



GRAND RAPIDS ECONOMIC DEVELOPMENT AUTHORITY MEETING AGENDA

Thursday, May 12, 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, May 12, 2022 at 4:00P.M.

CALL TO ORDER

CALL OF ROLL

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

APPROVE MINUTES

- [1.](#) Consider approval of the minutes from the April 28, 2022 regular meeting.

APPROVE CLAIMS

- [2.](#) Consider approval of claims in the amount of \$1,346.12.

BUSINESS

- [3.](#) Review and consider forwarding to the City Council the GREDA 2021 Annual Report
- [4.](#) Consider approval of a lease with Deb's Christian Crafts, LLC for Suite 102 of Central School

UPDATES

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, April 28, 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, April 28, 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 .*

The agenda was approved the with the following additions:

Update on the industrial spec building.
Update on the Cambium Development project.

APPROVE MINUTES

1. Consider approval of the minutes from the March 24th, 2022 regular meeting and the March 31st and April 7th, 2022 special meetings.

Motion by Commissioner Connelly, second by Commissioner Bruns to approve the minutes from the March 24th, 2022 regular meeting and the March 31st and April 7th, 2022 special meetings. The following voted in favor thereof: R. Blake, Hodnik, Connelly, Bruns. Opposed: None, passed unanimously.

APPROVE CLAIMS

2. Consider approval of claims in the amount of \$326,021.37

Motion by Commissioner R. Blake, second by Commissioner Bruns top approve the claims in the amount of \$326,021.37. The following voted in favor thereof: Bruns, Connelly, Hodnik, R. Blake. Opposed: None, passed unanimously.

BUSINESS

3. Consider approval of a contract with SRF Consulting Group for professional planning services to complete a new Downtown Master Plan

Commissioner Jackson joined the meeting at 4:10 p.m.

GREDA issued an RFP for an updated Downtown Master Plan in early March. Four proposals were received by the following firms, LHB, HKGi, Asakura Robinson and SRF Consulting Group. Commissioner Connelly, Commissioner R. Blake, City Zoning Administrator Trast and Community Development Director Mattei reviewed the proposals and used a scoring matrix to rank them. The consensus was SRF Consulting Group had the best work plan and the other proposals did not address the requested market analysis/economic niche adequately or at all. The original proposal was for \$97,795.25 Mr. Mattei spoke with them and they were able to create some efficiencies in their work and revised their cost proposal to \$87,769.25. Based upon their review of the proposals the committee is recommending GREDA enter into a professional services contract with SRF Consulting Group.

Motion by Commissioner Connelly, second by Commissioner Bruns to approve a contract with SRF Consulting Group for professional planning services to complete a new Downtown Master Plan. The following voted in favor thereof: R. Blake, Jackson, Hodnik, Connelly, Bruns. Opposed: None, passed unanimously.

UPDATES

4. ASV Expansion Project

ASV applied for a grant from the DEED Job Creation Fund the application has moved to the public hearing portion of the process which is required. The DEED MIF application has been reviewed and will be forwarded on for approval. Mr. Mattei has arranged for a tour of ASV May 4th at 4:00 p.m. the Commissioners can meet on site in front of the main office.

5. Industrial Spec Building- MN Flexible is in need of a new location due to the IEDC entrepreneur incubator expansion. Mr. Mattei has shown them a couple of possible sites in the GREDA Industrial Park South. There is a developer who might do a build to suit project.

6. Cambium- Mr. Mattei has been working with Blandin on the submission of an IRRRB demo grant for the demolition of the Janicke Bakery building. The demo of that building would allow for more parking. Originally the thought was the City could lease spots however Mr. Mattei put Cambium in touch with Blandin and they are working on leasing directly from Blandin. New sewer and water service would also be needed at the Cambium site staff is looking at applying for a IRRRB Site Development Grant to help with those costs.

ADJOURN

There being no further business the meeting adjourned at 4:29 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

DETAILED EDA BILL LIST - MAY 12, 2022

Item 2.

DATE: 05/06/22
 TIME: 11:35:51
 ID: AP441000.WOW

CITY OF GRAND RAPIDS
 DETAIL BOARD REPORT

PAGE: 1

INVOICES DUE ON/BEFORE 05/12/2022

| INVOICE # | INVOICE DATE | ITEM # | DESCRIPTION | ACCOUNT # | P.O. # | PROJECT | DUE DATE | ITEM AMT |
|-----------|-----------------------------|--------|--------------------------------|-------------------|----------|---------|---------------------|----------|
| 1105530 | KENNEDY & GRAVEN, CHARTERED | | | | | | | |
| 167243 | 03/31/22 | 01 | VFW SITE MIXED USE REVELOPMENT | 427-31-00-00-3040 | 20221165 | | 05/12/22 | 242.00 |
| | | | LEGAL | | | | | |
| | | | | | | | INVOICE TOTAL: | 242.00 |
| | | | | | | | VENDOR TOTAL: | 242.00 |
| 1309170 | MN DEED | | | | | | | |
| E | 05/02/22 | 01 | ASV MAY CDAP-17-00012-H-FY18 | 999-99-00-00-1000 | | | 05/12/22 | 1,000.00 |
| | | | HOLDING ACCOUNT | | | | | |
| | | | | | | | INVOICE TOTAL: | 1,000.00 |
| | | | | | | | VENDOR TOTAL: | 1,000.00 |
| 1621130 | P.U.C. | | | | | | | |
| E | 05/02/22 | 01 | KENT PROP MAY ELC-EDA | 999-99-00-00-1000 | | | 05/12/22 | 76.37 |
| | | | HOLDING ACCOUNT | | | | | |
| | | 02 | KENT PROP MAY SWU-EDA | 999-99-00-00-1000 | | | | 8.75 |
| | | | HOLDING ACCOUNT | | | | | |
| | | 03 | KENT SHOP MAY ELC-EDA | 999-99-00-00-1000 | | | | 10.25 |
| | | | HOLDING ACCOUNT | | | | | |
| | | 04 | KENT SHOP MAY SWU-EDA | 999-99-00-00-1000 | | | | 8.75 |
| | | | HOLDING ACCOUNT | | | | | |
| | | | | | | | INVOICE TOTAL: | 104.12 |
| | | | | | | | VENDOR TOTAL: | 104.12 |
| | | | | | | | TOTAL ALL INVOICES: | 1,346.12 |



REQUEST FOR GRAND RAPIDS EDA ACTION

AGENDA DATE: April 12, 2022

STATEMENT OF ISSUE: Review and consider forwarding to the City Council the GREDA 2021 Annual Report

PREPARED BY: Rob Mattei, Executive Director

BACKGROUND:

The Bylaws of the Grand Rapids Economic Development Authority echo Minnesota Statute 469.100 by requiring that: “GREDA shall prepare an annual report describing its activities and providing an accurate statement of its financial condition, together with additional matters and recommendations it deems advisable for the economic development of the City of Grand Rapids”

RECOMMENDATION:

REQUIRED ACTION: Pass a motion forwarding to the City Council the GREDA 2021 Annual Report.

Grand Rapids Economic Development Authority

2021 Annual Report



Prepared by:

Rob Mattei
Director of Community Development
GREDA Executive Director

Table of Contents

| | |
|---|-------|
| Mission | 3 |
| Governance | 3 |
| Development Property Assets | 4-7 |
| Business Assistance Programs | 8 |
| Additional Project Funding | 9 |
| Business Retention and Attraction | 10 |
| Summary of 2021 Activities | 11-13 |
| GREDA Financial Summary - Operating Budget | 14 |
| GREDA Financial Summary - Capital Projects Budget | 15 |
| 2022 GREDA Work Plan | 16-20 |



Mission

The Mission of the Grand Rapids Economic Development Authority (GREDA) is to advance the growth of our local economy through efforts focused on business recruitment, retention and expansion.

As the City's economic development agent, GREDA strives to provide a high level of service, in order to encourage economic investment and prosperity in the City of Grand Rapids and the surrounding region. GREDA works closely with businesses to: identify creative solutions to challenging problems, generate enhanced opportunities for growth, and help them achieve their short- and long-term goals.

Governance

The Grand Rapids Economic Development Authority is a public body governed by Minnesota Statute chapter 469, and Enabling Resolutions enacted by the City Council of the City of Grand Rapids.

The management of all of the affairs, property and business of GREDA is vested in a Board of Commissioners consisting of 7 persons, 2 of which must be members of the City Council. GREDA annually elects its Officers, which include a President, Vice President, Secretary/Treasurer, and Asst. Treasurer. Staff support is provided to GREDA primarily through the Community Development Department, with the Director of Community Development acting as the GREDA Executive Director, and with the Community Development Administrative Assistant acting as the Recorder.

The GREDA Board of Commissioners includes the following volunteers:

| Member | Position | Affiliation/Occupation | Term Expires |
|----------------|------------------|---|---------------------------------------|
| Sholom Blake | President | Private Business Owner/CPA | 3/1/25 |
| Tasha Connelly | Commissioner | City Council/Student Support Specialist | 12/31/22 Concurrent with Council Term |
| Wayne Bruns | Commissioner | Banking Executive | 3/1/25 |
| Al Hodnik | Vice President | Ret. Business Executive | 3/1/27 |
| Cory Jackson | Secretary/Treas. | Business Financial Officer | 3/1/23 |
| Mike Korte | Commissioner | Economic Development Loan Officer | 3/1/24 |
| Rick Blake | Commissioner | City Council/Retired Elec. Engineer | 12/31/22 Concurrent with Council Term |

*The Director of City Finance serves as the Asst. Treasurer

Also providing valued service to the GREDA during 2021 was John O'Leary (serving on the GREDA from 2019-2021).

Article VII, Section 1, of the Bylaws of the Grand Rapids Economic Development Authority establishes that: "GREDA shall prepare an annual report describing its activities and providing an accurate statement of its financial condition, together with additional matters and recommendations it deems advisable for the economic development of the City of Grand Rapids."

This report summarizes GREDA's activities and financial condition for the year ending December 31, 2021.

Respectfully submitted,



 Sholom Blake, Grand Rapids EDA President



Development Property and Leasable Assets

Beginning in 1969, GREDA and its predecessor organization, the Grand Rapids Industrial Park Commission, have invested in the creation of four industrial park areas in Grand Rapids. Those industrial parks have become the home for 24 businesses, providing over 1,000 jobs in our community.

The attraction and location of industrial business in our community is pursued by GREDA within a competitive environment. Communities in the Arrowhead Region, including Grand Rapids, have had to counterbalance weaknesses, such as our distance from major market areas, by providing incentives to businesses for locating in our community. A primary means of providing that incentive involves providing development sites for business location at a competitive rate, most often below actual cost.

GREDA has also actively pursued the development of underutilized properties in the Downtown and Mississippi Riverfront areas. As examples, the GREDA has sold land, which has led to the development of the Glorvigen office building, KAXE Northern Public Radio station, and the Rapids Brewing project. The GREDA also exercised their authority to purchase and sell lands in support of the private redevelopment of Block 37, located at the corner of TH 2 and TH 169. The GREDA currently owns property in Blocks 20 & 21, immediately north of the Library, which they continue to market to developers interested in creating professional office, residential and other compatible uses. The GREDA also owns and markets for sale and development the former North Country Recycling property, a site referred to as the Block 5 Site. GREDA also acquired the VFW/Rose properties within Block 18 downtown, following the fire that destroyed those buildings in March of 2020.

Land Inventory Summary:

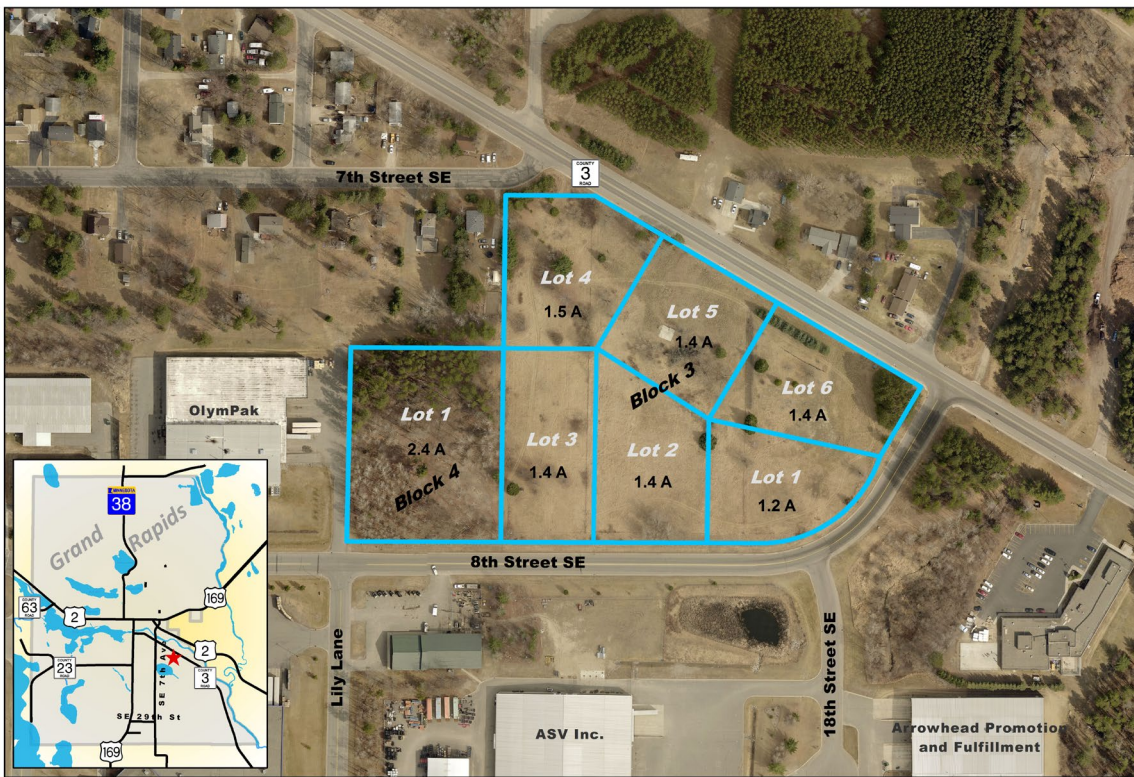
| Site Description | Number of Developable Lots (GREDA Owned) | <u>Acreage Total</u> |
|---|---|-----------------------------|
| Industrial Park Two | 1 | 2.38 |
| Industrial Park East | 6 | 8.30 |
| Airport South Industrial Park — Phase 1 & 2 | 11 | 17.61 |
| Airport Property (unplatted) | 1 | 20.0 |
| Blocks 20 & 21 Riverfront Dev. Site | 1 | 1.46 |
| Block 5 Riverfront Dev. Site | 1 | 1.8 |
| Block 18 — Downtown Site | 1 | 0.16 |
| Totals: | 22 | 51.71 |

Central School:

The City redeveloped Central School in 1983 and has since operated it as a multi-tenant leased space for a mixture of commercial retail and office uses. Central School contains 15 suites totaling 10,250 square feet of leasable space. In 2014, the City Council tasked GREDA with the management of leasing. At the time of this report, 49% of the Central School space is occupied.



Grand Rapids Industrial Park East

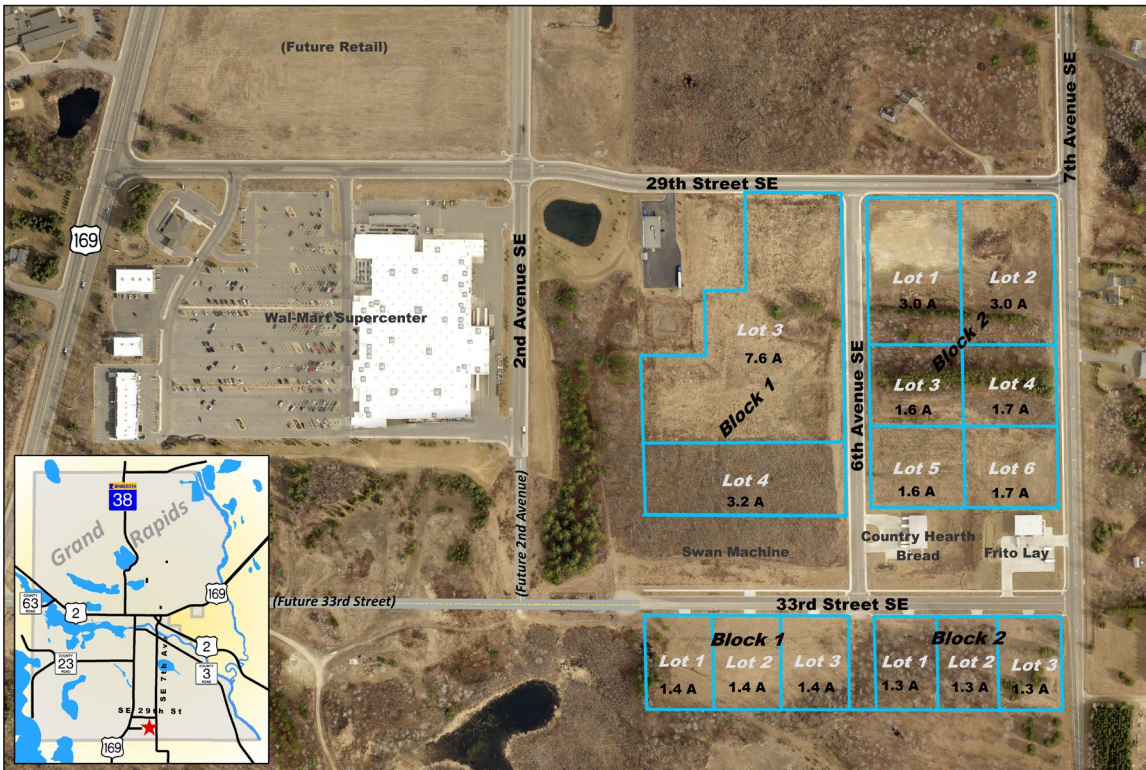


300 150 0 300 Feet

Legend

Available Lot(s)

Grand Rapids Airport South Industrial Park: Phases I & II



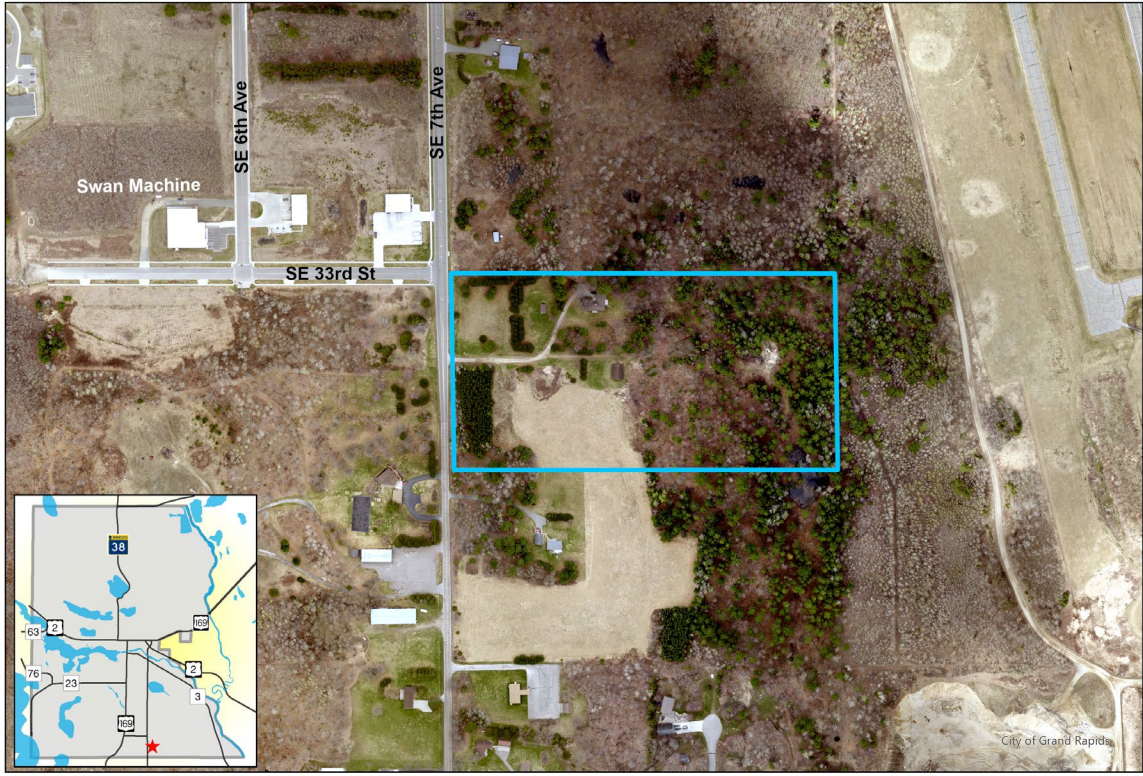
500 250 0 500 Feet

Legend

Available Lot(s)



Grand Rapids Airport Property (unplatted)



0 125 250 500 750 1,000 Feet

Legend

Available Lot(s)

Grand Rapids "Blocks 20 & 21" and "Block 5" Commercial Sites

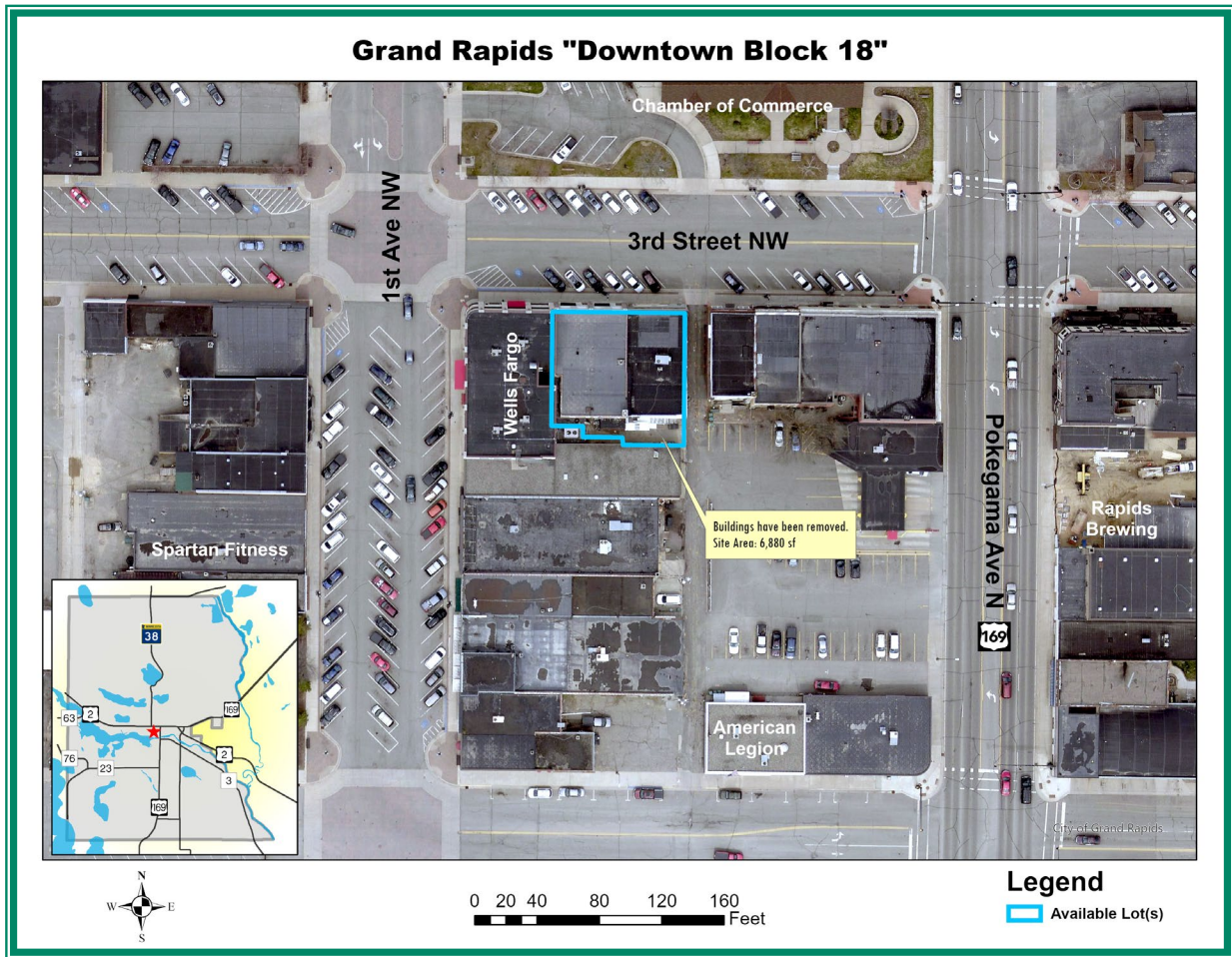


0 50 100 200 300 400 Feet

Legend

Available Lot(s)





Business Assistance Programs

In order to meet business' needs, GREDA commonly pools their resources together with those of other local, state and federal economic development agencies. Examples of those business assistance programs are listed in the following table:

| Source | Program |
|--|--|
| Federal EDA | <ul style="list-style-type: none"> ▪ Public Works Grant ▪ Economic Adjustment Grant ▪ Economic Development Planning Grant |
| Iron Range Resources and Rehabilitation Board | <ul style="list-style-type: none"> ▪ Commercial Redevelopment Program ▪ Development Infrastructure Program ▪ Business Financing |
| Department of Employment and Economic Development (DEED) | <ul style="list-style-type: none"> ▪ Business Development Public Infrastructure Grant ▪ Minnesota Investment Fund ▪ Small Cities Development Program ▪ Job Creation Fund ▪ Redevelopment Grant Program ▪ Contamination Investigation and Cleanup ▪ Job Skills Partnership Program |
| Itasca Economic Development Corporation (IEDC) | <ul style="list-style-type: none"> ▪ Building Development Loan Program |
| City of Grand Rapids | <ul style="list-style-type: none"> ▪ Tax Increment Financing ▪ Tax Abatement |

Commercial Building Improvement Loan (CBIL) Program - In certain situations, the underwriting standards used by private financial institutions would constrain their willingness or ability to provide a complete, attractive, financing package to a small business seeking to invest in property improvements. GREDA has created and maintains a revolving loan fund, named the Commercial Building Improvement Loan (CBIL) Program, which is intended to leverage private sector investment. The GREDA CBIL Program fills this capital market void by providing below market rate financing to eligible commercial enterprises within the City of Grand Rapids.

The CBIL is intended primarily to help building owners and tenants improve the appearance and function of their existing buildings. Secondary benefits of the CBIL program include: the removal of blight, increased competitiveness, strengthening of the tax base and improved viability of small businesses in the Grand Rapids commercial districts.

Eligible improvements to any retail/commercial building or site are qualified for consideration under the CBIL, within the following business zones: (LB, GB, CBD, SGB, SLB, I-1, SI-1). Program funds may be used for: building construction and expansion, building renovation and remodeling, landscaping and parking lot improvements and signage.

Thousand Lakes Sporting Goods

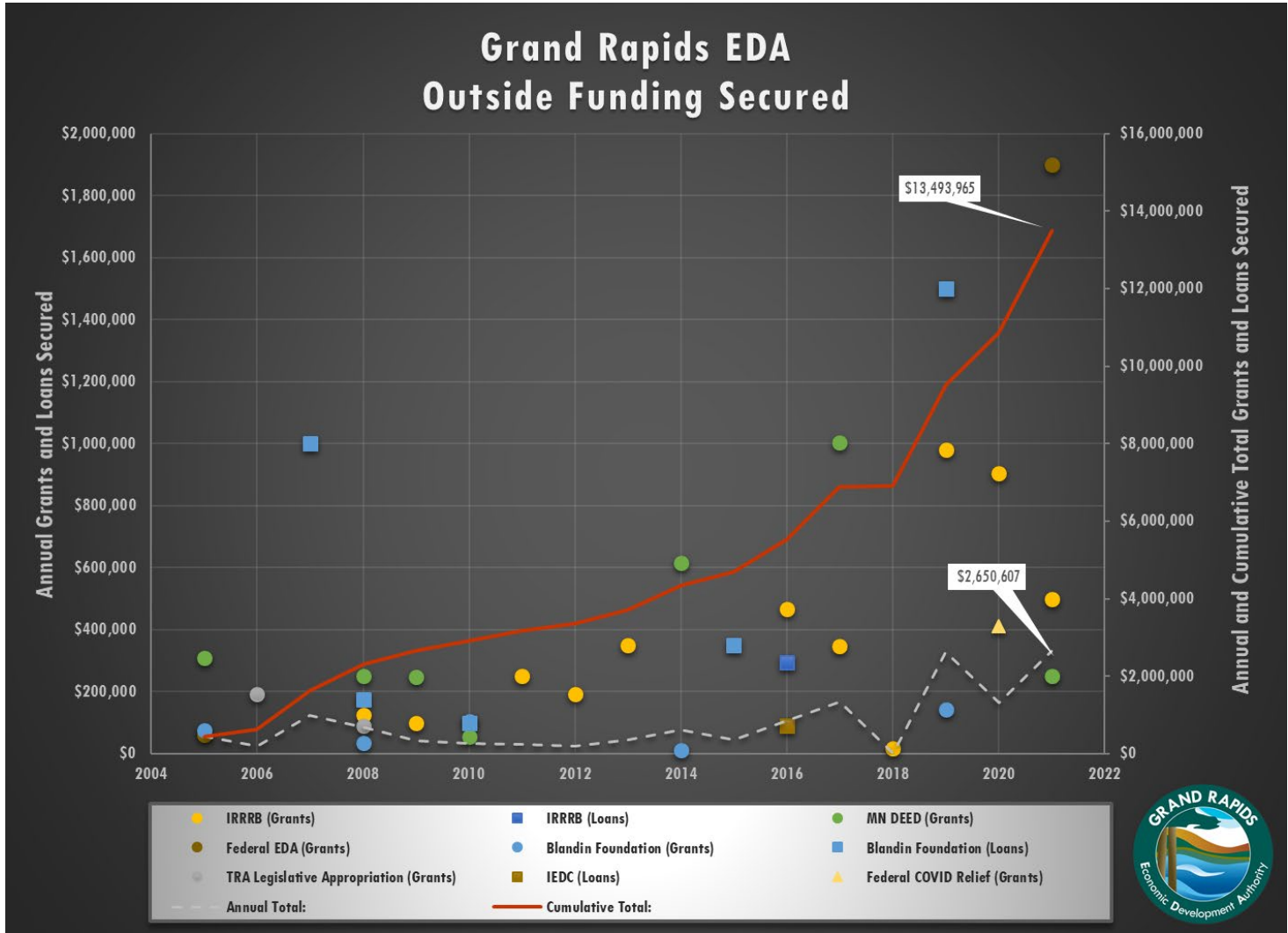


The Commercial Building Improvement Loan Program funds may finance up to 75% of the project cost, or \$40,000, which ever may be less. The interest rate for improvement loans is currently set at two percent (2%), with a maximum term of 5 years. Loans are amortized over a twenty year period with a balloon payment due at the end of the term, with no penalty for early payment.

There currently is a portfolio of nineteen loans with a combined principal loan amount of \$613,693.



The following chart provides an sixteen year history of the outside funding secured by GREDA:



GREDA views regular interaction with resident companies, such as through a Business Retention and Expansion (BRE) program of structured interviews, as an important component of the Grand Rapids area economic development action plan. The importance of BRE is highlighted by a well-known statistic: “up to 80 percent of new jobs and capital investment in any community is generated by existing businesses”.¹

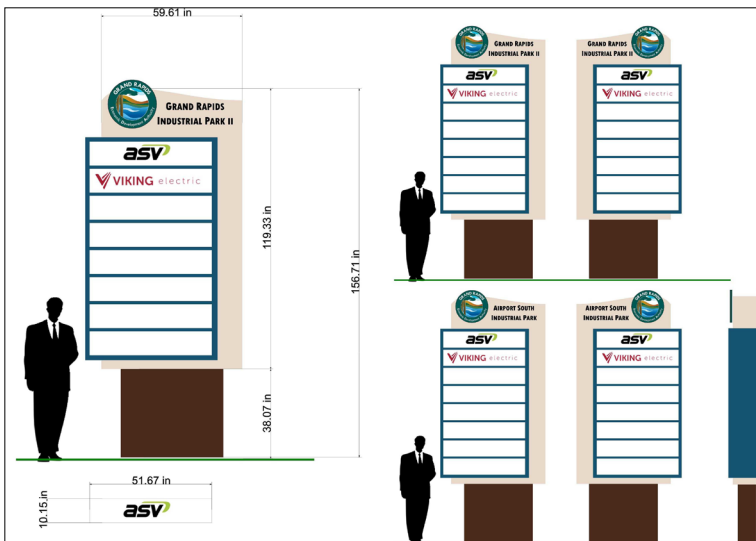
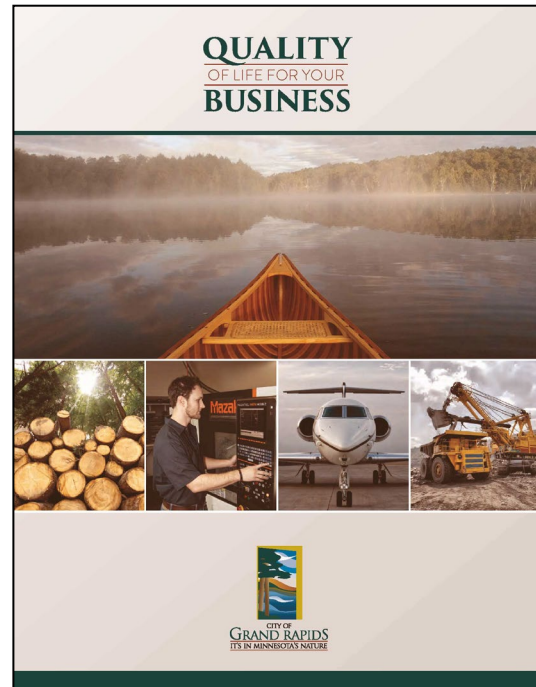
GREDA supports and is directly involved in renewed efforts between the Grand Rapids Area Chamber of Commerce and Itasca Economic Development Corporation in the expanded implementation of their “Grow Itasca” BRE program. The information collected through the business interviews done by the Grow Itasca group, assist GREDA in better understanding and serving our local business’ needs.

This is not to say, however, that GREDA disregards the value of business attraction efforts, as evidenced by their expanding industrial park areas. With a well-rounded inventory of sites to offer, GREDA has begun to dedicate additional resources to their marketing efforts, including:

- ❖ Updated electronic and printed brochures featuring their property
- ❖ An increased presence on the *northlandconnection.com* regional business portal
- ❖ The GREDA website launched in September 2011 at www.grandrapidseda.com with updated property listing/mapping functions added in 2018.
- ❖ GREDA twitter account launched October 2012: @GR_EconDevAuth
- ❖ Industrial Park entrance signs proposed in 2022



¹ “The Job Generation Process.” Dr. David Birch, MIT Economist



DEED Small Cities Development Program (SCDP) Grant

- ❖ GREDA completed implementation of their third DEED Comprehensive SCDP grant, awarded to the City over the last 10 years.
- ❖ In combination, these three SCDP grants have allowed GREDA to provide an additional \$665K of deferred/forgivable loans of up to \$32,000 to 23 commercial building rehabilitation projects in targeted areas of Grand Rapids.
- ❖ The recently completed SCDP program assisted in the rehabilitation of 10 commercial buildings and 23 owner-occupied single-family homes.



Redevelopment Loan Fund

- ❖ The Blandin Foundation has re-established a \$1,000,000 Program Related Investment (PRI) with GREDA for the Redevelopment Loan Fund.
- ❖ This fund allows timely access to short-term bridge and gap financing for commercial acquisitions and activities that lead the redevelopment of blighted/substandard/underutilized commercial property.
- ❖ The interest on each loan will be within a range of 0% to 0.25% over Prime, depending on project specifics and whether the loan is being made to GREDA or if GREDA is using the funds to make a loan to a private developer.

ASV/Yanmar Expansion Project

- ❖ For the past fourteen months staff has been in discussions with ASV/Yanmar officials, IRRR and DEED regarding business assistance to support a potential expansion that would add significant employment and capital investment in the Grand Rapids facility over the next four years.
- ❖ As authorized previously by the Council, staff has submitted a \$350,000 Development Infrastructure grant request to IRRR and supported a DEED Job Creation Fund request of \$850,000. GREDA has submitted a \$450,000 DEED Minnesota Investment Fund (MIF) request, which would come to GREDA as a grant for the purpose of providing a low interest loan with forgivable terms to ASV/Yanmar for equipment purchases.
- ❖ On April 5, 2022, IRRR approved the \$350,000 grant request and \$1,000,000 of low interest financing for equipment.
- ❖ This project is estimated to add over 300 direct jobs in the next four years and be a \$9.5M capital investment.



Voyageur Capital - Redevelopment of former Ainsworth OSB Plant

- ❖ Actively working with Voyageur Capital to coordinate the City's design of public infrastructure (sanitary sewer and water) to serve the 130-acre site and 400,000 sf facility, which will facilitate Voyageur's plans to redevelop the facility into a multi-tenant industrial/warehousing/distribution facility.
- ❖ Actively working with a prospective tenant, together with DEED and IRRR, on potential business assistance for the redevelopment and occupancy of space for a wood product industry.

Grand Rapids/Cohasset Infrastructure Extension

- ❖ Funding for the \$3.9M infrastructure project, which will extend sanitary sewer and water infrastructure to serve the former Ainsworth OSB Plant in Grand Rapids, as well as approximately 60 acres of undeveloped property in Cohasset owned by IEDC, came together in 2021.



| Grants | | Contributions | |
|----------------|--------------------|------------------|------------------|
| Federal EDA | \$1,901,000 | City of Cohasset | \$297,000 |
| MN DEED | \$250,000 | GRPUC | \$291,000 |
| MN IRRR | \$500,000 | IEDC | \$169,000 |
| Totals: | \$2,651,000 | | \$757,000 |

- ❖ Surveying and design work, which began in the fall of 2021, is well underway. Permitting for the projects as well as the necessary easements will soon be at a point when project plans will be submitted for review by the Federal Economic Development Administration. We expect to gain approval to bid the project spring of 2022.

GREDA Commercial Building Improvement Loan Program

- ❖ The objective of the CBIL is to fill the financing gap between project costs and private debt financing and private equity by making direct, below market interest, loans to building owners and leaseholders improve the appearance and function of their buildings.
- ❖ Since the restructuring of the program in 2006, GREDA has provided \$976K loans to 30 projects.
- ❖ The CBIL program can provide up to \$40,000 per project. Loans are amortized over 20 years with a 5-year balloon.
- ❖ The interest rate has been lowered from 4% to 2% through the use of PRI funds from the Foundation.

Downtown Plan Update Project

- ❖ Consistent with the Work Plan for 2021 & 2022, GREDA has begun the process of engaging the community in preparing an updated master plan and strategies for the Downtown.
- ❖ The current Downtown Redevelopment Master Plan was completed in 2006. It was encouraging to look back on that plan and see that the majority of the strategies and redevelopment priorities have been implemented. With this plan, we will build upon those successes.

Plat of Great River Acres

- ❖ GREDA continues to market the 13 remaining single-family home sites and one large multi-family site.
- ❖ Two single-family home sites sold and been developed to date, and there has been interest in the multi-family site.
- ❖ Properties are listed on www.grandrapidseda.com

Cambium Development Project/Downtown Block 18 Site

- ❖ GREDA recently extended its Preliminary Development Agreement with Cambium Development for six months.
- ❖ Cambium is pursuing the purchase the GREDA-owned former site of the VFW and Rose buildings on 3rd St. N. and the development of a multiple story, mixed use, commercial building including a restaurant and hospitality component.
- ❖ GREDA submitted this project in a regional request to the DEED Minnesota Main Street Economic Revitalization Program, which may qualify it for a grant of up to \$750,000.



Industrial Market Analysis

- ❖ GREDA hired Maxfield Research to conduct a market analysis examining the unmet need for additional industrial/warehouse/distribution building space.
- ❖ The research confirmed a need for 80,000 sf of additional new, modern, flexible building space over the next five years. The research also examined lease rates in our competing area and proposed a list of building features that would best capture and serve the demand.
- ❖ GREDA followed this research with an architectural study examining the cost of building a 30,000 sf industrial spec. building.
- ❖ This work is being used to attract potential private development interest in a facility that would have Minnesota Flexible as a tenant, when they move from their existing space on the Airport Rd.



Single Family Housing – Redevelopment of former Forest Lake School Site

- ❖ GREDA received title to the site of the former Forest Lake School in 2021. Staff is working with the Greater Minnesota Housing Fund and LHB Architects to prepare a design concept and funding structure for redevelopment of the cleared site as affordable, owner-occupied, single-family housing.
- ❖ Once the concept has and budget has been completed, the public will be engaged for comment, prior to seeking a lead developer.



CITY OF GRAND RAPIDS
ECONOMIC DEVELOPMENT AUTHORITY
 COMBINING STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE
 FOR THE TWELVE MONTHS ENDING DECEMBER 31, 2021
 With Comparative Totals for the Year Ending December 31, 2020

| | 2020 TOTAL | 2021 YTD ACTUAL | 2021 ANNUAL BUDGET |
|-----------------------------------|-----------------|-----------------------|--------------------------|
| Fund Balance 1/1/XX: | \$17,096 | \$2,880 | \$2,880 |
| <hr/> | | | |
| REVENUES: | | | |
| Taxes | | | |
| Supplemental Aid | | 30,000 | 30,000 |
| Interest - Investments | 164 | 95 | 400 |
| Interest - Loans | - | - | - |
| Mortgage Payment | - | - | - |
| Fund Balance Usage | - | - | - |
| TOTAL REVENUES | 164 | 30,095 | 30,400 |
| EXPENDITURES: | | | |
| Supplies/Materials | 13 | 12 | 50 |
| Other Services/Charges | 14,367 | 14,867 | 15,900 |
| TOTAL EXPENDITURES | 14,380 | 14,879 | 15,950 |
| REVENUES > EXPENDITURES | (14,216) | 15,216 | 14,450 |
| <hr/> | | | |
| FUND BALANCE | | | |
| Fund Balance Usage | (14,216) | 15,216 | |
| FUND BALANCE 12/31/XX | \$2,880 | \$18,096 | \$17,330 |



**CITY OF GRAND RAPIDS
ECONOMIC DEVELOPMENT AUTHORITY**
SCHEDULE OF CHANGES IN REVENUE, EXPENDITURES, AND FUND BALANCE
FOR THE TWELVE MONTHS ENDING DECEMBER 31, 2021

Fund Balance 1/1/21 \$872,494

REVENUES:

| | |
|--------------------------------|---------|
| Taxes | 25,175 |
| Supplemental Aid | 2,827 |
| ST/MN-DEED Grant | 163,590 |
| ST/MN-IRRRB Grant | - |
| Interest- Investments | 6,836 |
| Interest- Loans | 6,057 |
| Miscellaneous | 472 |
| Natural Gas CIAC Fee | 3,705 |
| Manufacturing Hanger Rent | 19,064 |
| Rent- EDA House | 18,502 |
| Payment from Govt Unit | |
| Principal-Loan Payments | 296,042 |
| Program Related Investment | 140,000 |
| Sale of Land held in Inventory | 25,500 |
| Loan Proceeds- EW Cap Loan | |

TOTAL REVENUES \$707,770

EXPENDITURES:

| | |
|---|---------|
| Blandin Foundation PRI Loan | 168,288 |
| Legal | |
| Ainsworth Facility Redevelopment | 13,817 |
| Miscellaneous Projects | 10,957 |
| Downtown Block 18-21 | 149,382 |
| Airport South Industrial Parks | 43,127 |
| Comm. Building Improvement Loan Program | 121,407 |
| DEED Development Programs | 163,590 |
| Manufacturing Hanger Expenses | 60,220 |
| Great River Acres Development | 28,371 |
| CARES Grant Payments | |

TOTAL EXPENDITURES \$759,159

2021 REVENUES > EXPENDITURES (\$51,389)

FUND BALANCE 12/31/21 \$821,105

Please Note:

(1) The Fund Balance includes designations for the Comm Bldg Imprv Loans of \$



The GREDA Board of Commissioners recently completed the development of their 2022 Work Plan. The work plan development process first involved a review of the unfinished business from the 2021 Work Plan, and a review of the goals stated within Economic Development Element of the Comprehensive Plan. From that exercise, the GREDA Commissioners identified a list of potential objectives for 2022. Those potential objectives were examined and ranked by the individual GREDA members, and, through additional group discussion, GREDA approved a list of priorities and a work approach for the issues they will take a lead role in completing and those that they will partner with others on.

In developing the list of priority issues, the GREDA considered the following criteria:

Community impact: If the goal is achieved, will the impact be substantial in the community?

Chances of success: Is the objective reasonably attainable?

Resource availability: Does EDA/City of Grand Rapids possess adequate resources to achieve this goal?

EDA ownership: But for the EDA, will any other entity, commission or department achieve this objective?

The resulting work plan is shown on the following four pages of this report.





Grand Rapids Economic Development Authority 2022 Work Plan

Item 3.

| * Results of Issue Identification and Ranking | | | * Desired Outcomes/Work Approach/Schedule | | | |
|---|------|--|--|---|--|----|
| Issue/Task/Work Item | Role | Term (years) Short 1-2 Med. 3-5 Long 6+ | Q1 | Q2 | Q3 | Q4 |
| Support the needs of industries looking to occupy portions of the Voyageur Capital building | Lead | S | <ul style="list-style-type: none"> Work with IRRR, DEED and others to support the new industries with low interest financing for equipment and tenant improvements. | → | | |
| Market GREDA Services | Lead | S | <ul style="list-style-type: none"> Communicate the many GREDA successes and raise awareness of GREDA programs. | <ul style="list-style-type: none"> CBIL program marketing with focus on COVID related improvements. | Consider comprehensive updates to the GREDA website under a new platform | → |
| Ensure an adequate inventory of industrial sites and facilities exist to accommodate full industrial, warehousing & distribution business expansion and relocation potential. | Lead | S | <ul style="list-style-type: none"> Continue our work with Voyageur Capital and APEX in the rehabilitation and leasing of the former Ainsworth factory as a multi-tenant industrial-warehouse-distribution hub. Based upon the results of GREDA's industrial market analysis continue pursuit of an industrial spec building in 2022. | <ul style="list-style-type: none"> Consider and advise the City on any request for establishment of a TIF Redevelopment District at the Voyageur Capital site. | → | |



| * Results of Issue Identification and Ranking | | | * Desired Outcomes/Work Approach/Schedule | | | |
|---|------|--|---|---|---|----|
| Issue/Task/Work Item | Role | Term (years) Short 1-2 Med. 3-5 Long 6+ | Q1 | Q2 | Q3 | Q4 |
| Support the development or redevelopment/infill of strategic commercial sites to achieve growth in the retail sales and service sector. | Lead | S | <ul style="list-style-type: none"> Promote the sale and development of GREDA sites in the Downtown (Block 5, Block 20-21, VFW/Rose) Continue to work with 4A Management group in their plan for a mixed use building on the VFW site, analyze TIF request and advise the City Council, prepare & execute Purchase & Dev. Agreement. | <ul style="list-style-type: none"> Welcome and support investment interest in the redevelopment of infill sites such as the former K-Mart site, former Ray's Sport and Marine, and former Sawmill Inn site. Monitor the proposed further subdivision of the K-Mart site and development of a 64 unit extended stay hotel. | <ul style="list-style-type: none"> Identify retail gaps and more actively recruit businesses and developers. | |
| Support the retention and growth of existing industries | Lead | S | <ul style="list-style-type: none"> Collaborate with local, regional and state EDO partners to provide support to existing industry, such as ASV/Yanmar, growth plans including grants, loans and workforce recruitment. Prepare/administer grant applications to IRRR Development Infrastructure, DEED JCF & MIF. Analyze TIF and advise City Council | | | |



| * Results of Issue Identification and Ranking | | | * Desired Outcomes/Work Approach/Schedule | | | |
|--|---------|--|--|---|---|----|
| Issue/Task/Work Item | Role | Term (years) Short 1-2 Med. 3-5 Long 6+ | Q1 | Q2 | Q3 | Q4 |
| Pursue initiatives that would support existing and new wood product industries | Lead | M | | <ul style="list-style-type: none"> Support any efforts by Northstar Pellets to re-introduce legislation to establish production incentives for wood pellet production. | <ul style="list-style-type: none"> Research and consider advocacy for U.S. EPA rule changes that would define wood as carbon neutral so it can be used as an alternative fuel source applicable to a future conversion of MP Unit from coal. | |
| Collaborate with regional EDOs, communities and state agencies to achieve common goals that directly and indirectly benefit the Grand Rapids area. | Partner | S | <ul style="list-style-type: none"> Provide necessary advocacy/support for the Huber Engineered Wood Products project in Cohasset. | <ul style="list-style-type: none"> Support local and regional efforts focused on workforce attraction/residential recruitment. Support the development of childcare facilities. | | |
| Consider the next steps in supporting local businesses with changes caused by the COVID-19 pandemic | Lead | S | | <ul style="list-style-type: none"> Consider establishing additional incentives, through the GREDA Commercial Building Improvement Loan Program, for improvements aimed at upgraded HVAC/air quality. | | |
| Seek out opportunities to support our medical service providers to ensure that Grand Rapids maintains and grows its position as a regional hub. | Lead | M | | | <ul style="list-style-type: none"> Communicate with major providers, Grand Itasca and Essentia, about trends toward a stay at home rural health care model and the buildout of services and jobs to support that growth potential. | |



| * Results of Issue Identification and Ranking | | | * Desired Outcomes/Work Approach/Schedule | | | |
|--|---------|--|--|--|----|----|
| Issue/Task/Work Item | Role | Term (years) Short 1-2 Med. 3-5 Long 6+ | Q1 | Q2 | Q3 | Q4 |
| Collaborate with ISD318 to consider appropriate redevelopment of sites following a decision to consolidate and relocate administrative services. | Lead | S | <ul style="list-style-type: none"> Keep in contact with ISD318 administration on the status of their planning and consider if GREDA or others should be involved in the redevelopment of sites. | | | |
| Investigate and advocate for highway transportation route improvements to improve linkages between Grand Rapids and the interstate, the Duluth port and the Iron Range | Partner | L | | <ul style="list-style-type: none"> Establish a GREDA sub-committee to work with staff. Discuss with appropriate agencies, government and elected officials the prioritization of divided highways between Grand Rapids and Duluth via Highway 2 as well as completion of the Cross Range Expressway between Taconite and Pengilly. | | |





REQUEST FOR GRAND RAPIDS EDA ACTION

AGENDA DATE: May 12, 2022

STATEMENT OF ISSUE: Consider approval of a lease with Deb's Christian Crafts, LLC for Suite 102 of Central School

PREPARED BY: Rob Mattei, GREDA Executive Director

BACKGROUND:

Deb' Christian Crafts, a retail business selling craft and décor items, is interested in leasing for Suite 102, a 392 sq. ft. space located on the 1st floor of Central School. The proposed lease would commence on June 1 and continue through December 31, 2022,

All aspects of this proposed lease are consistent with the standard lease used by GREDA, including the rental rates for the first floor.

RECOMMENDATION:

Approve the lease with Deb's Christian Crafts for Suite 102 of Central School.

REQUIRED ACTION: Adopt a motion approving a lease with Deb's Christian Crafts for Suite 102 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 **Debs Christian Crafts, LLC** hereinafter collectively referred to as "Lessee", entered into this **12th day of May, 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 **392 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 **June 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 year **2022** base rent shall be in the amount of **\$12.31** per square foot annually, payable in equal monthly installments beginning on the **1ST** day of **June, 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

Debra Buxengard
Debs Christian Crafts
10 NW 5th St., Suite 102
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 reentry 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:

Date: _____

Exhibit A – Location in the Building

Debs Christian Crafts is a craft and décor items retail business located on the First Floor in the south middle room (Suite 102) consisting of 392 square feet.

Exhibit B – Use of Space

Debra Buxengard will operate Debs Christian Crafts as a retail store.

Exhibit C – Improvements

None