



Grand Forks Growth Fund, a JDA
Staff Report
Growth Fund Committee – December 9, 2019
JDA – December 16, 2019

Agenda Item: Cirrus/Bremer Loan Pay-offs

Submitted by: Meredith Richards, Community Development Director

Staff Recommended Action: Authorize repayment of Bremer Bank loans referenced below and any associated budget transfers.

Committee Recommended Action: CONCUR

JDA Action:

The original 67,000 s.f. Cirrus facility in the Industrial Park was developed in 1996. Several expansion and improvement projects have followed over the years, and Cirrus now leases 162,000 s.f. there. Cirrus recently repaid the following outstanding loans associated with some of those projects. While Cirrus did not provide a specific rationale for this, it is an indication of the company's continuing growth and success, as well as the strength of its Grand Forks operation.

	Balance Repaid	Original Loan	Date	Rate	Purpose
Loan #1055	\$648,067.98	\$1,000,000	4/02	3.5%	Renovation HVAC
Loan #3029*	56,576.21	500,000	1/06	4%	Chiller equipment
Loan #3038*	<u>94,507.26</u>	500,000	8/13	3.25%	Autoclave equipment
	\$799,151.45				

* EDARLF

The financing package for the 2006 expansion project that added approximately 93,000 s.f. to the facility included three Bremer Bank loans to the JDA totaling \$5.5 million. Their outstanding balances now total approximately \$515,000. Staff recommends retiring that debt now.

ANALYSIS AND FINDINGS OF FACT:

- Funds from repayment of Loan #3029 and #3038 must be returned to the EDARLF program.
- Loan #1055 repayment is not similarly restricted; however, its early repayment allows the JDA to retire the Bremer loans associated with the 2006 expansion. Repayment of those loans totals approximately \$515,000; they mature in March 2021, when Cirrus has an option to purchase the facility. Retiring that debt now would reduce JDA interest charges by approximately \$19,600. Remaining funds would be added to the JDA's unrestricted cash balance (Fund 5996).
- Bremer has waived pre-payment fees/penalties.