

**Growth Fund Committee Minutes**  
**City Hall Room A102**  
**255 North 4<sup>th</sup> Street**  
**Grand Forks, ND 58203**  
**June 17, 2019**

1. **Roll Call:** Members Present - Katie Dachtler, Jonathan Holth, Chris Wolf, Bret Weber, Danny Weigel. Others Present - Andy Conlon, Meredith Richards, Ryan Brooks, Michael Brown, Ken Vein, Dana Sande, Maureen Storstad, Ryan Brooks, Paul Houdek, Todd Feland, Keith Lund, Brandon Baumbach, Pete Haga, John Warcup, Barry Wilfahrt, Debbie Swanson, Maura Ferguson, Candi Stjern, Jessica Bergerson, Spencer Halvorson, Jason Vasichcek, Chris Johnson, Tessa Hiney, Nicole Johnson, Josh Helmer (via phone).
2. **Minutes from Meetings of May 20 and June 3, 2019:** Motion to approve minutes by Holth, second by Dachtler. Voting “aye”: all.
3. **FlexPACE Application - Ironhide Equipment, Inc.:** Brandon Baumbach introduced the business owner, Jason Vasichcek. Mr. Vasichcek gave a brief history of the company, which has been in business for 19 years. The original facility (headquarters) remains in Grand Forks, but the business has expanded and has facilities now in Devils Lake, Williston and Bemidji. In Grand Forks, they are building a 24,000 s.f. facility, 18,000 s.f. for retail, the remaining 6,000 s.f. for corporate headquarters. Bobcat selected Grand Forks as a flagship for their “Go Orange” initiative, and as such it will be their showcase store. Mr. Baumbach provided a financial review of the request, and added that the company currently employs 20 and will add another six. Mr. Weber called for discussion. Motion to approve by Weigel, second by Holth to approve the application. Mr. Wolf asked to recuse himself from the vote on this item. Motion by Weigel, second by Holth to recuse. Voting “aye” to approve recusal: all. Voting “aye” on motion to approve funding request: all eligible members.
4. **Lease Renewal and Modification Request - Kittsona (Corporate Center II):** Ms. Richards began with an overview of Kittsona’s retail history, noting that they have been a Corporate Center tenant since December 2013, and are a local startup and signature downtown business. Kittsona’s original lease is set to expire June 30, 2019, and the principals, Nicole Johnson and Tessa Hiney, are requesting the following from this committee: (1) extend their lease for one year; (2) during that extension, their base rent remains at the current rate of \$7.02/sf plus \$5.60/sf CAM; and (3) modify the monthly payment to \$2,000, with the remaining amount due deferred during the one-year extension. The principals addressed the committee, thanking them for their support, and highlighted the highs and lows the company has experienced in the last eight years and the lessons they’ve learned during that process. They are requesting the committee allow them time to get back on track, so that they may fulfill their responsibilities to the City. Mr. Weber mentioned that their difficulties can be largely tied to the Demers construction, and that the Ann Love deferral serves as a precedent. Ms. Richards commented that although there were circumstances unrelated to the construction that are also a factor here, both the construction and the committee’s action on the Ann Love motion should be considered. Mr. Weber opened the item up for discussion, and Mr. Holth thanked the principals for coming forward and for their candor. Motion to approve request as presented by Weigel, second by Wolf. Voting “aye”: all.
5. **Centre - Purchase Offer and Interim Lease extension:** Ms. Richards introduced the item by noting that the executive director for Centre, Josh Helmer, is now joining the meeting via telephone. She stated reviewed the history of this lease for the benefit of Mr. Wolf, stating that the property was

acquired by JDA post-flood and Centre has been a tenant since 2002 with a 15-year lease at below-market rates. At the end of that lease, the JDA looked for a market-based way for Centre to remain in the building. In 2016, Social Detox moved into a 1,700 s.f. portion of the building. The JDA and staff recognize the importance of Social Detox and has taken into consideration their needs going forward with these negotiations. Originally a condo arrangement was proposed where Centre would own all but the 1,700 s.f. area occupied by Social Detox. This went before the JDA in March, but because of structuring concerns involving a contract of this nature, the City Attorney recommended tabling. As a result, staff returned to a more conventional sale approach, and what is before the committee today is balancing the no-cost lease for Social Detox with Centre's purchase price. So the request before the committee is to approve a lease extension to Centre through the end of 2019 to provide time to work out a sale, and provide guidance going forward on how to balance the cash going to the JDA with the length of the lease to Social Detox. Ms. Richards invited both Debbie Swanson and Josh Helmer to comment. Ms. Swanson stated that the viability of Social Detox is dependent on very affordable rent, and noted that they pay 8% of the utilities to Centre, as well as take care of their own internet and phone. She deferred any discussion on the legalities of the lease to the City Attorney. Mr. Weber stated that while the sale to Centre is being pursued, he is not inclined to raise the lease payment. Ms. Richards noted that there are two lease issues before the committee: the 6-month extension of Centre's lease, which Mr. Weber is referring to, and the length of Social Detox's extended lease for their portion of the building. A 15-year lease for Social Detox equates to a building purchase offer of \$690,000; a 10-year lease equates to \$720,000. Mr. Weber noted that Centre has been honest brokers in the potential sale process, and that the extension of the lease is no fault of their own. Mr. Helmer stated that Centre is open to all options. Ms. Swanson/Social Detox has no preference as long as renewal is at an affordable price. Mr. Feland suggested approving the 15-year lease with the option to extend another 5 years. Mr. Weber informed the committee that in recent months, the JDA has incurred significant costs to replace the boiler and repair the elevator in the building. Mr. Warcup spoke, stating the difficulty in the condo matter mainly occurred because issues such as who would cover maintenance, etc. were neither spelled out during the initial condo sale negotiations, nor were they included in the sales contract. He wants to be sure all parties involved are on the same page. Mr. Helmer said Centre would be on board with a \$1/year lease with Social Detox covering the same costs they now cover under their current lease. Mr. Wolf stated he's comfortable with the six-month extension of Centre's lease, and it looks like the terms are agreeable, but wanted to take into consideration the difference in the City's rate of return with a sale now, as opposed to in six months. Motion to approve the 6-month extension for Centre and move forward with negotiations for a sale with a 15-year lease to Social Detox by Weigel, second by Dachtler. Voting "aye": all.

6. **EDARLF Plan - Interim Amendments:** Ms. Richards stated these are housekeeping items which require interim amendments to our RLF plan pending its major overhaul due next fall. The first item, establishing a cost per job target, was recommended by the EDA representative. Now that EDA has moved to a risk-based rating system, it hurts our score to not have this established. Based on RLF performance, staff recommends a job cost target of \$20,000 until the plan is updated. The last report was adjusted to reflect this. The second item relates to the plan stating that this committee and the JDA will approve the semi-annual report and authorize staff to submit it. Staff recommends that, to avoid having special JDA meetings to approve the report in time for EDA's deadline, staff submit the report administratively, then share it with the Growth Fund Committee at the next meeting. It is an historical report and cannot be changed by JDA action. Motion by Holth, second by Wolf to approve these interim amendments. Voting "aye": all.
7. **Informational Item - Herald Master Planning/Design Update:** Ms. Richards provided an update noting that four responses to the RFQ were received, and JLG was selected. This is scheduled to go to the JDA on July 1 to approve the review committee's recommendation to award the contract to

JLG to start the design work. Mr. Weber commented that all four provided fine submissions, but the consensus across the board was that JLG was the top choice.

8. **Adjournment:** Motion by Wolf, second by Dachtler. Voting “aye”: all. Meeting adjourned at 5:18 p.m.

Submitted by:

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Sherylin Jordan  
Community Development

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Bret Weber  
Chair