



# GRAND RAPIDS ECONOMIC DEVELOPMENT AUTHORITY MEETING AGENDA

Thursday, April 13, 2023  
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 13, 2023 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 23rd, 2023 regular meeting minutes.

APPROVE CLAIMS

- [2.](#) Consider approval of claims in the amount of \$21,754.07.

BUSINESS

- [3.](#) Consider adopting a resolution accepting a grant from the Blandin Foundation for the establishment of the Downtown Mandated Building Improvement Loan Program.
- [4.](#) Consider approval of a proposal from LHB for TIF analysis of the building at 316 N. Pokegama Avenue

UPDATES

ADJOURN

## MEMBERS & TERMS

Tom Sutherland - 12/31/2023 Council Representative

Tasha Connelly - 12/31/2023 Council Representative

Mike Korte - 3/1/24

Wayne Bruns - 3/1/25

Sholom Blake - 3/1/25

Al Hodnik - 3/1/27



# GRAND RAPIDS ECONOMIC DEVELOPMENT AUTHORITY MEETING MINUTES

**Thursday, March 23, 2023  
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 23, 2023 at 4:00 PM.

CALL TO ORDER

CALL OF ROLL

PRESENT

Commissioner Al Hodnik  
Commissioner Mike Korte  
President Sholom Blake  
Commissioner Tasha Connelly  
Commissioner Wayne Bruns  
Commissioner Tom Sutherland

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

Approved without addition.

APPROVE MINUTES

1. Consider approval of minutes from the March 9, 2023 regular meeting.

Motion by Commissioner Connelly, second by Commissioner Sutherland to approve the minutes from the March 9, 2023 regular meeting. The following voted in favor thereof: Hodnik, Bruns, Connelly, Blake, Korte, Sutherland. Opposed: None, motion passed unanimously.

APPROVE CLAIMS

2. Consider approval of claims in the amount of \$2,434.99

Motion by Commissioner Hodnik, second by Commissioner Sutherland to approve claims in the amount of \$2,434.99. The following voted in favor thereof: Sutherland, Korte, Blake, Connelly, Bruns, Hodnik. Opposed: None, motion passed unanimously.

BUSINESS

### 3. Consider the election of GREDA Officers

Motion by Commissioner Connelly, second by Commissioner Blake to nominate Commissioner Connelly as Secretary/Treasurer. The following voted in favor thereof: Hodnik, Bruns, Connelly, Blake, Korte, Sutherland. Opposed: None, motion passed unanimously.

Motion by Commissioner Bruns, second by Commissioner Korte to nominate Commissioner Hodnik as Vice President. The following voted in favor thereof: Sutherland, Korte, Blake, Connelly, Bruns, Hodnik. Opposed: None, motion passed unanimously.

Motion by Commissioner Hodnik, second by Commissioner Connelly to nominate Commissioner Blake as President. The following voted in favor thereof: Hodnik, Bruns, Connelly, Blake, Korte, Sutherland. Opposed: None, motion passed unanimously.

### 4. Review and consider forwarding to the City Council the GREDA 2022 Annual Report

Community Development Director Mattei reviewed the GREDA 2022 Annual Report with the Commissioners.

Motion by Commissioner Bruns, second by Commissioner Korte to forward the GREDA 2022 Annual Report to the City Council. Sutherland, Korte, Blake, Connelly, Bruns, Hodnik. Opposed: None, motion passed unanimously.

## UPDATES

### 5. Yanmar Compact Equipment North America Expansion

The City approved \$234,000 in tax abatement and the County approved \$196,600.

### 6. Forest Lake Addition

The Planning Commission will hold a public hearing for the preliminary plat on April 6th and forward to the City Council review at their April 10th meeting. The HRA is looking at purchasing 8 lots once the platting process is complete GREDA will need to enter into a purchase and development agreement with them.

### 7. Ongoing efforts in housing and childcare

Oppidan is planning a development which would provide 132 units of workforce housing. There is also interest in 76 units of housing on the Blk 20/21 site.

Kootasca will be doing a renovation at the old Murphy School and moving their childcare from the IRC building. This will allow them to have an additional 10 spaces for a total of 231. The YMCA is looking to expand their childcare into the Kootasca site at the IRC building.

Commissioner Hodnik provided an update on the UWS transportation study. Unfortunately they were unable to secure the funding they were planning on using for this study. They are still interested in moving forward with the study but need to find alternative funding sources for the project.

## ADJOURN

There being no further business the meeting adjourned at 4:31 p.m.

MEMBERS & TERMS

Tom Sutherland - 12/31/2023 Council Representative

Tasha Connelly - 12/31/2023 Council Representative

Mike Korte - 3/1/24

Wayne Bruns - 3/1/25

Sholom Blake - 3/1/25

Al Hodnik - 3/1/27

DRAFT

DATE: 04/07/2023  
 TIME: 15:15:47  
 ID: AP443GR0.WOW

CITY OF GRAND RAPIDS  
 DEPARTMENT SUMMARY REPORT

PAGE: 1

INVOICES DUE ON/BEFORE 04/13/2023

VENDOR #	NAME	AMOUNT DUE
-----		
EDA - CAPITAL PROJECTS		
AIRPORT SOUTH INDUSTRIAL PARKS		
0920060	ITASCA COUNTY TREASURER	7,520.00
1415511	NORTHERN STAR COOPERATIVE SERV	536.07
TOTAL AIRPORT SOUTH INDUSTRIAL PARKS		8,056.07
FOREST LK SCH REDEVELOPMENT		
1900225	SEH	12,675.00
TOTAL FOREST LK SCH REDEVELOPMENT		12,675.00
TOTAL UNPAID TO BE APPROVED IN THE SUM OF:		\$20,731.07
CHECKS ISSUED-PRIOR APPROVAL		
PRIOR APPROVAL		
0920055	ITASCA COUNTY RECORDER	23.00
1309170	MN DEED	1,000.00
TOTAL PRIOR APPROVAL ALLOWED IN THE SUM OF:		\$1,023.00
TOTAL ALL DEPARTMENTS		\$21,754.07



## REQUEST FOR GRAND RAPIDS EDA ACTION

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**AGENDA DATE:** April 13, 2023

**STATEMENT OF ISSUE:** Consider adopting a resolution accepting a grant from the Blandin Foundation for the establishment of the Downtown Mandated Building Improvement Loan Program.

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

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### BACKGROUND:

On February 23 of this year, GREDA authorized a grant request of \$350,000 to the Blandin Foundation to establish a loan program with forgivable terms to fund building improvements that are mandated by the State Building Code.

As you'll recall, a change of Occupancy Classification, as defined within the Code for a proposed new use within an existing building, most often triggers the need for upgrades to the building that are not anticipated nor budgeted for by the buyer/entrepreneur. These Code mandated building upgrades typically come in the form of establishing compliant handicapped accessibility routes to a building and within, fire protection and fire resistance, improved means of safe egress and bathroom/plumbing additions and remodeling.

The Blandin Foundation Board recently approved the full request to be used by GREDA to establish a loan fund, the Downtown Mandated Improvements Loan Fund. GREDA will create a policy for the administration of the Fund; however, it was proposed to the Blandin Foundation to have the following general elements:

- The Fund would provide medium-term (10-year) loans of up to \$50,000 for direct costs of Code mandated improvements to existing retail focused buildings in the Downtown, the geographic limits of which are established in the 2023 Downtown Plan.
- Loans will be secured through a recorded loan/lien agreement or mortgage executed by the property owner and GREDA.
- The principal amount of the loans will carry an interest rate of 2% over the 10-year term.

- Repayment of principal and interest on the loans will be deferred during the 10-year term. Furthermore, 10% of principal balance of the loan will be forgiven each year the owner maintains his or her ownership of the building during the term.
- In the event that the owner sells, transfers or otherwise conveys the property during the term, the remaining balance and accumulated interest will be paid back to GREDA. GREDA will then deposit those funds into the program for their continued use.

Pursuant to State Statute, GREDA must adopt a resolution to accept the \$350,000 grant recently provided to GREDA by the Blandin Foundation.

**RECOMMENDATION:**

**REQUIRED ACTION:** Approve a motion to adopt a resolution accepting a grant from the Blandin Foundation for the establishment of the Downtown Mandated Building Improvement Loan program.

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

GRAND RAPIDS ECONOMIC DEVELOPMENT AUTHORITY  
RESOLUTION NO. 23-

A RESOLUTION ACCEPTING A \$350,000.00 GRANT FROM THE BLANDIN  
FOUNDATION FOR THE DOWNTOWN MANDATED BUILDING IMPROVEMENTS  
LOAN PROGRAM

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 Grand Rapids Economic Development Authority, Grand Rapids, Itasca County, Minnesota, accepts the \$350,000.00 grant award from the Blandin Foundation for costs associated with the establishment of a Downtown Mandated Building Improvements Loan Program.

Adopted this 13<sup>th</sup> day of April 2023.

\_\_\_\_\_  
Sholom Blake, President

Attest:

\_\_\_\_\_  
Rob Mattei, Executive Director

Commissioner \_\_\_\_\_ 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.



April 07, 2023

Robert Mattei  
Grand Rapids Economic Dev. Authority  
420 N Pokegama Ave  
Grand Rapids, MN 55744

RE: G-2023-14321

Dear Robert:

I am pleased to inform you that the Board of Trustees of the Blandin Foundation met on March 20, 2023 and voted to approve a grant of \$350,000 to Grand Rapids Economic Dev. Authority to establish a Downtown Building Improvement Loan Fund to support Community Wealth Building and Placemaking in Itasca County.

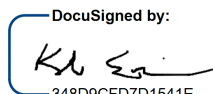
Please review this Grant Agreement for the specific terms and/or conditions of this grant. If you agree, please follow the instructions provided to electronically sign your Grant Agreement and submit to the Blandin Foundation. A copy will automatically be sent to you after signing. Please retain a copy of the Grant Agreement for your files. If you have questions about any part of this agreement, feel free to contact me or anyone else on our grants team at 218-326-0523.

The release of grant funds, in accordance with the schedule stated in the agreement, is contingent on the timely return of this signed Grant Agreement. This document should be returned to the Blandin Foundation within 30 days of the date specified on the Grant Agreement.

You will notice that the date of April 30, 2028 is inserted in the Grant Agreement for you to submit a final report about the outcomes of this grant. Please let me know if this date is reasonable given other commitments you may have at that time. In addition to our interest in your work, reporting is important for the Foundation's annual audit and we appreciate your help with this portion of fulfilling the conditions of the grant.

On behalf of the Board of Trustees of the Blandin Foundation, I would like to congratulate you on receiving this award. We are pleased to be a part of this effort and look forward to hearing from you as progress is made towards achieving your goals.

Sincerely,

DocuSigned by:  
  
348D9CFD7D1541E...  
Kyle Erickson  
Program Officer

c: File

G-2023-14321

## Blandin Foundation Grant Agreement

This Agreement, made and executed this 7th day of April 2023, by and between the Blandin Foundation (hereinafter referred to as “Foundation”) and Grand Rapids Economic Dev. Authority (hereinafter referred to as “Grantee”).

The Foundation agrees to make the following grant, and Grantee agrees to accept such grant, in accordance with the terms and provisions hereinafter set forth.

- I. PURPOSE AND TERMS OF THE GRANT.** The grant shall be used solely for the purposes described in the grant application submitted by Grantee and reviewed and approved at the March 20, 2023 Board meeting, including administrative expenses necessary thereto. Except as otherwise approved in writing by the Foundation, Grantee shall perform its obligations under this Agreement. **This document must be completed and returned to the Foundation before grant funds are disbursed.**
- II. GRANT AMOUNT AND PERIOD.** The maximum amount the Foundation will disburse under this Agreement is \$350,000. Grantee shall perform this grant for the period April 01, 2023 - March 31, 2028. Disbursements under the grant are subject to compliance with the conditions of this Agreement.
- III. USE OF GRANT FUNDS.** The grant (and all income earned upon investment of the grant, hereinafter together referred to as the “grant funds”) shall be used exclusively for the purposes specified herein and approved by the Foundation, unless otherwise approved by the Foundation in writing. The following conditions apply:
- (A) Grantee has ratified and affirmed that it is an organization that is both exempt from tax under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the “Code”) or a unit of government and classified as a *nonprivate* foundation under Sections 509(a)(1), (2) or (3) of the Code.
  - (B) Grantee will utilize the grant funds only for charitable and/or educational activities consistent with its tax-exempt or government status described above.
  - (C) Grantee agrees that it will not intervene in any campaign for elective public office, or support or oppose any political party, by expenditure of any resource (including volunteered labor) or in any other way. Grantee also agrees that it will not undertake propaganda or attempt to influence legislation outside the limits of Section 501(c)(3) of the Code or more specifically, if applicable, Sections 501(h) and 4911 of the Code.
  - (D) The grant has not been earmarked to support or carry on any lobbying. If the grant is restricted to a specific project, grantee has submitted a budget for the entire project’s operation and affirms that the project’s budget accurately reflects Grantee’s intentions to expend at least the amount of this grant on the non-lobbying portion of the project.

G-2023-14321

- (E) Grantee agrees that the grant shall not be used to, except as otherwise provided in Section 4941(d)(2) of the Code and the regulations thereunder, make any direct or indirect transfer to, or use by or for the benefit of a disqualified person (as defined in Section 4946(a)(1) of the Code), including the payment of compensation, with respect to the Foundation.
- (F) Grantee will inform the Foundation immediately of any change in, or IRS proposal to revoke (whether or not appealed), its tax-exempt status or its *nonprivate* foundation classification.
- (G) This grant is not earmarked for transmittal to any other entity or person, even if Grantee's proposal or other correspondence expresses intentions to remit expenditures to third parties. Grantee accepts and will discharge full control of the grant and its disposition and responsibility for complying with this Agreement's terms and conditions.

**IV. GRANT APPLICATION.** The Foundation has relied on the information, representations and statements in the grant application submitted by the Grantee via the Foundation's online grant website. As such, Grantee represents and warrants that all information, representations and statements contained in its grant application are true, complete and correct in all material respects.

Furthermore, Grantee represents and warrants that it has received and reviewed certain governing policies of the Foundation, including without limitation the anti-discrimination policy. Grantee also represents and warrants that it does not engage in, nor shall it engage in, any activities that violate, or will violate, such governing policies of the Foundation, including without limitation, the anti-discrimination policy.

**V. DISBURSEMENT OF GRANT FUNDS.** The Foundation shall disburse grant funds as follows, provided that the Foundation reserves the right to delay or withhold a scheduled disbursement if progress or reporting on the project is not satisfactory or the project requires less funding than originally budgeted, as determined in accordance with the interim report(s) and final report submitted by Grantee in accordance with Section VI. Satisfactory progress will be determined at the sole discretion of the Foundation, and will be assessed as progress toward stated goals within the project timeline and receipt of timely progress and financial reports. Unsatisfactory progress will be communicated to the Grantee and a plan for addressing any deficiencies in progress will be negotiated between the Foundation and the Grantee.

**Upon receipt of the signed Agreement, this grant will be scheduled to be paid out on or about:**

**April 27, 2023                      \$350,000**

G-2023-14321

Grant funds will be transferred electronically. Grantee agrees to complete a Request for Wire Transfer of Funds form provided by the Foundation with the transmittal of this Agreement.

Grantee will be requested to return any unexpended grant funds to the Foundation at the close of the grant period, unless other arrangements have been made with the Foundation.

**VI. REPORTING REQUIREMENTS - MAINTENANCE OF RECORDS.** The Foundation will evaluate the success of the Grantee's activities on the basis of the goals that were outlined in the grant application and on a number of specific indicators the Foundation is tracking on its grants. We understand the general goals of the grant to be:

- Formally establish the Fund and promote it to local entrepreneurs;
- Create policies for oversight and establish eligibility criteria;
- Make 7-10 loans over the five-year project period; and
- Establish metrics and evaluate program impact to inform future downtown development, including but not limited to these metrics: total project cost/investment leveraged from the Fund, increased taxable value of properties, and impact on Downtown Plan strategies and goals.

Grantee shall provide to the Foundation reports relating to this grant pursuant to guidelines and formats in effect at the time the report is due (these reporting requirements and formats may be changed from time to time by the Foundation at its discretion). To assist you in your evaluation work and reports to the Foundation on the progress that is being made on the grant's goals and overall to the end of accomplishing the grant's purposes, please refer to the instructions for completion of the Narrative and Grant Revenue and Expense Worksheet. A copy of these instructions, and the worksheet, can be accessed on our website at <http://grants.blandinfoundation.org/report-forms/> The schedule upon which reports will be due is as follows:

**Interim Report:**      **March 31, 2024**  
                                  **March 31, 2025**  
                                  **March 31, 2026**  
                                  **March 31, 2027**

**Final Report:**        **April 30, 2028**

**Documentation.** The Grantee agrees to maintain records consistent with generally accepted accounting principles to account for the funds received under this grant and to identify how they have been expended. Grantee agrees to maintain documentation of expenditures and activities at its own expense and at its own offices for a period of no less than six years after the expiration of the grant period. Grantee agrees to make records of such documentation available to the Foundation at reasonable times upon the Foundation's request.

**Audit.** If the Grantee has an independent opinion provided on its financial statements (i.e., an "audit") for any period in which it has received grant funds or made disbursements

G-2023-14321

therefrom, Grantee agrees to provide a copy of those audited financial statements within two weeks of the acceptance of the audit by the Grantee's Board of Directors.

- VII. PUBLICITY.** To help the public gain awareness, both of this project and the Foundation's work, we request that you recognize the Foundation's contribution, where appropriate, on signage, brochures, web site or publicity you generate about your project. Please contact the Foundation's communications staff at 218-326-0523 for questions about developing public awareness of your grant or to obtain logos as you may need them.

In addition, the Foundation regularly communicates with its many stakeholders and audiences about its grant activities. As part of this effort, Foundation staff may wish to obtain additional information about and/or photograph/videotape various aspects of your project for use in Foundation communications tools. These may include the Foundation Web site, public reports including the annual report, news releases, brochures or other printed materials and board tours. Foundation staff would contact and coordinate with the key contact listed on the grant application to make arrangements.

- VIII. WITHHOLDING OF FUNDS - TERMINATION.** This Agreement may be terminated at any time by either party in writing. Any use by the Grantee of the grant proceeds for any purpose other than as specified herein will terminate the Foundation's obligation to make further payments under this Agreement. In addition, the Foundation may, at its sole option, terminate this Agreement at any time if:

- (A) Grantee receives notice of any proposed revocation of Grantee's tax-exempt status or reclassification to other than *nonprivate* foundation status by the Internal Revenue Service or if Grantee loses status as an organization in good standing with any State authority.
- (B) In the Foundation's judgment, Grantee becomes unable to carry out the purposes of the grant, ceases to be an appropriate means of accomplishing the purposes of the grant, or fails to comply with conditions in this Agreement.
- (C) The Foundation reserves the right as to any moneys not yet paid under this Agreement, to withhold payment if the Grantee fails to submit to it any report or reports required hereunder. Said withheld payment or payments may be later released, but only at the discretion of the Foundation. Upon final termination of this Agreement, the Grantee shall promptly, upon the request of the Foundation, repay to the Foundation all expected grant funds, and the Grantee shall not be entitled to any further funds under this grant.

- IX. NON-WAIVER BY CONDUCT.** The failure of either party to complain of any default by the other party or to enforce any of such party's rights, no matter how long such failure may continue, will not constitute a waiver of the party's rights under this Agreement. The waiver by either party of any breach of any provision of this Agreement shall not be construed as a waiver of any subsequent breach of the same or any other provision. No part of this Agreement may be waived except by the further written agreement of the parties.

G-2023-14321

- X. LIABILITY AND INDEMNITY.** The Foundation does not assume any liability or responsibility for the actions of the Grantee in carrying out the purposes of the grant. Grantee shall defend, indemnify and hold harmless the Foundation and the Foundation's directors, officers, employees, affiliates, agents, successors, and assigns from any and all liability, losses, damages, claims, demands, actions, causes of actions, attorney's fees, cost, expenses of whatever nature arising directly or indirectly from, or relating to this Agreement.
- XI. GOVERNING LAW AND VENUE; ENTIRE AGREEMENT.** This Agreement and any executed amendments hereto shall be governed by the laws of the State of Minnesota. Venue for all legal proceedings arising out of this Agreement, or breach thereof, shall be in a court of competent jurisdiction in Itasca County. This Agreement, with any executed amendments, constitutes the entire agreement between the parties with regard to the matters set forth herein.
- XII. COPYRIGHTS, PATENTS AND PROPERTY RIGHTS.** If it is anticipated that intellectual property issues will result from this grant, specific understandings should be negotiated as part of this Agreement. Unless otherwise agreed, intellectual property rights resulting from the grant may be copyrighted by grantee subject to the right of first refusal to copyright such materials by the Foundation. In regard to personal and real property acquired with grant proceeds, it is expected that in the event of a grantee ceasing to use such property for the purposes outlined in this Agreement, that such property or the proceeds from sale or lease of said property be directed to a consistent charitable purpose in the same geographic area.
- XIII. AUTHORIZATION OF GRANTEE.** The Grantee warrants and represents that (i) it is authorized to enter into and legally is able to perform all obligations imposed on and entered in this Agreement and (ii) this Agreement shall bind any of its successors or assigns.
- XIV. AMENDMENT.** This Agreement may not be modified or amended except by written instrument signed by both parties to this Agreement.

GRAND RAPIDS ECONOMIC DEV. AUTHORITY

BLANDIN FOUNDATION

\_\_\_\_\_  
Signature of Officer\_\_\_\_\_  
Director of Community Development\_\_\_\_\_  
Title

DocuSigned by:

\_\_\_\_\_  
Kyle Erickson, Program Officer

**Certificate Of Completion**

Envelope Id: E4E81E9D4EF84802A7334B4E85F64FE0

Status: Delivered

Subject: Complete with DocuSign: Grant Agreement - GREDA - Downtown Building Improvement Loan Program.doc

Source Envelope:

Document Pages: 6

Signatures: 2

Envelope Originator:

Certificate Pages: 2

Initials: 0

LuAnn Robinson

AutoNav: Enabled

100 North Pokegama Avenue

Envelopeld Stamping: Enabled

Grand Rapids, MN 55744

Time Zone: (UTC-06:00) Central Time (US &amp; Canada)

lrobinson@blandinfoundation.org

IP Address: 206.145.1.1

**Record Tracking**

Status: Original

Holder: LuAnn Robinson

Location: DocuSign

4/6/2023 1:17:39 PM

lrobinson@blandinfoundation.org

**Signer Events****Signature****Timestamp**

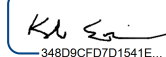
Kyle Erickson

kherickson@blandinfoundation.org

Charles K. Blandin Foundation

Security Level: Email, Account Authentication  
(None)

DocuSigned by:

  
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Sent: 4/6/2023 1:18:55 PM

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Signed: 4/7/2023 1:33:40 PM

Signature Adoption: Drawn on Device

Using IP Address: 206.145.1.1

**Electronic Record and Signature Disclosure:**

Not Offered via DocuSign

Robert Mattei

rmattei@ci.grand-rapids.mn.us

Director of Community Development

Security Level: Email, Account Authentication  
(None)

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Viewed: 4/10/2023 1:26:45 PM

**Electronic Record and Signature Disclosure:**

Not Offered via DocuSign

**In Person Signer Events****Signature****Timestamp****Editor Delivery Events****Status****Timestamp****Agent Delivery Events****Status****Timestamp****Intermediary Delivery Events****Status****Timestamp****Certified Delivery Events****Status****Timestamp****Carbon Copy Events****Status****Timestamp****Witness Events****Signature****Timestamp****Notary Events****Signature****Timestamp****Envelope Summary Events****Status****Timestamps**

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Security Checked

4/7/2023 9:00:58 AM

Certified Delivered

Security Checked

4/10/2023 1:26:45 PM







## REQUEST FOR GRAND RAPIDS EDA ACTION

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**AGENDA DATE:** April 13, 2023

**STATEMENT OF ISSUE:** Consider approval of a proposal from LHB for TIF analysis of the building at 316 N. Pokegama Avenue

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

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### **BACKGROUND:**

Staff has been working with a party interested in considering a project that would involve a significant renovation of the building located at 316 N. Pokegama Avenue for the purpose of establishing a new business in the Downtown.

As we know, the purchase and renovation/rehabilitation of older structures presents some significant additional cost challenges. The primary tool that is used by municipalities to help overcome those challenges and promote private investment in these older structures and reverse the negative long term impacts of blight is the use of a TIF Redevelopment District. The City and GREDA used this tool to achieve the redevelopment of the block immediately south of Central School and the former Sawmill Inn property.

Staff has presented to the prospective investor information on this and other programs available in the City and the Region, but for the TIF Redevelopment District option to be seriously considered, it must be determined that the parcel and building meets the minimum statutory standards for lot coverage and building conditions that qualify it.

The attached proposal from LHB, a firm that we've used with significant experience in this analysis, is broken down into two phases. The first phase involves an inspection and determination if the building meets these statutory standards, for a fee not to exceed \$3,200. If it doesn't meet the standards we will not proceed with the full scope of services, which includes the report for a total fee not to exceed \$5,200.

### **RECOMMENDATION:**

**REQUIRED ACTION:** Adopt a motion approving a proposal from LHB for TIF analysis of the building at 316 N. Pokegama Avenue

April 10, 2023

Rob Mattei  
Director of Community Development  
City of Grand Rapids  
420 North Pokegama Avenue  
Grand Rapids, MN 55744

## AGREEMENT FOR INVESTIGATIVE SERVICES PLUEMERS BUILDING TIF ANALYSIS

Thank you for the opportunity to submit our proposal to provide a TIF analysis for the proposed Pluemer's Building 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 380 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. Two parcels with one commercial building 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 Two Hundred Dollars (\$5,200), including reimbursable expenses, for the inspection of the properties and reports.

The cost to inspect the building and determine if it is substandard will not exceed \$3,200.

## 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 2023 Standard Hourly Rate Schedule and 2023 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

CITY OF GRAND RAPIDS

Signature

Printed Name

Its:

Title

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