CITY OF GRAND RAPIDS, MINNESOTA
DEVELOPMENT ASSISTANCE AGREEMENT

West Pines Motel Redevelopment Project

This Development Assistance Agreement ("Agreement") is made effective as of _____ 2026, by and between the **City of Grand Rapids, Minnesota,** a Minnesota municipal corporation ("City"), and **RS Legacy Properties LLC,** a Minnesota limited liability company ("Developer").

The City and Developer may be referred to individually as a "Party" and collectively as the "Parties."

1. Purpose of Agreement

The purpose of this Agreement is to establish the terms and conditions under which the City will provide development assistance in connection with the redevelopment of a motel within the City.

The project is intended to encourage private investment, support local economic development, provide short- and long-term housing opportunities, preserve and increase the City's tax base, and contribute to the economic vitality of the community.

The project may be supported in whole or in part by grant funding from Iron Range Resources & Rehabilitation ("IRRR"), subject to the terms of the applicable IRRR grant agreement (the "Grant Agreement").

2. Project Description

Developer agrees to renovate and rehabilitate the West Pines Motel located at:

Project Address: 1420 NW 4th St., Grand Rapids, Minnesota

Parcel Identification Number: 91-705-1910

The project shall include the renovation and rehabilitation of a 10-unit motel and leased retail space, including new siding, windows, doors, roof, deck, mini-splits and other improvements approved by the City and, where required, IRRR in the project plans and budget (the "Project").

Developer shall be responsible for obtaining all required permits, licenses, approvals, and inspections necessary to complete the Project and operate the motel and retail space.

3. Project Budget and Funding

The estimated total project cost is **$285,000.**

The anticipated sources of project funding are as follows:

- IRRR Commercial Redevelopment Grant and Loan Program funding administered by the City: $15,500.

- Developer's cash contribution or other private financing: $204,500
- Developer's property acquisition:
- Other approved funding sources: $65,000
    - AEOA BER
    - GREDA CBIL

The City's financial assistance under this Agreement shall not exceed **$15,500** and shall be limited to funds lawfully available, received by the City for the Project, and authorized for disbursement under the Grant Agreement.

No provision of this Agreement obligates the City to provide funding beyond the amount expressly authorized by the City and available to the City under the applicable grant award and Grant Agreement.

Disbursement of any City-administered grant funds is conditioned on Developer's continuing compliance with this Agreement, the applicable Grant Agreement, the approved project application, and all applicable audit, monitoring, reporting, and record-retention requirements of this Agreement and the Grant Agreement.

4. Disbursement of Funds

Subject to the applicable Grant Agreement, Developer shall submit requests for payment or reimbursement to the City in the form required by the City, together with supporting documentation demonstrating that the expenses are eligible, actually incurred and paid or payable, and directly related to the Project.

Supporting documentation may include contractor invoices, receipts, proof of payment, construction statements, lien waivers, payroll records, and other documents reasonably required by the City or IRRR.

The City may review and approve eligible expenses before submitting reimbursement requests to IRRR or disbursing available project funds.

No reimbursement shall be made for costs that are ineligible under the applicable Grant Agreement, that were incurred outside the permitted grant period, or that are not adequately documented to the City's or IRRR's satisfaction.

The City shall not be responsible for project costs exceeding the approved financial assistance. Developer shall be responsible for all remaining project costs.

5. Project Schedule

Developer shall complete the Project according to the following anticipated schedule:

- Project commencement: November 15, 2026
- Construction completion: June 30, 2027

All project activities shall comply with the deadlines and conditions established by the applicable Grant Agreement.

Any material change to the project scope, budget, or schedule must be submitted to the City for written approval and, where required, approval by IRRR before the change is implemented.

6. Representations and Warranties

Developer represents, warrants, and covenants that: (a) Developer is duly organized, validly existing, and in good standing under Minnesota law; (b) Developer has authority to enter into and perform this Agreement; (c) all information submitted to the City or IRRR in connection with the project is true, complete, and not misleading in any material respect; (d) the Project satisfies the eligibility requirements reflected in the approved project application and applicable IRRR Grant Agreement; and (e) the Project serves the public purposes described in this Agreement.

7. Developer Responsibilities

Developer agrees to:

a. Complete the Project substantially in accordance with the approved project description, plans, budget, and schedule.

b. Provide the private financing and matching funds identified in the approved project budget.

c. Comply with all applicable federal, state and local laws, ordinances, building codes, zoning requirements. licensing requirements. and permit conditions.

d. Comply with applicable state and federal grant requirements, including procurement, prevailing-wage, non-discrimination and employment-related requirements, to the extent applicable to the project.

e. Maintain adequate insurance coverage for the project and construction activities.

f. Maintain accurate financial and project records and provide information reasonably requested by the City, the IRRR, the Minnesota state auditor, the legislative auditor, or any other authorized governmental representative to verify project expenditures and compliance.

g. Notify the City promptly of any material delay, cost overrun, change in ownership, or other circumstance that may affect the project's completion or compliance with grant

requirements.

h. Comply with all provisions of the applicable Grant Agreement.

i. Maintain adequate insurance coverage for the project and construction activities, including commercial general liability, property, builder's risk, workers' compensation, and automobile liability coverage in amounts and with endorsements reasonably required by the City.

8. Business Operation and Economic Development

Developer intends to operate the completed facility as a motel and retail space serving the Grand Rapids community and surrounding area.

The anticipated employment impact of the project is:

- Existing jobs retained: 2 full-time
- Estimated positions created: 2 part-time

Developer shall comply with any job creation, job retention, reporting or business operation commitments specifically required by the applicable Grant Agreement, application for the Project, this Agreement, or applicable law.

Developer agrees that if, within five (5) years after the grant award, Developer sells, transfers, leases, assigns, or otherwise conveys all or a material portion of the business or Project, ceases operating the Project for the approved use, materially changes the use of the property, or otherwise fails to satisfy any applicable provision of this Agreement or the Grant Agreement without the City's prior written consent, Developer shall repay the full grant amount to the City.

Any required period of business operation or continued use of the property shall be governed by the applicable grant requirements and any additional written obligations approved by the Parties.

9. Records, Inspection, and Reporting

Developer shall maintain complete records of project expenditures, funding sources, construction activities, and other documentation necessary to demonstrate compliance with this Agreement.

Developer shall retain such records for at least six (6) years after the expiration of the Grant Agreement period required by applicable law and the Grant Agreement and shall make them available to the City, IRRR, and other authorized governmental representatives upon reasonable request.

Developer shall cooperate with reasonable project inspections and provide progress reports or final project documentation required by the City or IRRR.

10. Indemnification; Insurance; Liens

Developer shall indemnify, defend, and hold harmless the City and its elected officials, officers, employees, agents, representatives, and consultants from and against all claims, damages, losses, liabilities, costs, expenses, demands, liens, penalties, repayment obligations, and reasonable attorneys' fees arising out of or related to the Project, Developer's performance or nonperformance under this Agreement and the Grant Agreement, the acts or omissions of Developer or its contractors, subcontractors, employees, agents, or representatives, or any breach of this Agreement or applicable grant requirements by Developer or any such person.

Developer's indemnification, audit, record-retention, and reporting obligations survive termination of this Agreement.

11. Default and Remedies

A Party shall be in default if it materially fails to perform an obligation under this Agreement and does not correct the failure within thirty (30) days after receiving written notice, or within any longer cure period approved in writing by the non-defaulting Party; provided that Developer shall be in default immediately upon any fraud, material misrepresentation, or misuse of funds.

If Developer defaults, the City may suspend, condition, withhold, or deny payments, terminate this Agreement, or pursue other remedies available under applicable law and the grant requirements. If a repayment obligation arises from Developer's breach, misrepresentation, ineligible expense, disallowance of project expenses, failure to satisfy a continued-use requirement, or other act or omission, Developer shall repay the required amount to the City within thirty (30) days after demand, together with any penalties, audit costs, collection costs, and reasonable attorneys' fees to the extent permitted by law and required by the Grant Agreement, this Agreement, or applicable law.

Nothing in this section obligates the City to repay IRRR from unrestricted City funds solely because a grant reimbursement is denied, unless otherwise required by law or an applicable agreement executed by the City. In the event that the IRRR requests a repayment of grant funds or other funds from the City, the Developer shall repay such amount to the City within thirty (30) days after demand from the City.

12. Termination

This Agreement may be terminated by mutual written agreement of the Parties.

The City may terminate this Agreement if grant funding is withdrawn, the project becomes ineligible, or Developer materially breaches this Agreement, subject to applicable notice and cure

requirements.

Upon termination, the Parties shall cooperate in determining eligible expenditures, outstanding obligations, and any required disposition or repayment of grant funds under the applicable Grant Agreement.

13. No Partnership or Agency

Nothing in this Agreement creates a partnership, joint venture, or agency relationship between the City and Developer. Developer remains an independent business and is solely responsible for its business operations, employees, contractors, taxes, and other private business obligations.

14. General Provisions

This Agreement, together with its approved exhibits, constitutes the entire agreement between the Parties concerning the project.

Any amendment must be in writing and signed by authorized representatives of both Parties. Any amendment affecting the IRRR-funded project shall also be subject to IRRR approval when required.

If a provision of this Agreement conflicts with a mandatory requirement of the applicable Grant Agreement, the grant requirement shall control with respect to the use and administration of grant funds.

This Agreement shall be governed by the laws of the State of Minnesota.

15. Authorization and Signatures

The Parties represent that their respective signatories are authorized to execute this Agreement.

City of Grand Rapids	**Developer: RS Legacy Properties LLC**
By: _____	By: _____
Name: Tasha Connelly	Name: _____
Title: Mayor	Title: _____
Date: _____	Date: _____

Exhibit A- Approved Project Budget

Attach the approved project budget identifying total costs, eligible costs, grant funding, matching funds, and other funding sources.

Budget Table:

Uses		**Sources**	
Building materials and labor	**$285,000**	IRRR Downtown Redevelopment Grant and Loan Program (project gap)	**$15,500**
		Grand Rapids EDA Commercial Building Improvement Loan	**$40,000**
		AEOA Business Energy Retrofit	**$25,000**
		Grand Rapids State Bank	**$204,500**
Total	**$285,000**	**Total**	**$285,000**

Exhibit B - Project Work Plan

Attach the project schedule identifying major construction milestones, anticipated completion dates.

SEE TIMETABLE IN SECTION 5 OF DEVELOPMENT ASSISTANCE AGREEMENT

Exhibit C - IRRR Grant Requirements

Attach or identify the applicable IRRR grant agreement, approved application, special conditions, required certifications, and reporting obligations incorporated into this project.