Grand
Rapids
Economic
Development
Authority

2021 Annual Report



Prepared by:

Rob Mattei Director of Community Development GREDA Executive Director

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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:

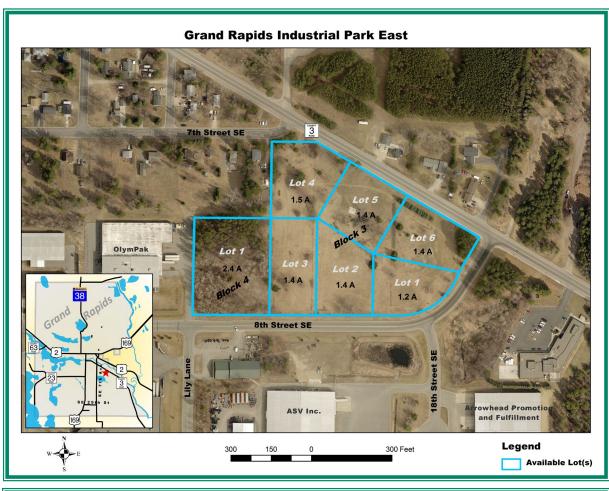
Site Description	Number of Developable Lots (GREDA Owned)	Acreage Total
Industrial Park Two	1	2.38
Industrial Park East	6	8.30
Airport South Industrial Park — Phase 1 & 2	11	17.61
Airport Property (unplatted)	1	20.0
Blocks 20 & 21 Riverfront Dev. Site	1	1.46
Block 5 Riverfront Dev. Site	1	1.8
Block 18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

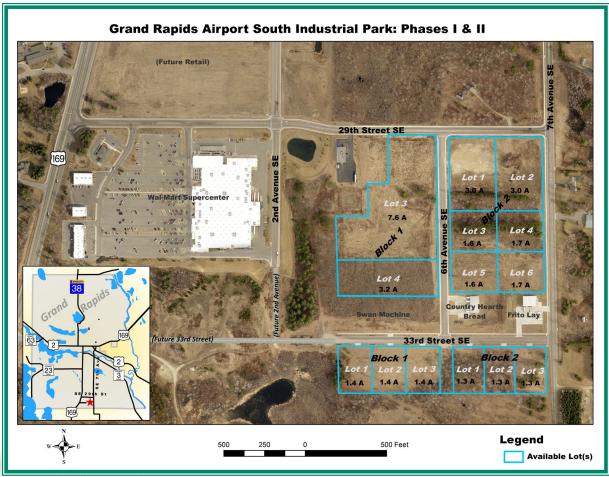
Central School:

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.



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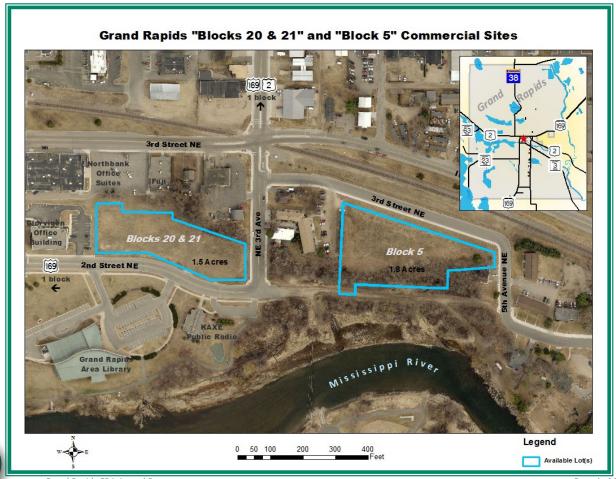






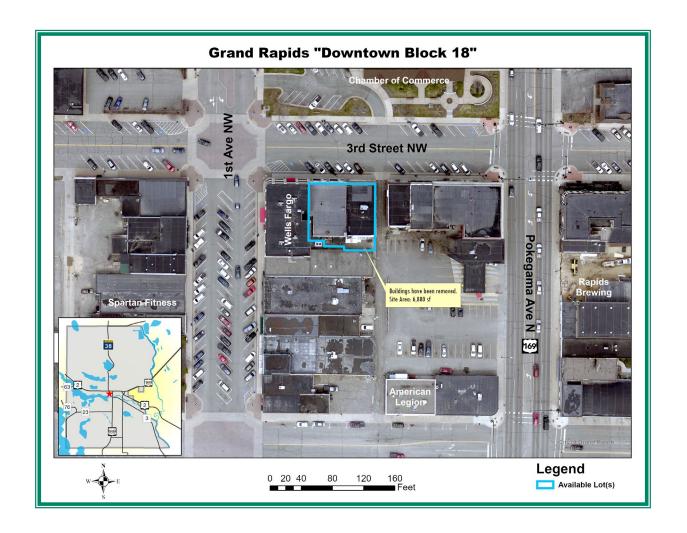
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Business Assistance Programs

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	■ Public Works Grant
	■ Economic Adjustment Grant
	■ Economic Development Planning Grant
Iron Range Resources and Rehabilitation Board	■ Commercial Redevelopment Program
	 Development Infrastructure Program
	Business Financing
Department of Employment and Economic Development (DEED)	 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)	■ Building Development Loan Program
City of Grand Rapids	■ 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.



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.

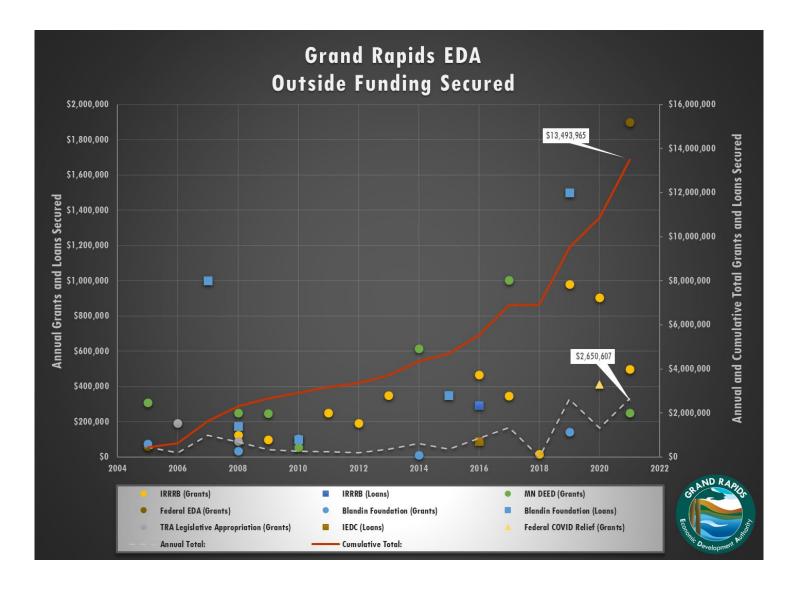
There currently is a portfolio of nineteen loans with a combined principal loan amount of \$613,693.



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Additional Project Funding

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





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Business Retention, Attraction and Marketing

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".\frac{1}{2}

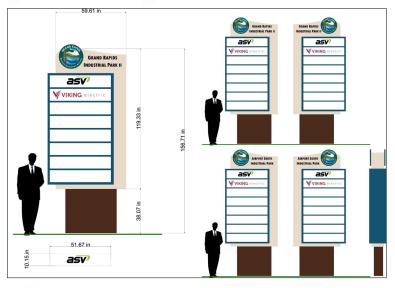
GREDA supports and is directly involved in renewed efforts between the Grand Rapids Area Chamber of Commerce and Itasca Economic Development Corporation in the expanded implementation of their "Grow Itasca" BRE program. The information collected through the business interviews done by the Grow Itasca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

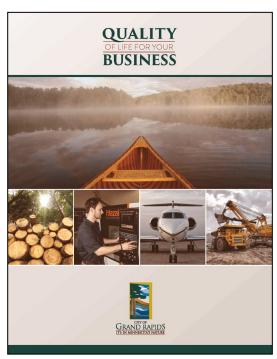
This is not to say, however, that GREDA disregards the value of business attraction efforts, as evidenced by their expanding industrial park areas. With a well-rounded inventory of sites to offer, GREDA has begun to dedicate additional resources to their marking efforts, including:

- 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.
- SREDA twitter account launched October 2012: @GR_EconDevAuth
- Industrial Park entrance signs proposed in 2022



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







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Summary of Activities - 2021

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.



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	Grants	Contributio	ns
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.





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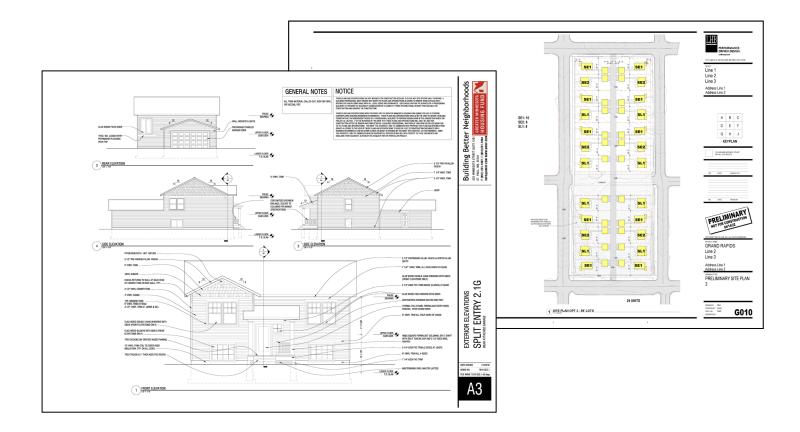
Industrial Market Analysis

- 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.



<u>Single Family Housing — Redevelopment of former Forest Lake School Site</u>

- 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.





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GREDA Financial Summary — 2021 Operating Fund

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



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GREDA Financial Summary — 2021 Capital Projects Fund

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
Miscellanous 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 \$



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Work Plan — Overview of Process

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.



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Grand Rapids Economic Development Authority 2022 Work Plan

* 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	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	Communicate the many GREDA successes and raise awareness of GREDA programs.	 CBIL program marketing with focus on COVID related improvements. 	Consider comprehensive updates to the GREDA website under a new plattorm	
Ensure an adequate inventory of industrial sites and facilities exist to accommodate full industrial, warehousing & distribution business expansion and relocation potential.	Lead	S	 Continue our work with Voyageur Capital and APEX in the rehabilitation and leasing of the former Ainsworth factory as a multitenant industrial warehousedistribution hub. Based upon the results of GREDA's industrial market analysis continue pursuit of an industrial spec building in 2022. 	■ Consider and advise the City on any request for establishment of a TIF Redevelopment District at the Voyageur Capital site.		Substantially complete the extension of sanitary sewer and water utilities to the Voyageur Capital site.



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* Results of Issu		fication	* 0	Pesired Outcomes/W	:/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/infi II of strategic commercial sites to achieve growth in the retail sales and service sector.	Lead	S	 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. 	 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. 	Identify retail gaps and more actively recruit businesses and developers.		
Support the retention and growth of existing industries	Lead	S	 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/administ er grant applications to IRRR Development Infrastructure, DEED JCF & MIF. Analyze TIF and advise City Council 		•		



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	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	*	•	■ Support any efforts by Northstar Pellets to re-introduce legislation to establish production incentives for wood pellet production.	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	 Provide necessary advocacy/support for the Huber Engineered Wood Products project in Cohasset. 	 Support local and regional efforts focused on workforce attraction/resident ial 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	•	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	Μ	•		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.	•	



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	★ Results of Issue Identification and Ranking		* Desired Outcomes/Work Approach/Schedule			dule
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	• 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	•	 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. 	•	•



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