAPIDS ECONOMIC DEVELOPMENT AUTHORITY MEETING AGENDA

Thursday, April 10, 2025
4:00 PM

NOTICE IS HEREBY GIVEN, that a regular meeting of the Grand Rapids Economic Development Authority will be held in the City Council Chambers in the Grand Rapids City Hall, 420 North Pokegama Avenue, in Grand Rapids, Minnesota on Thursday, April 10, 2025 at 4:00 PM.

CALL TO ORDER

CALL OF ROLL

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

APPROVE MINUTES

1. Consider approval of the March 27, 2025 regular meeting minutes.

APPROVE CLAIMS

2. Consider approval of claims in the amount of \$28,691.60.

BUSINESS

3. Consider adopting a resolution approving a partial termination of the Airport South Industrial Park Phase 1 Development Agreement
4. Consider the adoption of a resolution approving the First Amendment to the Preliminary Development Agreement between GREDA and Commonwealth Real Estate Acquisitions, LLC
5. Consider approval of a lease with Charmed Custom Candles for Suite 201 of Central School

UPDATES

ADJOURN

MEMBERS & TERMS

Dan Mertes - 12/31/2025 Council Representative

Rick Blake - 12/31/2025 Council Representative

Wayne Bruns - 3/1/31

Sholom Blake - 3/1/31

Al Hodnik - 3/1/27

Bill Martinetto - 3/1/29

Malissa Bahr - 3/1/30



GRAND RAPIDS ECONOMIC DEVELOPMENT AUTHORITY MEETING MINUTES

**Thursday, March 27, 2025
4:00 PM**

NOTICE IS HEREBY GIVEN, that a regular meeting of the Grand Rapids Economic Development Authority will be held in the City Council Chambers in the Grand Rapids City Hall, 420 North Pokegama Avenue, in Grand Rapids, Minnesota on Thursday, March 27, 2025 at 4:00 PM.

CALL OF ROLL

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

APPROVE MINUTES

1. Consider approval of minutes from the March 13, 2025 regular meeting.

Motion by Commissioner Martinetto, second by Commissioner Bruns to approve the minutes from the March 13, 2025 regular meeting. The following voted in favor thereof: R. Blake, Martinetto, S. Blake, Bruns, Hodnik. Opposed: None, motion passed unanimously.

APPROVE CLAIMS

2. Consider approval of claims in the amount of \$14,011.08.

Motion by Commissioner Hodnik, second by Commissioner Martinetto to approve claims in the amount of \$14,011.08. The following voted in favor thereof: Hodnik, Bruns, S. Blake, Martinetto, R. Blake. Opposed: None, motion passed unanimously.

BUSINESS

3. Hwy 2 West Land Use and Development Study Update - Bolton & Menk

The consultants from Bolton & Menk provided a power point presentation showing potential redevelopment scenarios for the Highway 2 West Land Use and Development Study.

4. Consider the adoption of a resolution approving a Preliminary Development Agreement between GREDA and the Itasca County HRA.

The Itasca County HRA will be applying to the MHFA for assistance with the development of 8 single-family homes on the former ISD #318 Administration Building site. To show the MHFA that an interest for the site has been secured the HRA would like to enter into a Preliminary Development Agreement.

Motion by Commissioner Bruns, second by Commissioner R. Blake to adopt a resolution approving a Preliminary Development Agreement between GREDA and the Itasca County

HRA. The following voted in favor thereof: Hodnik, Bruns, S. Blake, Martinetto, R. Blake. Opposed: None, motion passed unanimously.

5. Consider approval of a lease with Itasca Pride for Suite 1 of Central School

Motion by Commissioner R. Blake, second by Commissioner Martinetto to approve a lease with Itasca Pride for Suite 1 of Central School. The following voted in favor thereof: R. Blake, Martinetto, S. Blake, Bruns, Hodnik. Opposed: None, motion passed unanimously.

6. Consider approval of a short-term lease with Free Range Food Co-op for Suite 209 of Central School

Motion by Commissioner Bruns, second by Commissioner Hodnik to approve a short term lease with Free Range Food Co-op for Suite 209 of Central School. The following voted in favor thereof: S. Blake, Bruns, Hodnik. Opposed: None, R. Blake, Martinetto, abstained, motion passed.

UPDATES

ADJOURN

There being no further business the meeting adjourned at 4:55 p.m.

MEMBERS & TERMS

Dan Mertes - 12/31/2025 Council Representative

Rick Blake - 12/31/2025 Council Representative

Wayne Bruns - 3/1/31

Sholom Blake - 3/1/31

Al Hodnik - 3/1/27

Bill Martinetto - 3/1/29

Malissa Bahr - 3/1/30

DETAILED EDA BILL LIST - APRIL 10, 2025

DATE: 04/04/25
TIME: 13:57:24
ID: AP441000.WOW

CITY OF GRAND RAPIDS
DETAIL BOARD REPORT

INVOICES DUE ON/BEFORE 04/10/2025

INVOICE # VENDOR #	INVOICE DATE	ITEM #	DESCRIPTION	ACCOUNT #	P.O. #	PROJECT	DUE DATE	ITEM AMT

0920060 ITASCA COUNTY TREASURER								
91-033-4401/2025-E	04/01/25	01	91-033-4401 KENT PROP 2025 TAX	427-33-00-00-4300 20250855			04/10/25	81.00
				AIRPORT S IND PK-MISCELLAN				
						INVOICE TOTAL:		81.00
91-033-4402/2025-E	04/01/25	01	91-033-4402 KENT PROP 2025 TAX	427-33-00-00-4300 20250855			04/10/25	5,204.00
				AIRPORT S IND PK-MISCELLAN				
						INVOICE TOTAL:		5,204.00
91-420-2510/2025-E	04/01/25	01	91-420-2510 PRP TAX-IT FRM SVC	427-48-00-00-4300 20250835			04/10/25	2,226.00
				FARM SVC REDEV-MISC				
						INVOICE TOTAL:		2,226.00
91-420-2511/2025-E	04/01/25	01	91-420-2511 PRP TAX-IT FRM SVC	427-48-00-00-4300 20250835			04/10/25	130.00
				FARM SVC REDEV-MISC				
						INVOICE TOTAL:		130.00
91-420-2610/2025-E	04/01/25	01	91-420-2610 PRP TAX-IT FRM SVC	427-48-00-00-4300 20250835			04/10/25	19,836.00
				FARM SVC REDEV-MISC				
						INVOICE TOTAL:		19,836.00
91-585-2910/2025-E	04/01/25	01	91-585-2910 2025 PRP TX-ISD318	427-49-00-00-4300 20250835			04/10/25	81.00
				ISD 318 REDEV-MISC				
						INVOICE TOTAL:		81.00
						VENDOR TOTAL:		27,558.00
1121725 KUTAK ROCK LLP								
3541677-E	02/28/25	01	PREMIER CUSTOM HOMES DEV	427-36-00-00-3040 20250938			04/04/25	571.00
				GREAT RIVER ACRES-LEGAL				
						INVOICE TOTAL:		571.00
						VENDOR TOTAL:		571.00
1415511 NORTHERN STAR COOPERATIVE SERV								
94956-E	03/17/25	01	KENT HOUSE LP 290.0 GALS	427-33-00-00-4300 20250948			04/04/25	562.60
				AIRPORT S IND PK-MISCELLAN				
						INVOICE TOTAL:		60
						VENDOR TOTAL:		60
						TOTAL ALL INVOICES:		28,691.60

DATE: 04/04/2025
TIME: 13:59:39
ID: AP443GR0.WOW

CITY OF GRAND RAPIDS
DEPARTMENT SUMMARY REPORT

PAGE: 1

INVOICES DUE ON/BEFORE 04/10/2025

VENDOR #	NAME	AMOUNT DUE

EDA - CAPITAL PROJECTS		
AIRPORT SOUTH INDUSTRIAL PARKS		
0920060	ITASCA COUNTY TREASURER	5,285.00
1415511	NORTHERN STAR COOPERATIVE SERV	562.60
TOTAL AIRPORT SOUTH INDUSTRIAL PARKS		5,847.60
GREAT RIVER ACRES DEV		
1121725	KUTAK ROCK LLP	571.00
TOTAL GREAT RIVER ACRES DEV		571.00
FARM SERVICE REDEVELOPMENT		
0920060	ITASCA COUNTY TREASURER	22,192.00
TOTAL FARM SERVICE REDEVELOPMENT		22,192.00
ISD 318 ADM REDEVELOPMENT		
0920060	ITASCA COUNTY TREASURER	81.00
TOTAL ISD 318 ADM REDEVELOPMENT		81.00
TOTAL UNPAID TO BE APPROVED IN THE SUM OF:		\$28,691.60
TOTAL ALL DEPARTMENTS		\$28,691.60



REQUEST FOR GRAND RAPIDS EDA ACTION

AGENDA DATE: April 10, 2025

STATEMENT OF ISSUE: Consider adopting a resolution approving a partial termination of the Airport South Industrial Park Phase 1 Development Agreement

PREPARED BY: Rob Mattei, Executive Director

BACKGROUND:

In May of 2007, to facilitate the co-development of the Airport South Industrial Park Phase 1, GREDA and the City of Grand Rapids entered into a Development Agreement with Round Development, LLC. This Agreement addressed the deferment of special assessments levied to finance infrastructure development cost and GREDA's purchase of land in the plat of Airport South Industrial Park, Phase 1 from Round.

More recently on January 14, 2025, GREDA entered a Purchase and Sale Contract with Ryan Companies US, Inc. for the sale of Lots 3-6, Block 2 in the plat of Airport South Industrial Park-Phase 1. Through a separate agreement, Round Development will convey to Ryan the adjacent South 152' of Lots 1 & 2.

Ryan has requested that GREDA, the City and Round Development approve a partial termination of the 2007 Development Agreement, as it pertains the property being conveyed by GREDA and Round Development.

The deferred special assessments on the GREDA property have already been paid in full. The remaining amount of deferred special assessments on the Round property will be satisfied at the closing with Ryan.

RECOMMENDATION:

REQUIRED ACTION: Make a motion to adopt a resolution approving a partial termination of the Airport South Industrial Park Phase 1 Development Agreement.

**Resolution Approving Partial Termination of Airport South Industrial Park Phase I
Development Agreement**

Be it resolved by the Board of Commissioners (the “Board”) of the Grand Rapids Economic Development Authority (the “Authority”) as follows:

Section 1. Recitals; Authorization.

(a) To facilitate the development of property located in the City of Grand Rapids, Minnesota, the Authority previously entered into a Development Agreement, dated May 14, 2007 (the “Development Agreement”) with the City of Grand Rapids, Minnesota (the “City”) and Round Development, LLC, a Minnesota limited liability company (the “Developer”).

(b) Thereafter, the Authority entered into a Purchase and Sale Contract, dated January 14, 2025, with Ryan Companies US, Inc. (“Ryan”) for certain property subject to the Development Agreement.

(d) Ryan has requested that the Authority execute and deliver a partial termination (the “Partial Termination”) of the Development Agreement removing certain parcels of land (the “Property”) from the Development Agreement.

(e) Because the Authority has determined that development of the property by Ryan is in the best interests of the City, the Authority finds that the approval of the Partial Termination of the Development Agreement is appropriate.

Section 2. Approval of documents.

(a) The Board approves the Partial Termination of the Development Agreement, subject to payment of outstanding special assessments on a portion of the Property, together with any related documents necessary in connection therewith, including without limitation all documents, exhibits, certifications, or consents necessary to effectuate the Partial Termination of the Development Agreement (the “Documents”).

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

(c) In the event of absence or disability of the officers, any of the Documents authorized by this Resolution to be executed may be executed without further act or authorization of the Board by any duly designated acting official, or by such other officer or officers of the board as, in the opinion of legal counsel to the Authority, may act in their behalf. Upon execution and delivery of the Documents, the officers and employees of the Board are hereby authorized and directed to take or cause to be taken such actions as may be necessary on behalf of the Board to implement the documents.

Adopted by the City of Grand Rapids Economic Development Authority on April 10, 2025.

President

ATTEST:

Executive Director

**PREPARED BY AND WHEN
RECORDED RETURN TO:**

Seyfarth Shaw LLP
999 Third Avenue #4700
Seattle, Washington 98104
Attention: Jacob Perez

**SECOND AMENDMENT AND PARTIAL TERMINATION OF AIRPORT SOUTH
INDUSTRIAL PARK PHASE 1 DEVELOPMENT AGREEMENT**

THIS SECOND AMENDMENT AND PARTIAL TERMINATION OF AIRPORT SOUTH INDUSTRIAL PARK PHASE I DEVELOPMENT AGREEMENT (“**Partial Termination**”) is entered into as of _____, 2025 (“**Effective Date**”), by and between the City Of Grand Rapids, a municipal corporation organized and existing under the laws of Minnesota (the “**City**”), the Grand Rapids Economic Development Authority, a public body politic and corporate and political subdivision of the State of Minnesota (“**GREDA**”), and _____ (“**Owner**”), as successor in interest to Round Development, LLC, a Minnesota limited liability company.

WHEREAS, the City, GREDA, and Round Development, LLC, a Minnesota limited liability company, as predecessor in interest to Owner entered into that certain Airport South Industrial Park Phase I Development Agreement dated May 14, 2007 and recorded July 12, 2007 as document number A000612634 (“**Original Development Agreement**”), as amended by that certain Amendment to Airport South Industrial Park Phase I Development Agreement dated April 10, 2008 and recorded May 22, 2008 as document number A000622272 (“**First Amendment**” and together with the Original Development Agreement, the “**Development Agreement**”) relating in part to the real property legally described on Exhibit A to the Original Development Agreement; and

WHEREAS, the parties desire to hereby partially terminate the Development Agreement with respect to the land described on **Exhibit A** attached hereto (the “**Released Property**”).

NOW, THEREFORE, for an in consideration of Ten and No/100 Dollars (\$10.00) and other good and valuable consideration in hand paid by each party hereto to the other, the receipt and sufficiency of which are hereby acknowledges, the parties do hereby agree as follows:

1. **Recitals; Definitions.** The above recitals are hereby incorporated into this Partial Termination as if fully set forth herein. Unless otherwise defined herein, all capitalized terms used herein shall have the meanings ascribed to them in the Development Agreement.
2. **GREDA.** The Development Agreement incorrectly defines “GREDA” as “the Economic Development Authority of the City of Grand Rapids, Minnesota” but the correct legal name of GREDA is the Grand Rapids Economic Development Authority; and

3. Partial Termination. The Development Agreement is hereby terminated with respect to the entirety of the Released Property. Except as modified by this Partial Termination, the Development Agreement will remain in full force and effect with respect to the remainder of the real property legally described on Exhibit A to the Original Development Agreement.

4. Release of Special Assessments. The City and GREDA acknowledge payment and receipt of all special assessments due under the Development Agreement with respect to the Released Property.

[THE REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK]

[SIGNATURE PAGES FOLLOW]

IN WITNESS WHEREOF, GREDA has caused this Partial Termination to be duly executed in its name and on its behalf, the City has caused this Agreement to be duly executed in its name and on its behalf, and the Owner has caused this Agreement to be duly executed in its name and on its behalf on or as of the Effective Date.

CITY:

CITY OF GRAND RAPIDS, MINNESOTA

a municipal corporation organized and existing
under the laws of Minnesota

By: _____
Its: Mayor

By: _____
Its: City Administrator

STATE OF MINNESOTA)
)ss.
COUNTY OF ITASCA)

On this _____ day of _____, 2025, before me, a Notary Public within and for said County, personally appeared _____ and _____ to me personally known, who, being duly sworn, did say that they are the Mayor and City Administrator of the City of Grand Rapids, the municipal corporation named in the foregoing instrument and acknowledged that they and said municipal corporation, by authority of its Council, executed the same as their free act and deed.

Notary Public

[City Signature page to Partial Termination
of Airport South Industrial Park Phase I Development Agreement]

GREDA:

GRAND RAPIDS ECONOMIC DEVELOPMENT
AUTHORITY,

a public body politic and corporate and a political
subdivision of the State of Minnesota

By: _____
Its: President

By: _____
Its: Executive Director

STATE OF MINNESOTA)
)ss.
COUNTY OF ITASCA)

On this _____ day of _____, 2025, before me, a Notary Public within and
for said County, personally appeared _____ and _____
to me personally known, who, being duly sworn, did say that they are the President and Executive
Director of the Economic Development Authority of the City of Grand Rapids, a public body
politic and corporate a political subdivision of the State of Minnesota named in the foregoing
instrument and acknowledged that they and said municipal corporation, by authority of its Board,
executed the same as their free act and deed.

Notary Public

[GREDA Signature page to Partial Termination
of Airport South Industrial Park Phase I Development Agreement]

OWNER:

ROUND DEVELOPMENT, LLC,

a Minnesota limited liability company

By: _____
Its: Member

STATE OF MINNESOTA)
)ss.
COUNTY OF ITASCA)

On this _____ day of _____, 2025, before me, a Notary Public within and for said County, personally appeared Mark Hawkinson to me personally known, who, being duly sworn, did say that they are the Member of **ROUND DEVELOPMENT, LLC** a _____ named in the foregoing instrument and acknowledged that they and said _____, by authority of its _____, executed the same as their free act and deed.

Notary Public

[Owner Signature page to Partial Termination
of Airport South Industrial Park Phase I Development Agreement]

Exhibit A

Released Parcel

[Insert legal description of land owned by GREDA and Round Development]



REQUEST FOR GRAND RAPIDS EDA ACTION

AGENDA DATE: April 10, 2025

STATEMENT OF ISSUE: Consider the adoption of a resolution approving the First Amendment to the Preliminary Development Agreement between GREDA and Commonwealth Real Estate Acquisitions, LLC

PREPARED BY: Rob Mattei, Executive Director

BACKGROUND:

On October 7, 2024, GREDA approved a Preliminary Development Agreement with Commonwealth Real Estate Acquisitions, LLC (Developer). That Agreement establishes Commonwealth as the sole developer of GREDA property for a period of 180 days, intending to provide an opportunity for the Developer and GREDA to negotiate a definitive purchase and development agreement to address the sale of the GREDA property (Parcel No. 91-028-1208) and the construction by the Developer of an affordable multi-family apartment building on the Property.

As previously discussed, the Developer will be submitting an application to Minnesota Housing Finance Administration (MHFA) for Low Income Housing Tax Credits for the project, which is due this July.

The following is a timeline of project milestones provided by the Developer:

July 2025:	MN Housing Funding Application Due
Dec 2025:	MN Housing Funding Decision
Jan 2026:	Design & Engineering Begins Including Green Energy Consultant (Passive House Institute)
March 2026:	MN Housing Kickoff - Tax Credit Investor Confirmed, Schematic Design/Design Development Submittal & MN Housing Architectural/Construction Review Begins
Sept. 2026:	100% Construction Drawings, Issue for Bid
Oct. 2026:	Negotiate Purchase Agreement with GREDA
Nov. 2026:	Building Permit Application
April 2027:	Land & Financing Closing, Construction Begins
June 2028:	Construction Complete, Lease up Begins (~15 mo. construction)
Aug. 2028:	Fully leased-up

The First Amendment to the Preliminary Development Agreement will extend the Agreements term until December 31, 2025, and automatically extend it to June 31, 2026 if Commonwealth receives the LIHTC. This further extension will to enable commencement of construction within the required 1-year timeframe following the sale, as required of economic development authority land sales.

RECOMMENDATION:

REQUIRED ACTION: Pass a motion adopting a resolution approving the First Amendment to the Preliminary Development Agreement between GREDA and Commonwealth Real Estate Acquisitions, LLC

GRAND RAPIDS ECONOMIC DEVELOPMENT AUTHORITY

RESOLUTION NO. _____

**APPROVING FIRST AMENDMENT TO A PRELIMINARY DEVELOPMENT AGREEMENT
BETWEEN THE GRAND RAPIDS ECONOMIC DEVELOPMENT AUTHORITY
AND COMMONWEALTH REAL ESTATE ACQUISITIONS, LLC**

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

1. Background.

1.01. The Authority owns certain property (the “Property”) in the City of Grand Rapids, Minnesota (the “City”).

1.02. The Authority and Commonwealth Real Estate Acquisitions, a Wisconsin limited liability corporation, or an entity related thereto or affiliated therewith (the “Developer”) previously entered into a Preliminary Development Agreement, dated October 7, 2024 (the “Original PDA”) which provided for the negotiation of a definitive purchase and development agreement that would address (among other things) the sale of the Property by the Authority to the Developer and the construction by the Developer of a multifamily housing development on the Property.

1.03. The Authority and the Developer wish to enter into a First Amendment to Preliminary Development Agreement (the “First Amendment to PDA”) which will extend the length of time provided to the parties for the negotiation of a definitive purchase and development agreement that will address (among other things) the sale of the Property by the Authority to the Developer and the construction by the Developer of a multifamily housing development on the Property.

1.04. The Board of Commissioners has reviewed the First Amendment to PDA and has determined that it is in the best interests of the Authority to approve and execute the Second Amendment to PDA.

2. Approval of First Amendment to PDA.

2.01. The Authority approves the First Amendment to PDA and authorizes and directs the President and Executive Director to execute the First Amendment to PDA in substantially the form on file, subject to modifications that do not alter the substance of the transaction and are approved by the President and Executive Director, provided that execution of the First Amendment to PDA by such officials will be conclusive evidence of their approval.

2.02. Authority officials and consultants are authorized to take any other actions necessary to carry out the Authority’s obligations under the First Amendment to PDA, and to bring a proposed definitive development contract before the Authority.

Approved this 10th day of April 2025, by the Board of Commissioners of the Grand Rapids Economic Development Authority.

President

ATTEST:

Secretary

FIRST AMENDMENT TO PRELIMINARY DEVELOPMENT AGREEMENT

THIS FIRST AMENDMENT TO PRELIMINARY DEVELOPMENT AGREEMENT (this “First Amendment”), dated April 10, 2025, by and between the GRAND RAPIDS ECONOMIC DEVELOPMENT AUTHORITY, a public body corporate and politic under the laws of the State of Minnesota (the “Authority”), and COMMONWEALTH REAL ESTATE ACQUISITIONS, LLC, a Wisconsin limited liability company (the “Developer”);

WITNESSETH:

WHEREAS, the Authority owns certain property within the City of Grand Rapids, Minnesota (the “City”), described in Exhibit A attached hereto (the “Property”); and

WHEREAS, the Developer has proposed to acquire the Property and construct an approximately 32-unit multifamily affordable rental housing development (the “Development”); and

WHEREAS, the Developer and the Authority previously entered into a Preliminary Development Agreement, dated October 7, 2024, pursuant to which the Developer was designated the sole developer of the Property during the term of the Original Agreement and the parties agreed to work towards the negotiation and execution of a mutually satisfactory purchase and development agreement (the “Contract”) that will address (among other things) the sale of the Property by the Authority to the Developer and the construction of the Development; and

WHEREAS, the Authority has determined that the processes involved in the Developer successfully applying for and being awarded Low Income Housing Tax Credits by the Minnesota Housing Finance Agency significantly extends the timeline for the proposed project; and

WHEREAS, the Authority has determined that it is in its best interest that the Developer continue to be designated the sole developer of the Property during the term of this Agreement; and

WHEREAS, the parties have worked diligently to perform their obligations under the Original Agreement and now wish to extend the term of the Original Agreement.

NOW THEREFORE, in consideration of the foregoing and of the mutual covenants and obligations set forth herein, the Authority and the Developer hereby agree as follows:

1. Amendment to Section 8 of the Original Agreement Section 8 of the Original Agreement is hereby deleted and replaced with the following:

Section 8. Term of Agreement. This Agreement is effective until December 31, 2025 provided that if the Developer receives an award of Low Income Housing Tax Credits from the Minnesota Housing Finance Agency prior to such date, this agreement shall automatically be extended until June 31, 2026. After such date, neither party shall have any obligation hereunder except as expressly set forth to the contrary herein.

This Agreement may also be terminated upon ten (10) days written notice by the Authority to the Developer if:

- (a) an essential precondition to the execution of a definitive Contract cannot be met; or
- (b) if, in the sole discretion of the Authority, an impasse has been reached in the negotiation or implementation of any material term or condition of this Agreement or the Contract;
- (c) or the Developer has failed to provide additional funds to pay for Administrative Costs in accordance with Section 6 hereof.

If the Authority terminates the Agreement under this Section 8, the Developer shall remain liable to the Authority under Section 6 of this Agreement for administrative costs incurred by the Authority through the effective date of termination.

Notwithstanding the foregoing, if the Developer does not receive an award of Low Income Housing Tax Credits by the Minnesota Housing Finance Agency, this agreement shall terminate

2. Confirmation of Original Agreement. Except as amended by this First Amendment, the Original Agreement shall remain in full force and effect. Upon execution, the Developer shall reimburse the Authority for all reasonable out-of-pocket costs incurred by the Authority in connection with negotiating, drafting and approval of this First Amendment.

3. Effective Date. The amendments made to the Original Agreement, as set forth in this First Amendment, shall be effective as of the date and year first written above.

4. Counterparts. This First Amendment may be executed in any number of counterparts, each of which shall constitute one and the same instrument.

IN WITNESS WHEREOF, the Authority has caused this First Amendment to be duly executed in its name and behalf and its seal to be duly affixed hereto and the Developer has caused this First Amendment to be duly executed as of the date and year first above written.

**COMMONWEALTH REAL ESTATE
ACQUISITIONS, LLC**

By _____

Its: _____

**GRAND RAPIDS ECONOMIC
DEVELOPMENT AUTHORITY**

By _____
Its President

By _____
Its Executive Director

EXHIBIT A
Legal Description of the Property

That part of Government Lot 2, Section 28, Township 55 North, Range 25 West of the Fourth Principal Meridian, described as follows: Commencing at the southwest corner of said Lot 2; thence EAST, assumed bearing along the south line of said Lot 2, a distance of 910.39 feet; thence North 0 degrees 03 minutes 10 seconds West 240.00 feet; thence North 30 degrees 06 minutes 48 seconds West 105.20 feet to the point of beginning of the tract to be described; thence North 30 degrees 06 minutes 48 seconds West 369.58 feet to intersect the west line of the east 662.65 feet of said Lot 2; thence South 0 degrees 05 minutes 42 seconds West 151.84 feet along said west line to its intersections with the south line of the north 160.00 feet of the south half of said Lot 2; thence North 89 degrees 53 minutes 16 seconds West 400.50 feet along said south line of the north 160.00 feet to its intersection with the easterly line of 4th Avenue Southeast according to the plat of CLOVER SECOND ADDITION TO GRAND RAPIDS, according to the plat thereof on file and of record in the office of the County Recorder, Itasca County, Minnesota; thence South 29.69 feet along said easterly line; thence continuing long said easterly line, along a curve concave to the northwest, central angle 28 degrees 16 minutes 09 seconds, radius 155.70 feet, for a distance of 76.82 feet; thence South 74 degrees 55 minutes 43 seconds East 46.35 feet; thence easterly 28.97 feet along a curve, concave to the north, central angle 15 degrees 05 minutes 16 seconds, radius 110.00 feet; thence North 89 degrees 59 minutes 01 seconds East 245.53 feet; thence southeasterly 52.36 feet, along a curve, concave to the southwest, central angle 60 degrees 00 minutes 00 seconds, radius 50.00 feet; thence South 17 degrees 07 minutes 45 seconds East 25.58 feet along a non-tangential line; thence East 234.98 feet to the point of beginning.



COMMONWEALTH DEVELOPMENT CORPORATION

2501 Parmenter St., Suite 300B

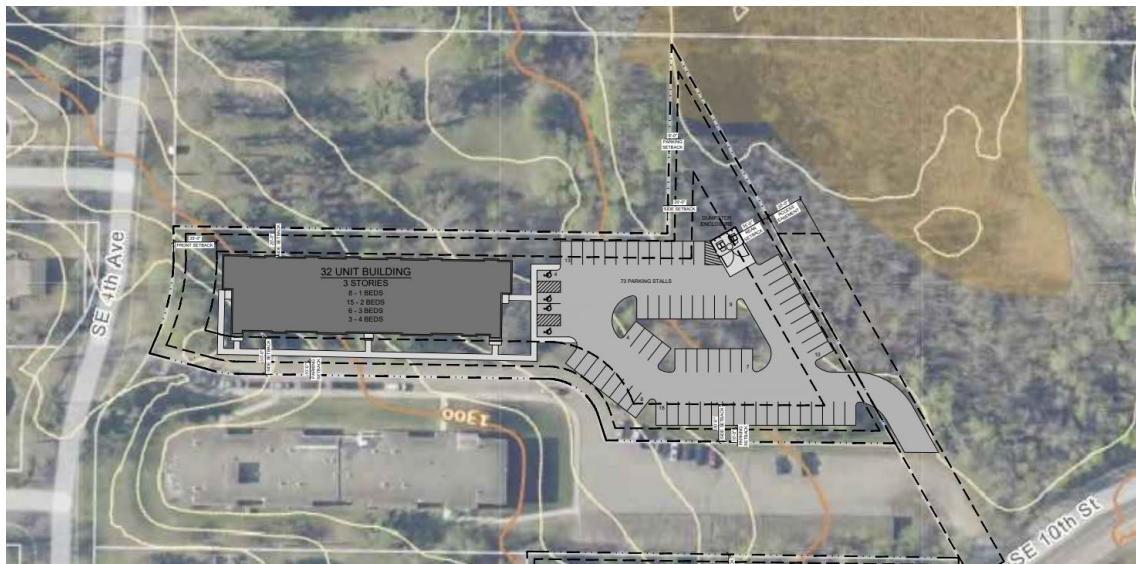
Middleton, WI 53562

www.commonwealthco.net

Item 4.

The Wilden, 32-Unit Affordable Housing Proposal in Grand Rapids, MN

The proposed 32-Unit Affordable Housing development in Grand Rapids will serve low-income families with a new construction, mid-rise building comprised of 1, 2, 3, and 4-bedroom units serving households at the 30, 50, and 60% AMI levels. This proposal includes 9 total supportive housing units including 4 Units will be set aside for a High Priority Homeless population and 5 units serving People with Disabilities. The apartment building's proposed amenities include a playground, BBQ area, patio, community garden, electric vehicle charging stations, exercise room, secure indoor bike storage, business center with computers, and a community/meeting room. The building will be built to Passive House Institute US standards and will be highly energy efficient. The development team led by Commonwealth Development Corporation has extensive experience developing affordable housing in Minnesota and across the country. The team intends to engage with a Qualified Stakeholder Group to gain valuable insight and inform the design of the building. The team plans to submit a funding application to Minnesota Housing Finance Agency (MHFA) in the July 2025.



Development Team*

Developer/Owner: Commonwealth Development Corporation (CDC)

Architect: M&A Design, Inc.

General Contractor: Project One Construction

*All members of the development team are women-owned businesses (WBEs), higher competitive score with MHFA.



COMMONWEALTH DEVELOPMENT CORPORATION

2501 Parmenter St., Suite 300B

Middleton, WI 53562

www.commonwealthco.net

Item 4.

Project Timeline

July 2025: MN Housing Funding Application Due

Dec 2025: MN Housing Funding Decision

Jan 2026: Design & Engineering Begins Including Green Energy Consultant (Passive House Institute)

March 2026: MN Housing Kickoff - Tax Credit Investor Confirmed, Schematic Design/Design Development Submittal & MN Housing Architectural/Construction Review Begins

September 2026: 100% Construction Drawings, Issue for Bid

October 2026: Negotiate Purchase Agreement with City

November 2026: Building Permit Application

April 2027: Land & Financing Closing, Construction Begins

June 2028: Construction Complete, Lease up Begins (~15 mo. construction)

Aug 2028: Fully leased-up



COMMONWEALTH DEVELOPMENT CORPORATION

2501 Parmenter St., Suite 300B

Middleton, WI 53562

www.commonwealthco.net

Item 4.

Income Ranges and Rents

Unit Type	Proposed Monthly Rent (Including Utilities) *	Household Income Qualification**
<u>1 Bed, 1 Bath</u> 8 Units	30% AMI - \$515 50% AMI - \$772	30% AMI - ~\$19,260 (Annual) / \$9 an hour 50% AMI - ~\$32,100 (Annual) / \$15 an hour
<u>2 Bed, 1 Bath</u> 15 Units	30% AMI – Housing Support*** 50% AMI - \$927 60% AMI - \$989	30% AMI – Housing Support 50% AMI - ~\$41,250 (Annual) / \$19 an hour 60% AMI - ~\$49,500 (Annual) / \$23 an hour
<u>3 Bed, 2 Bath</u> 6 Units	30% AMI – Housing Support*** 50% AMI - \$1,071 60% AMI - \$1,242	30% AMI – Housing Support 50% AMI - ~\$47,000 (Annual) / \$22 an hour 60% AMI - ~\$57,000 (Annual) / \$27 an hour
<u>4 Bed, 2 Bath</u> 3 Units	30% AMI – Housing Support*** 50% AMI - \$1,195 60% AMI - \$1,371	30% AMI – Housing Support 50% AMI - ~\$53,150 (Annual) / \$25 an hour 60% AMI - ~\$63,780 (Annual) / \$30 an hour

* Proposed Monthly Rents are for 2024. These rents are determined by the U.S. Department of Housing and Urban Development (HUD) each year. Learn more here: [Novogradac & Company LLP Rent & Income Limit Calculator](#)

** Income Qualification levels are approximately what the maximum income is to qualify for that income tier. These fluctuate year-to-year and are also determined by the number of individuals in your household.

***The Housing Support program pays for room and board for seniors and adults with disabilities with low incomes. The Housing Support assistance program supports over 20,000 Minnesotans each month. Learn more here: [Housing Support / Minnesota Department of Human Services](#)



Request for Financial Leverage

The 32-unit project requests a conditional commitment of Housing Program Grant funds from the Iron Range Resources & Rehabilitation Board (IRRRB), contingent on a tax credit award from MN Housing. The conditional approval of these funds will allow the development project to score more competitively in the Minnesota Housing 2025/2026 Consolidated RFP, a highly competitive application that will contribute a majority of the funds to the housing development through the syndication of Federal Low Income Housing Tax Credits (LIHTC). The development team will apply for these credits in June 2025 and will learn whether the project was selected by the MN Housing review board in December 2025. Then, the project will proceed to close with a projected construction timeline of April 2027 - June 2028. The following Sources and Uses charts show the development project with or without IRRRB grant funds.



COMMONWEALTH DEVELOPMENT CORPORATION OF AMERICA

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Proposed Sources With IRRRB Grant Funds

Sources	per unit	total
LIHTC Equity	342,576	10,962,441
Historic Equity	-	-
First Mortgage	41,563	1,330,000
Second Mortgage	-	-
TIF	10,156	325,000
Other: MHFA Soft Loan	21,875	700,000
Other: Energy Rebate	822	26,300
Other: 45L Credit	764	24,461
Other: IRRRB	10,000	320,000
GP/SLP Equity	3	100
Deferred Developer Fee	4,372	139,897
FUNDING GAP		-
Total	\$ 432,131	\$ 13,828,198
Financial Leverage		6.04%

Financial Leverage points for MHFA Application including IRRRB Housing Grant (6.04%) = 10 points

A. Financial Readiness to Proceed/Leveraged Funds (4 to 16 Points)

1. Applicants who have secured funding commitments for one or more **permanent capital funding sources** at the time of application must count the source in this calculation. Funding can only be included in the calculation if funds are committed, not the subject of a current request.

Calculate your total using the formula below. Exclude any commitments for the amortizing first mortgage financing and any anticipated syndication proceeds from the current HTC request.

Total eligible funding secured, awarded or committed (excluding amortizing first mortgages and any anticipated proceeds from the current HTC request. **If applicable, the Tax Increment Financing (TIF) amount provided by the city can be included as a commitment).**

\$ ____ divided by Total Development Costs \$ ____ equals Percentage of Permanent Capital Funding Sources Committed ____% (round to the nearest tenth):

- a. ☐ 10.51% or more of funding secured, awarded or committed (16 points)
- b. ☐ 9.01% to 10.5% of funding secured, awarded or committed (14 points)
- c. ☐ 7.51% to 9.0% of funding secured, awarded or committed (12 points)
- d. ☒ 6.01% to 7.5% of funding secured, awarded or committed (10 points)
- e. ☐ 4.51% to 6.0% of funding secured, awarded or committed (8 points)
- f. ☐ 3.01% to 4.5% of funding secured, awarded or committed (6 points)
- g. ☐ 1.51% to 3.0% of funding secured, awarded or committed (4 points)



COMMONWEALTH DEVELOPMENT CORPORATION OF AMERICA

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Middleton, WI 53562

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Item 4.

Proposed Sources Without IRRRB Housing Grant (Conditional)

Sources		
	per unit	total
LIHTC Equity	342,576	10,962,441
Historic Equity	-	-
First Mortgage	41,563	1,330,000
Second Mortgage	-	-
TIF	10,156	325,000
Other: MHFA Soft Loan	21,875	700,000
Other: Energy Rebate	822	26,300
Other: 45L Credit	764	24,461
Other: IRRRB	-	-
GP/SLP Equity	3	100
Deferred Developer Fee	4,372	139,897
FUNDING GAP		320,000
Total	\$ 422,131	\$ 13,828,198
Financial Leverage		3.73%

Financial Leverage points for MHFA Application Without TIF (3.73%) = 6 points

A. Financial Readiness to Proceed/Leveraged Funds (4 to 16 Points)

1. Applicants who have secured funding commitments for one or more **permanent capital funding sources** at the time of application must count the source in this calculation. Funding can only be included in the calculation if funds are committed, not the subject of a current request.

Calculate your total using the formula below. Exclude any commitments for the amortizing first mortgage financing and any anticipated syndication proceeds from the current HTC request.

Total eligible funding secured, awarded or committed (excluding amortizing first mortgages and any anticipated proceeds from the current HTC request. If applicable, the Tax Increment Financing (TIF) amount provided by the city can be included as a commitment).

\$_____ divided by Total Development Costs \$_____ equals Percentage of Permanent Capital Funding Sources Committed _____% (round to the nearest tenth):

- ☐ 10.51% or more of funding secured, awarded or committed (16 points)
- ☐ 9.01% to 10.5% of funding secured, awarded or committed (14 points)
- ☐ 7.51% to 9.0% of funding secured, awarded or committed (12 points)
- ☐ 6.01% to 7.5% of funding secured, awarded or committed (10 points)
- ☐ 4.51% to 6.0% of funding secured, awarded or committed (8 points)
- ☒ 3.01% to 4.5% of funding secured, awarded or committed (6 points)
- ☐ 1.51% to 3.0% of funding secured, awarded or committed (4 points)

Minnesota Housing Self-Scoring Worksheet Page 36.

Sources		
	<i>per unit</i>	<i>total</i>
LIHTC Equity	342,576	10,962,441
Historic Equity	-	-
First Mortgage	41,563	1,330,000
Second Mortgage	-	-
TIF	10,156	325,000
Other: MHFA Soft Loan	21,875	700,000
Other: Energy Rebate	822	26,300
Other: 45L Credit	764	24,461
Other: IRRRB	10,000	320,000
GP/SLP Equity	3	100
Deferred Developer Fee	4,372	139,896
Total	\$ 432,131	\$ 13,828,198
Financial Leverage		6.04%
Uses		
	<i>per unit</i>	<i>total</i>
Acquisition	5,156	165,000
Total Construction Contract	304,511	9,744,336
Hard Cost Contingency	15,226	487,217
Design	22,670	725,453
Professional Fees	6,982	223,432
Construction and Permanent Financing Costs	31,351	1,003,225
Other Soft Costs	2,142	68,544
Tax Credit Fees	3,162	101,199
Developer Fee	34,931	1,117,800
Operating Reserve	3,084	98,687
Debt Service Reserve	1,416	45,305
Other Reserves	1,500	48,000
Total	\$ 432,131	\$ 13,828,198



10375 Co Rd. 8
Kimball, MN 55353
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February 12, 2025

Mr. Ted Goltzman, Vice-President Development
Commonwealth Development Corporation
7447 University Ave. Ste 210.
Middleton, WI 53562

Re: Preliminary Construction Estimate Proposal; Grand Rapids Apartments, Grand Rapids, MN-
32 unit- Apartment project- PW.

Dear Sir,

Thank you for giving us the opportunity to collaborate with you during the pre-design phase for the Grand Rapids Apartment project for Grand Rapids, MN. We look forward to our continued involvement.

Before the work begins, we want to outline what to expect from Project One Construction. We are confident we can meet your needs. This preliminary construction estimate outlines the cost breakdown, timeline of construction, and other expectations. As the scope of work and plans are clarified we can offer you pricing comparisons and detailed costs to solidify the proposal. Rest assured that the quality and service that we provide will be suited to your needs and expectations.

Assumptions: This cost estimate covers the direct labor/ Prevailing Wages, materials, sub-contracts, and equipment for construction. Reasonable-priced packages for your project are indicated below are defined for the project as 32 apartment units (3-story apartment building) with surface parking, encompassing 32 units with a mix of (8) 1-bedroom units, (15) 2-bedroom units, (6) 3-bedroom units and (3) 4-bedroom and common areas. This estimate is based on concept plans and information provided as of January 30th, 2025, by M & A Architects.

The timeline for construction is based on a 14-month duration.

Inclusions: but is not limited to, the following: foundation excavation, cast-in-place concrete, masonry, rough and finish carpentry, thermal insulation package (Passive House), shingled roof, flashing and sheet metal, LP siding, sealants and caulking, hollow metal/wood frames and flush wood doors, aluminum storefront entries, vinyl windows (triple glazed), door hardware, glass and glazing, gypsum board assemblies, acoustical ceilings 1st floor corridor, resilient flooring, carpeting, painting, appliances, cabinets and countertops, various specialties, playground, fire suppression wet system, plumbing, HVAC, and electrical.

Site Work allowances have been included for site clearing, grading, excavation and fill, and utilities and for winter conditions.

An estimated BABA allowance is noted with the preliminary estimate relating to current economic forecasts.

Exclusions: Any Architectural, Mechanical, Electrical engineering & Interior Design services or drawings needed, Contaminated soils and Soil Corrections, Demolition of existing Structures, Hazardous Materials, Garages, Storm Water Retention Systems, Sitework Trails and Fencing,

SAC/ WAC Fees, Fixtures Furniture and equipment, concept plan revisions and IMW updates and un-foreseeable conditions.

Budget Analysis; Grand Rapids, MN- 32 unit- Apartment project- (Prevailing Wage)

Budget Analysis		Grand Rapids Apartments		
	Grand Rapids Midrise Apartment with Site Plan and Preliminary Drawings from M&A Design 1.30.25	Building type	3 Story SOG w/ Elevator and surface parking	
		Estimate	# UNITS	SF
		Feb-25	32	42,060
DIV	DESCRIPTION	Estimate	PER UNIT	PER SF
1A	General Requirements	\$ 412,360	\$ 12,886	\$ 9.80
1B	Specialty Service / Project Fees/Permits/Bonds/Ins	\$ 202,800	\$ 6,338	\$ 4.82
2	Existing Conditions- Demolition	\$ -	\$ -	\$ -
3	Concrete	\$ 546,000	\$ 17,063	\$ 12.98
4	Masonry	\$ 52,000	\$ 1,625	\$ 1.24
5	Metals	\$ 62,400	\$ 1,950	\$ 1.48
6	Woods and Plastics	\$ 1,716,000	\$ 53,625	\$ 40.80
7	Thermal and Moisture Protection	\$ 884,000	\$ 27,625	\$ 21.02
8	Openings	\$ 520,000	\$ 16,250	\$ 12.36
9	Finishes	\$ 884,000	\$ 27,625	\$ 21.02
10	Specialties	\$ 67,600	\$ 2,113	\$ 1.61
11	Equipment	\$ 171,600	\$ 5,363	\$ 4.08
12	Furnishings	\$ 223,600	\$ 6,988	\$ 5.32
13	Special Construction (Playground)	\$ 26,000	\$ 813	\$ 0.62
14	Conveying Equipment	\$ 156,000	\$ 4,875	\$ 3.71
21	Fire Suppression (13R wet)	\$ 150,800	\$ 4,713	\$ 3.59
22&23	Mechanical & Plumbing	\$ 1,300,000	\$ 40,625	\$ 30.91
26	Electrical	\$ 780,000	\$ 24,375	\$ 18.54
31 & 33	Earthwork & Utilities (allowance)	\$ 312,000	\$ 9,750	\$ 7.42
32	Ext. Improvements (Sidewalk/Retaining Walls/Landscape)	\$ 192,400	\$ 6,013	\$ 4.57
		\$ -	\$ -	\$ -
	Sub Total	\$ 8,659,560	\$ 270,611	\$ 205.89
	Special Site Conditions and Allowances			
	BABA Act	\$ 325,000	\$ 10,156.25	\$ 7.73
	Winter Conditions	\$ 100,000	\$ 3,125.00	\$ 2.38
	Overhead	\$ 164,944	\$ 5,155	\$ 3.92
	Profit	\$ 494,832	\$ 15,464	\$ 11.76
	TOTAL	\$ 9,744,336	\$ 304,511	\$ 231.68

We are a team of competent project managers who will be your partner in the development of your property. May it be building a new apartment development or a reconstruction of an existing apartment complex, we are dependable professionals who will render outstanding services from pre-construction to cost scheduling. Our team will be ready to serve you.

Thank you for the opportunity and please contact us with any questions or concerns.

Sincerely,



Derek Kuechle
Project Manager
Project One Construction Inc.
10375 Co. Rd. 8
Kimball, MN 55353
Phone: 320-398-7000

c. Ted Goltzman
File



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February 12, 2025

Mr. Ted Goltzman, Vice-President Development
Commonwealth Development Corporation
7447 University Ave. Ste 210.
Middleton, WI 53562

Re: Estimated Labor Force Needed with Grand Rapids Apartments, Grand Rapids, MN- 32 unit-
Apartment project- PW.

Dear Sir,

Project One Construction is pleased to report that the Grand Rapids Apartment project will require an estimated labor force of approximately 110 different workers on the project. These workers will range from different scopes of work that will be associated with the project. Some of the included different trades will consist of concrete, framing, insulation, siding, roofing, finish carpentry, elevators, fire suppression, plumbing, HVAC, earthwork, utilities, asphalt paving, and landscaping.

Sincerely,

A handwritten signature in black ink, appearing to read "Derek Kuechle", written in a cursive style.

Derek Kuechle
Project Manager
Project One Construction Inc.
10375 Co. Rd. 8
Kimball, MN 55353
Phone: 320-398-7000

c. Ted Goltzman
File



REQUEST FOR GRAND RAPIDS EDA ACTION

AGENDA DATE: April 10, 2025

STATEMENT OF ISSUE: Consider approval of a lease with Charmed Custom Candles for Suite 201 of Central School

PREPARED BY: Rob Mattei, Executive Director

BACKGROUND:

Charmed Custom Candles, a Minnesota limited liability corporation, wishes to lease Suite 201 on the Second Floor Level (NW Corner) of Central School.

Charmed Custom Candles makes and sells hand poured candles. The space will be used for retail sales of candles, candle care kits, specialty books and crystals. The space will also be used for candle making workshops.

All aspects of this proposed lease are consistent with the standard lease used by GREDA, including the rental rates for Second floor spaces. This lease will commence on May 1, 2025, and will conclude at the end of 2025 with all other leases.

RECOMMENDATION:

REQUIRED ACTION: Make a motion to approve a lease with Charmed Custom Candles for Suite 201 of Central School

LEASE AGREEMENT

This Lease Agreement, by and between the City of Grand Rapids, Minnesota, through its agent the Grand Rapids Economic Development Authority, hereinafter referred to as "Lessor" and **Charmed Custom Candles, a Minnesota Limited Liability Corporation**, hereinafter referred to as "Lessee", entered into this **10th day of April 2025**.

ARTICLE 1 - LEASED PREMISES

1.1 In consideration of and subject to the mutual covenants, condition and obligations of this Lease Agreement to be kept and performed, the Lessor does hereby lease and demise to Lessee the premises identified in Exhibit "A" attached hereto, comprising approximately 860 square feet together with the right to use in common with other lessees of the Central School their invitees, customer and employees, the elevators, stairways, halls, toilets and sanitary facilities, and all other general common facilities contained in the Central School, as well as the sidewalks, delivery areas, and appurtenances thereto, to be used by Lessee for the purposes generally described in Exhibit "B" attached hereto, in the Central School, Grand Rapids, Minnesota.

This Lease Agreement will also include one parking pass for the Lessee's use in the Central School lot at no additional cost to the Lessee. The Lessee will be provided one parking pass that must be displayed conspicuously by the Lessee. The Lessee will be able to park in any location within the parking lot of Central School. There will not be a designated parking spot. If the lot is full, the Lessee will utilize off street parking. This pass only applies to the Central School lot. If the pass is lost, stolen or needs to be replaced for any reason, there will be a \$25 plus tax replacement fee.

ARTICLE 2 - TERM

2.1 The Term of this Lease Agreement shall commence on **May 1, 2025**, and shall continue through **December 31, 2025**, unless earlier terminated in accordance with the provisions of this Lease Agreement.

ARTICLE 3 -RENT

3.1 Lessee shall pay to Lessor as rent for the leased premises the sums hereinafter provided in this Article 3.

The term "operating costs for the Central School Building" as used in this Article 3 shall exclude all costs related to the exterior grounds except signs promoting tenants but shall otherwise include all those direct costs of operation and maintenance to be incurred by Lessor, including by way of illustration but not limitation, (1) all utility charges (sewer, water, electricity, heat, garbage collection, elevator service) except telephone and other communications equipment; (2) maintenance, insurance, repairs, parts and supplies, equipment and tools, and electrical maps, tubes, starters and ballasts; (3) the annual costs for a custodian and/or manager; and (4) promotion costs; and (5) a capital reserve equal to 5% of the total projected operation costs, excluding the capital reserve. The term "operating costs for the Central School Building" shall not include the original capital investment or associated debt service.

The term "rented square footage in the Central School Building" as used in the Article 3 shall exclude common areas, exterior grounds and space not rented.

3.2 Calendar year **2025** base rent shall be in the amount of **\$11.88** per square foot annually, payable in equal monthly installments beginning on the **1ST** day of **May 2025** and continuing on the first day of each month thereafter through **December 31, 2025**. Additionally, tenant is solely responsible for paying any, and all, property taxes associated with the rental space.

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

3.4 At the commencement of the term of this Lease Agreement, Lessee shall furnish to Lessor a surety bond, letter of credit or cash deposit in an amount equivalent to one month's rent, to assure compliance with the provisions of this Lease Agreement. If Lessee fails to comply with the provisions of this Lease Agreement, Lessor shall be entitled, without further notice to Lessee, to call upon said surety bond, letter of credit or cash deposit to satisfy Lessee's obligation hereunder. Lessor's right to call upon the surety bond, letter of credit or cash deposit shall be exclusive of any other remedy which Lessor may have for Lessee's failure to comply with the provisions of this Lease Agreement. The surety bond or letter of credit furnished by Lessee shall be maintained in effect for the term of this Lease Agreement and during any period of holding

over. If Lessee furnishes a cash deposit pursuant to this Paragraph, said cash deposit shall be held by Lessor for the term of this Lease Agreement unless earlier called upon by Lessor to satisfy Lessee's obligations hereunder. Said cash deposit shall be invested by Lessor and any interest earned shall be paid annually to Lessee.

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

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

ARTICLE 4 - IMPROVEMENTS

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

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

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

ARTICLE 5 - MAINTENANCE, REPAIRS

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

5.2 Lessee shall be responsible to perform all repairs the need for which is caused by Lessee's use of the premises except that Lessor shall be responsible to perform major repairs of a structural nature. Lessor shall be responsible to arrange for removal of waste and rubbish from the location designated as the deposit location for lessees. All costs incurred by Lessor pursuant to the obligations of this Paragraph shall be included within "operating costs".

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

ARTICLE 6 - UTILITIES

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

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

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

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

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

ARTICLE 7 - BUILDING USE, REGULATIONS, SECURITY

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

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

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

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

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

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

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

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

ARTICLE 8 - COMMON AREAS, EXTERNAL GROUNDS

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

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

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

ARTICLE 9 - INSURANCE

9.1 Lessor shall maintain general liability, fire and extended coverage insurance on the Central School, including common areas and exterior grounds, and Lessor's fixtures and equipment and Lessor shall cause Lessee to be named as an additional insured. Lessee shall insure its own personal property on the premises as it sees fit. All personal property placed upon or in the leased

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

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

ARTICLE 10 - LESSOR ACCESS

10.1 Lessor, its agents and employees shall have the right to enter the leased premises upon reasonable advance notice for the purpose of inspection, cleaning, repairing, altering or improving the premises, or to exhibit the premises to prospective tenants. Lessor's reserved rights hereunder shall include, without limitation, free, unhampered and unobstructed access to the airways, equipment ducts, stairways, access panels and all utilities and services to the Central School. There shall be no diminution of rent and no liability on the part of Lessor by reason of any inconvenience, annoyance or injury to business caused by Lessor's reasonable exercise of rights reserved by Lessor in this Article.

ARTICLE 11 - FIRE OR OTHER CASUALTY: CONDEMNATION

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

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

ARTICLE 12 - QUIET POSSESSION

12.1 Lessor hereby warrants and covenants that it has full authority to execute this Lease Agreement and further agrees that Lessee, upon paying rent and performing the covenants and conditions of this Lease Agreement, shall quietly have, hold and enjoy the leased premises during the term hereof.

ARTICLE 13 - NOTICE

13.1 Any notice, demand, request or other communication which may or shall be given or served by Lessor or Lessee pursuant to this Lease Agreement shall be deemed to have been given or served on the date the same is deposited in the United States mail, registered or certified, postage prepaid and addressed as follows:

To Lessee:

Joanna Knase
Charmed Custom Candles, LLC
30297 Sunny Beach Rd.
Grand Rapids MN 55744-4895

To: Lessor

GREDA Executive Director
City Hall
420 N. Pokegama Avenue
Grand Rapids, MN 55744

ARTICLE 14 - ASSIGNMENT, SUBLETTING

14.1 Lessee agrees that neither the leased premises nor any part thereof shall be sublet nor shall this Lease Agreement be assigned by Lessee without prior written consent of Lessor, which consent shall not be unreasonably withheld. If Lessor does give consent, such consent shall not release Lessee from its obligation hereunder, unless a release is specifically given by Lessor.

ARTICLE 15 - NO PARTNERSHIP

15.1 Nothing contained in this Lease Agreement shall be deemed or construed to create a partnership or joint venture of or between Lessor and Lessee or to create any other relationship between the parties hereto other than that of Lessor and Lessee.

ARTICLE 16 - DEFAULT BY LESSEE

16.1 Lessor and Lessee agree that this Lease Agreement is made upon the condition that if the Lessee shall neglect or fail to keep, observe and perform any of the covenants and agreements contained in this Lease Agreement which are to be kept, observed or performed by Lessee, so as to be in default, or if the leasehold interest of Lessee shall be taken by execution or other legal process of law, or if Lessee shall petition to be or be declared to be bankrupt or insolvent according

to law, or if Lessee shall vacate said premises or abandon the same for a period of 45 days during the term of this Lease Agreement, then and in any of said cases the Lessor may, at its option, immediately or at any time thereafter without further notice or demand, enter into and upon the leased premises, or any part thereof, in the name of the whole, and take absolute possession of the same without such re-entry working a forfeiture of the rents to be paid and the covenants to be performed by Lessee for the full term of this Lease Agreement, and may, at Lessor's election, lease or sublet the leased premises, or any part thereof, on such terms and conditions and for such rents and for such time as the Lessor may elect, and after crediting the rent actually collected by Lessor from such reletting, collect the balance of rent owed pursuant to this Lease Agreement from Lessee, charging Lessee such reasonable expenses as the Lessor may expand in putting the premises in tenable condition and collecting said rentals from Lessee, including reasonable attorney's fees.

Alternatively, Lessor may at its election and upon written notice to Lessee declare this Lease Agreement forfeited and void under the condition set forth above, and Lessor may re-enter and take full and absolute possession of said premises as the owner thereof, free from any right or claim of Lessee or any person or persons claiming through or under Lessee, and such election and re-entry shall be and constitute an absolute bar to any right to enter by Lessee. The commencement by Lessor of any action to recover possession of the leased premises or any part thereof shall not be deemed an election by Lessor to treat this Lease Agreement as void and terminated, without the written notice above specified.

In the event of termination or re-entry by Lessor for default by Lessee, Lessor shall make every reasonable effort to re-rent, lease or sublet the premises. Lessor, at its option, may make such alterations, repairs, replacements and/or decorations to the leased premises as Lessor, in its sole judgment, considers advisable and necessary for the purpose of reletting the premises; and the making of such alterations, repairs, replacements and/or decorations shall not operate to be construed to release Lessee for liability hereunder as aforesaid.

ARTICLE 17 - DEFAULT BY LESSOR, LESSEE

17.1 Lessor shall not be deemed to be in default under this Lease Agreement until Lessee shall have given Lessor written notice specifying the nature of the default and Lessor shall have not cured such default within ten (10) days after receipt of such notice, or within such reasonable

time thereafter as may be necessary to cure such default where such default is of a character as to reasonably require more than ten (10) days to cure.

17.2 Except with respect to the payment of rent, for which no notice of default shall be necessary, Lessee shall not be deemed to be in default under this Lease Agreement until Lessor shall have given Lessee written notice specifying the nature of default and Lessee shall have not cured such default within ten (10) days after receipt of such notice or within such reasonable time thereafter as may be necessary to cure such default where such default is of a character as to reasonably require more than ten (10) days to cure.

ARTICLE 18 - WAIVER, MODIFICATION, ENTIRE AGREEMENT

18.1 No waiver of any condition, covenant, right of option of this Lease Agreement by the Lessor shall be deemed to imply or constitute a further waiver of any like condition or covenant of said Lease Agreement.

18.2 No amendment or modification of this Lease Agreement shall be valid or binding unless expressed in writing and executed by duly authorized representatives of the parties hereto in the same manner as the execution of this Lease Agreement. The Grand Rapids Economic Development Authority shall consider the recommendation of all interested parties in determining whether to approve any amendment or modification of this Lease Agreement.

18.3 Neither Lessor nor any agent or employee of Lessor has made any representations or promises with respect to the leased premises or the Central School except as herein expressly set forth, and no rights, privileges, easements or licenses are acquired by Lessee except as herein expressly set forth.

ARTICLE 19 - WINDOW TREATMENT

19.1 Lessee, at its expense, may install shades, drapes or window coverings and, if installed, Lessee shall maintain said window coverings in an attractive and safe condition, provided however, in the sole judgment of Lessor said window coverings are in harmony with the exterior and interior appearance of Central School and will create no safety or fire hazard.

ARTICLE 20 - PARKING

20.1 Lessor has established public parking facilities on the grounds of Central School. Lessee warrants that it will enforce regulations providing that its employees will not park their private

vehicles in said public parking area during time when said employees are working at the leased premises (except on a short-term basis for emergencies or for deliveries).

DISCRIMINATION PROHIBITED: The Landlord shall not discriminate based upon race, color, creed, religion, national origin, sex, marital status, age, handicap, or disability, familial status or recipients of public assistance; and shall comply with all nondiscrimination requirements of Federal, State and local law.

IN WITNESS WHEREOF, the parties have hereunto set their hands on the date first written above.

LESSOR:

GREDA President

GREDA Executive Director

Date: _____

LESSEE:

Charmed Custom Candles, LLC

BY: _____
Joanna Knase

BY: _____

Its _Manager_____

Date: _____

Exhibit A – Location in the Building

Charmed Custom Candles is located on the Second Level Northwest Corner in Suite 209, consisting of 860 square feet.

Exhibit B – Use of Space

Charmed Custom Candles makes and sells hand poured candles. The space will be used for retail sales of candles, candle care kits, specialty books and crystals. The space will also be used for candle making workshops.

Exhibit C – Improvements

None