



April 7, 2022

Chair Malissa Bahr and School Board Directors
Independent School District 318
820 NW 1st Avenue
Grand Rapids, MN 55744

Dear Board of Directors:

RE: Grand Rapids Economic Development Authority Resolution of Support

The Grand Rapids Economic Development Authority (GREDA) appreciates the challenges faced in providing our youth with the finest education possible. A quality education shapes a quality future workforce, which aligns with the mission that GREDA pursues for the Grand Rapids area.

With this common interest in mind, we have recently been engaged in discussions with Superintendent Grose regarding the School District's desire to collocate administrative and business functions together with the Area Learning Center and Community Education within a renovated former Southwest School. Superintendent Grose has explained the particular challenge of funding renovation costs associated with space dedicated to administrative use and the resistance of the State Legislature to move forward your proposed legislation to fund 50% of the \$4.0M project with State Bonds directed to the School District.

As you know, to overcome this obstacle, the School District requested that GREDA participate in this project as an alternative recipient of the requested State Bonds and that, furthermore, GREDA has been asked to provide a resolution of support, to be presented to the Legislature as evidence of GREDA's commitment to the project.

The structure of the proposed collaboration between GREDA and the School District has evolved during this discussion. GREDA's understanding of this revised structure is as follows:

- The ownership of the renovated Southwest School building would be separated between administrative and classroom functions through a condominium plat.
- The \$2.0M of State Bond funds, if the proposed legislation were approved, would be provided to a Joint Powers Board (JPB) to be formed through a Joint Powers Agreement between GREDA and the School District.
- The JPB would be the owner of that portion of the building used for administrative purposes, and the JPB would use State Bond funds to renovate that space.
- The School District would own the other portion of the building and grounds and would use other funds available to the District to fund the renovation of those spaces.

- With this funding structure, is not necessary for GREDA to issue any bonds or incur any debt, direct or indirect expense for the project.
- The rules and statutes that govern the use of State Bond funds for improvements to public buildings will require that the JPB be the owner, operator and lessor of the administrative portion of the building for a time period equivalent to 125% of the useful life of the State Bond funded improvements.

Based upon our understanding of this general proposed structure, and the urgent need expressed to GREDA to offer a timely resolution of support so it can provided to the Legislature, GREDA has adopted the attached resolution of support.

There are many elements to this proposed project funding and ownership structure, and many details between the School District, GREDA and the State Office of Management and Budget would need to be worked through should this special legislation be approved.

Without full knowledge of these details at this point, GREDA wants to be transparent with regard to our general expectations. GREDA's support and participation will require the following:

- In the unlikely event of a future default of the JPB under the grant contract with the State or if for any other reason MMB or another agency of the state of Minnesota requires repayment of the state bond proceeds, GREDA will not participate in funding any required repayment of the State Bond proceeds.
- All costs incurred by GREDA, both direct and administrative, in the furtherance of this project and its future operation will be reimbursed by the School District. GREDA shall not incur any expenses or costs in the rehabilitation or construction of the building for administrative purposes.
- In no event shall GREDA be responsible for any ongoing maintenance, improvement, insurance or operational costs of the property.
- The School District shall ensure that the facility complies with all requirements of state general obligation bond financed projects including Minnesota Statutes, Section 16A.695 and all the rules and regulations of Minnesota Management and Budget.
- The School District shall defend, indemnify, and hold GREDA and its employees, board members, officers, consultants, and agents harmless against all liabilities, losses, damages, costs, expenses (including reasonable attorneys' fees and expenses), causes of action, suits, claims, demands, and judgments of any nature (i) arising out of its actions or inactions pursuant to any joint powers agreement, (ii) arising from any injury to or death of any person or damage to property in or upon the property owned by the JPB, (iii) arising from any loss or damage to property owned by the JPB, and (iv) violation of any law, ordinance or regulation affecting the property owned by the JPB or the ownership, occupancy or use thereof.

As you can appreciate, the stipulations are intended to protect the interests of GREDA while allowing for us to assist the School District with this important project. Should you have any questions or concerns, please do not hesitate to speak with Rob Mattei, GREDA Executive Director.

Sincerely,

Sholom Blake
GREDA President

Enclosure

Cc: Superintendent Matt Grose