



GRAND RAPIDS ECONOMIC DEVELOPMENT AUTHORITY MEETING AGENDA

Thursday, October 27, 2022
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, October 27, 2022 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 October 13, 2022 regular meeting.

APPROVE CLAIMS

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

PRESENTATION

3. Itasca Economic Development Corporation Annual Report - Tamara Lowney

PUBLIC HEARING

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

BUSINESS

5. Consider adopting a resolution authorizing an application to the Minnesota Department of Employment and Economic Development (DEED) Minnesota Investment Fund (MIF) grant for the Arbor Wood Co. Project.
6. Consider the requested termination of the lease agreement with Visit Grand Rapids for Suite 201 of Central School.
7. Consider approval of a lease agreement with Story Art & Museum for Suite 201 of Central School

UPDATES

8. ASV Expansion

ADJOURN

MEMBERS & TERMS

Rick Blake - 12/31/2022 (with Council term)

Tasha Connelly - 12/31/2022 (with Council term)

Cory Jackson - 3/1/23

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, October 13, 2022
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, October 13, 2022 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 .*

Deletions:

Itasca Economic Development Corporation Annual Update-Tamara Lowney

Additions:

Consider a revised contract with LHB

Consider authorizing payment to First American Title in the amount of \$27,773.25

APPROVE MINUTES

1. Consider approval of minutes from the September 22,2022 regular meeting.

Motion by Commissioner Connelly, second by Commissioner Hodnik to approve the minutes from the September 22, 2022 regular meeting. The following voted in favor thereof: Hodnik, Bruns, Connelly, S. Blake, R. Blake. Opposed: None, passed unanimously.

APPROVE CLAIMS

2. Consider approval of claims in the amount of \$17,870.00.

Motion by Commissioner Connelly, second by Commissioner Bruns to approve claims in the amount of \$17,870.00. The following voted in favor thereof: R. Blake, S. Blake, Connelly, Bruns, Hodnik. Opposed: None, passed unanimously.

BUSINESS

3. Itasca Economic Development Corporation Annual Update - Tamara Lowney

This item was removed from the agenda.

4. Consider approval of Amendment 1 to the professional services contract with SRF Consulting Group for the development of an updated Downtown Plan.

The Blandin Foundation indicated they would consider a request for additional assistance to support expanded public engagement activities. The additional services with labor and expenses is \$13,406.75 with a revised contract amount of \$101,176.00. The grant agreement with the Blandin Foundation will fund the entire amount of the additional services.

Motion by Commissioner R. Blake, second by Commissioner Hodnik to approve amendment 1 to the professional service contract with SRF Consulting Group for the development of an update Downtown Plan.

5. Consider approval of a Blandin Foundation grant for additional public engagement activities in the development of the updated Downtown Plan and authorize the Executive Director to execute the grant agreement.

The Blandin Foundation has approved a second grant in the amount of \$13,400 for additional public engagement activities.

Motion by Commissioner Bruns, second by Commissioner R. Blake to approve a Blandin Foundation grant in the amount of \$13,400 and authorize the Executive Director to execute the grant agreement. The following voted in favor thereof: Hodnik, Bruns, Connelly, S. Blake, Jackson, R. Blake. Opposed: None, passed unanimously.

Consider revised LHB agreement for additional services not to exceed \$9,600.

Motion by Commissioner Connelly, second by Commissioner Jackson to approve a revised agreement with LHB not to exceed \$9,600. The following voted in favor thereof: R. Blake, Jackson, S. Blake, Connelly, Bruns, Hodnik. Opposed: None, passed unanimously.

Consider authorizing payment to First American Title in the amount of \$27,773.25.

Motion by Commissioner Bruns, second by Commissioner Hodnik to approve approve payment to First American Title in the amount of \$27,773.25. The following voted in favor thereof: Hodnik, Bruns, Connelly, S. Blake, Jackson, R. Blake. Opposed: None, passed unanimously.

UPDATES

6. Arbor Wood Project

Staff has had continued meetings with Arbor Wood. The project would create 8 full time positions, they are looking to secure an IRRR Infrastructure grant and equipment loan as well as a MIF grant.

7. Voyageur Capital Group TIF Request

The bid package for the federal EDA infrastructure grant has been approved and bids will be opened on November 3, 2022.

8. Downtown Plan Update

There were two events held for public input and they were both well attended.

Commissioner Hodnik provided an update on the Hwy 2 corridor project- He will be meeting with a professor at UWS to review what a study for this project would entail.

ADJOURN

There being no further business the meeting adjourned at 4:43 p.m.

MEMBERS & TERMS

Rick Blake - 12/31/2022 (with Council term)

Tasha Connelly - 12/31/2022 (with Council term)

Cory Jackson - 3/1/23

Mike Korte - 3/1/24

Wayne Bruns - 3/1/25

Sholom Blake - 3/1/25

Al Hodnik - 3/1/27

DRAFT

DATE: 10/21/2022
 TIME: 10:48:52
 ID: AP443GR0.WOW

CITY OF GRAND RAPIDS
 DEPARTMENT SUMMARY REPORT

PAGE: 1

INVOICES DUE ON/BEFORE 10/27/2022

VENDOR #	NAME	AMOUNT DUE

EDA - CAPITAL PROJECTS		
AIRPORT SOUTH INDUSTRIAL PARKS		
T001171	FIRST AMERICAN TITLE	2,974.29
TOTAL AIRPORT SOUTH INDUSTRIAL PARKS		2,974.29
DWNNTOWN PLAN PJT-BLANDIN GRNT		
1900650	SRF CONSULTING GROUP INC	9,660.14
TOTAL DWNNTOWN PLAN PJT-BLANDIN GRNT		9,660.14
AINSWORTH FACILITY REDEVELPMNT		
0718060	GRAND RAPIDS HERALD REVIEW	413.75
TOTAL AINSWORTH FACILITY REDEVELPMNT		413.75
TOTAL UNPAID TO BE APPROVED IN THE SUM OF:		\$13,048.18
CHECKS ISSUED-PRIOR APPROVAL		
PRIOR APPROVAL		
1621130	P.U.C.	123.26
T001171	FIRST AMERICAN TITLE	27,773.25
TOTAL PRIOR APPROVAL ALLOWED IN THE SUM OF:		\$27,896.51
TOTAL ALL DEPARTMENTS		\$40,944.69



REQUEST FOR GRAND RAPIDS EDA ACTION

AGENDA DATE: October 27, 2022

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

PREPARED BY: Rob Mattei, Executive Director

BACKGROUND:

I will present the attached PowerPoint as background prior to GREDA conducting a public hearing to receive public comment pertaining to an application to the DEED MIF program. If awarded this grant from DEED, GREDA would use it to provide a no interest equipment loan to Arbor Wood Co. for equipment purchases needed for the establishment of their thermally modified wood product manufacturing plant within the Voyageur Capital Group building (former Ainsworth) at 502 W. Co. Rd. 63, Grand Rapids.

This public hearing is a requirement of the MIF program prior to application submittal.

RECOMMENDATION:

REQUIRED ACTION:

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



Public Hearing

**Grant Application to MN Dept. of Employment and Economic
Development (DEED)
Minnesota Investment Fund (MIF) Program
for
Arbor Wood Project**

October 27, 2022



■ **Company Background**

- [Arbor Wood Co. LLC](#) is a domestic provider of thermally modified siding, decking and dimensional lumber.
- Arbor Wood was originally formed in 2012 as subsidiary brand of Intectural, a Duluth based architectural materials distributor founded in 2010.
- Intectural was introduced to, and Arbor Wood was formed around the process of thermal modification of wood products by the Natural Resource Research Institute (NRRI), a branch of the University of Minnesota Duluth.
- Day to day operations of Arbor Wood Co. are overseen by Jon Heyesen, Founder and CEO and Kelly Bartz, Founder and COO.
- Arbor Wood presently outsources the thermal modification of their products to three plants based in the United States and one milling facility based in Hermantown, MN.
- The proposed project will vertically integrate Arbor Wood Co. as a manufacturer of thermally modified wood products. The integration of manufacturing will allow the company to alleviate/improve supply chain, quality control, logistics and inventory issues as well as lower the cost of goods sold.





■ **Project Description & Schedule**

- **The proposed project involves a renovation of a 48,000 square foot space in the southeast corner of the former Ainsworth Plant at 502 W. County Road 63 in Grand Rapids by the owner, Voyageur Capital Group (VCG) of International Falls, MN.**
- **The proposed renovation of the space by VCG will include: the infill of one existing loading dock, construction of an office and conference room area, restrooms, energy upgrades, roof repairs, exterior painting, mechanical and electrical upgrades, demising wall and sprinkler systems. Tenant Buildout = \$2.0MM**
- **In addition, VCG will connect this space to the sanitary sewer and water service to be provided by the City Infrastructure Project. The cost of this and other site improvements for this project = \$800,000.**
- **Arbor Wood will lease this space from VCG, who is also an investor/owner in Arbor Wood.**
 - **Arbor Wood equip their manufacturing operation by the purchase and installation of an: autoclave, milling equipment (optimizer, moulder, end matcher and gang rip saw), dust collection and fork lifts. Total Equipment Budget = \$3.2MM**
- **The proposed tenant buildout is scheduled to begin in December 2022. Delivery of equipment and site improvements will occur up until May/June of 2023. Startup of Arbor Wood operation in June/July 2023.**



▪ **Projected New Employment**

- The proposed project involves the creation of both hourly and salaried positions in Grand Rapids within the first two years of operation. The proposed addition of direct jobs will result in annual payroll increase of approximately \$430,000.
- Arbor Wood provides health care benefits to their employees. In addition to the current 4 positions employed by Arbor Wood, the following positions would be added with this project.

	Number of Positions	Hourly Cash Wage W/O Benefits	Hourly Value of Benefits	Total Hourly Compensation
Production Manager/Autoclave Lead	1	\$38.50	\$6.00	\$44.50
Autoclave Lead	1	\$25.00	\$6.00	\$31.00
Work Center Lead	2	\$25.00	\$6.00	\$31.00
General Laborer	3	\$17.00	\$6.00	\$23.00

- These new jobs will have an average hourly wage of \$23.50/hour. The average hourly benefits will have a value of \$6.00/hour.



▪ **Project Cost/Sources/Uses of Funds**

- The following represents the anticipated sources of funds and their proposed use. (Not all sources of economic development assistance shown have been applied for, to date)

Expense Description	MIF	Bank	Arbor Wood	City TIF	IRRR	Total
Site Work Construction	Proposed MIF Loan		\$375,900		\$500,000	\$875,900
Building Renovation		\$1,695,600	\$388,700	\$425,000		\$2,509,300
Purchase of M&E	\$232,000	\$804,400	\$745,500		\$1,200,000	2,981,900
	\$232,000	\$2,500,000	\$1,510,100	\$425,000	\$1,700,000	\$6,367,100



- **MN DEED/GREDA Minnesota Investment Loan (MIF) Loan**

- **The proposed project qualifies for the DEED MIF Program. Under the MIF program:**
 - **GREDA would submit an application for a \$232,000 grant from DEED**
 - **When approved by DEED, GREDA will execute a grant contract with DEED and use the grant proceeds to provide a \$232,000 equipment loan to Arbor Wood.**
- **Proposed Loan Terms:**
 - **0% interest, 7 year term.**



- **City Council**

- At their October 10 meeting, the City Council adopted a resolution in support of GREDA's application for MIF funding.

- **GREDA Public Hearing**

- The purpose of today's public hearing is to give the public an opportunity to express comments on the project. It is a requirement of the MIF program.
- A notice of this meeting was published in the Grand Rapids Herald Review on October 5.



Questions/Comments



REQUEST FOR GRAND RAPIDS EDA ACTION

AGENDA DATE: October 27, 2022

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

PREPARED BY: Rob Mattei, Executive Director

BACKGROUND:

Considering the facts presented at the preceding public hearing and any public input received, GREDA can consider authorizing a grant application to the Minnesota Department of Employment and Economic Development (DEED) Minnesota Investment Fund (MIF) grant for the Arbor Wood Co. Project.

RECOMMENDATION:

REQUIRED ACTION: Adopt a motion approving a resolution authorizing an application to the Minnesota Department of Employment and Economic Development (DEED) Minnesota Investment Fund (MIF) grant for the Arbor Wood Co. Project.

Grand Rapids Economic Development Authority Commissioner

introduced the following resolution and moved for its adoption:

**GRAND RAPIDS ECONOMIC DEVELOPMENT AUTHORITY
RESOLUTION NO. 22-**

**A RESOLUTION AUTHORIZING A MINNESOTA INVESTMENT FUND
APPLICATION FOR THE ARBOR WOOD PROJECT**

BE IT RESOLVED that the Grand Rapids Economic Development Authority act as the legal sponsor for the project contained in the Minnesota Investment Fund Application to be submitted on or about November 1, 2022 and that the Grand Rapids Economic Development Authority President and Executive Director are hereby authorized to apply to the Department of Employment and Economic Development for funding of this project on behalf of the Grand Rapids Economic Development Authority.

BE IT FURTHER RESOLVED that the Grand Rapid Economic Development Authority has the legal authority to apply for financial assistance, and the institutional, managerial and financial capability to administer the proposed project.

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

BE IT FURTHER RESOLVED that upon approval of its application by the State, the Grand Rapids Economic Development Authority may enter into a Grant Contract with the State of Minnesota for the approved project, and that the Grand Rapids Economic Development Authority certifies that it will comply with all applicable laws, statutes, regulations and rules as stated in the Grant Contract and described in the Project Compliance Certification of the Application.

AS APPLICABLE, BE IT FURTHER RESOLVED that the Grand Rapids Economic Development Authority has obtained available records and completed a business credit analysis of Arbor Wood Co., LLC. Upon review by the Grand Rapids Economic Development Authority, no significant adverse findings or credit worthiness concerns regarding but not limited to tax liens, judgements, court actions and filings with regulatory agencies were identified. Failure to disclose such adverse information could result in revocation or other legal action.

NOW, THEREFORE BE IT RESOLVED that the Grand Rapids Economic Development Authority President and Executive Director, or their successors in office, are hereby authorized to execute the Grant Contract and amendments, thereto, as are necessary to implement the project on behalf of the Grand Rapids Economic Development Authority.

I CERTIFY THAT the above resolution was adopted by the Grand Rapids Economic Development Authority on October 27, 2022.

SIGNED:

WITNESSETH:

President, Grand Rapids EDA

Executive Director

Date

Date

Commissioner
favor thereof:
whereby the resolution was declared duly passed and adopted.

seconded the foregoing resolution and the following voted in
and the following voted against same: none,



REQUEST FOR GRAND RAPIDS EDA ACTION

AGENDA DATE: October 27, 2022

STATEMENT OF ISSUE: Consider the requested termination of the lease agreement with Visit Grand Rapids for Suite 201 of Central School.

PREPARED BY: Rob Mattei, Executive Director

BACKGROUND:

Visit Grand Rapids (VGR) has a lease agreement with GREDA for Suite 201 of Central School with a term that expires on December 31, 2022. VGR had previously notified us that they would not be renewing the lease for 2023, due to a decision by their Board to conduct the VGR work remotely.

With Story Art Museum's desire to lease Suite 201 for the remainder of 2022, and possibly beyond pending the outcome of a grant request, VGR has requested the early termination of their lease.

RECOMMENDATION:

REQUIRED ACTION: Pass a motion approving the termination of the lease agreement with Visit Grand Rapids for Suite 201 of Central School.



10 NW 5th Street, Suite 201 • Grand Rapids, MN 55744
Phone: 218-326-9607 • Website: www.visitgrandrapids.com

October 18, 2022

Grand Rapids Economic Development Authority
420 N Pokegama Ave
Grand Rapids, MN 55744

To Whom It May Concern:

At the August 2022 Board of Directors Meeting, it was determined that VGR will no longer have an office in town and approved for the VGR work to be conducted out of my home. It was Visit Grand Rapids' intent to pay for the monthly lease through December 31, 2022.

It has been brought to our attention that Story Art Museum is interested in taking over Suite 201 lease effective November 1, 2022. Therefore, Visit Grand Rapids is giving notice of termination of Suite 201 lease effective October 31, 2022.

Thank you,

Megan Christianson
Executive Director
Visit Grand Rapids



REQUEST FOR GRAND RAPIDS EDA ACTION

AGENDA DATE: October 27, 2022

STATEMENT OF ISSUE: Consider approval of a lease agreement with Story Art & Museum for Suite 201 of Central School

PREPARED BY: Rob Mattei, Executive Director

BACKGROUND:

Story Art & Museum currently holds a lease with GREDA for Suite 212 of Central School. Story Art would like to expand their use in the building and has requested a lease of Suite 201 for the final two months of 2022. They have indicated that they have a grant request under consideration that would, if approved, allow them to renew the lease of Suite 201 for 2023.

Other than the two-month term, the proposed lease is consistent with the standard agreement and rental rates.

RECOMMENDATION:

REQUIRED ACTION: Adopt a motion approving a lease agreement with Story Art & Museum 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 **Story Art & Museum**, a Minnesota non-profit corporation, hereinafter referred to as "Lessee", entered into this **27th day of October, 2022**.

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 **November 1, 2022** and shall continue through **December 31, 2022** 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 years **2022** 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 **November, 2022** and continuing on the first day of each month thereafter through **December 31, 2022**. 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:	Heidi Wick Story Art & Museum 10 NW 5 th St., Suite 212 Grand Rapids, MN 55744
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:

Story Art & Museum

BY: Heidi Wick

Its Chief Executive Officer

Date: _____

Exhibit A – Location in the Building

Visit Grand Rapids is located on the Second Floor in the Southeast Room (Suite 201) consisting of a total of 860 square feet.

Exhibit B – Use of Space

Story Art & Museum is a community center/museum with exhibits that feature the story and historical figures by Faith Wick with space dedicated to quiet, non-performative story art activities. The space will also include a museum gift shop with books and gift items related to the mission and exhibits of the museum.

Exhibit C – Improvements

None