



APPROVED

Grand Forks Growth Fund, a JDA
Staff Report
Growth Fund Committee – January 27, 2020
JDA – February 3, 2020

Agenda Item: Release of Personal Guaranty Request from ODRA, LLC

Submitted by: Meredith Richards, Community Development Director

Staff Recommended Action: Approve request

Committee Recommended Action: Concur

JDA Action: Motion by Sande, second by Mayor Brown to approve. Motion carried unanimously.

ODRA manufactures street sweepers at its facility in Grand Forks' Industrial Park and has received assistance from the JDA as listed below. Through Jon Wolfgram of First State Bank, ODRA has requested that the JDA release Tom and Dave Fath from their personal guaranties associated with those loans. First State Bank and BND have already authorized the release.

ODRA is fully owned by Challenger Manufacturing, LTD, based in Winnipeg; Challenger is owned 50% by Mirek Bycznski and 50% by Tom and Dave Fath (Fath Group). ODRA has been profitable the past five years and, due to its growing success, intends to buy out the Fath brothers' interest. The Faths' involvement was critical initially, but they have been primarily silent partners since ODRA's start-up. FSB has stated that, based on the \$930,000 value from March 2015, LTV is 49%; ODRA's average checking account balance in 2019 was over \$2,300,000.

ANALYSIS & FINDINGS OF FACT:

- The JDA has two outstanding loans with ODRA: a 2012 PACE loan of \$34,005 that is deferred until 2022, and a 2015 FlexPACE loan of \$31,740 deferred until 2025. Both loans were initially secured by subordinate mortgages and personal guaranties from Mirek Bycznski, Henryk Koch, Tom Fath and Dave Fath. In 2015, the JDA approved a request to release Mr. Koch from his guaranty as he had left the business.
- Based on the financial strength of ODRA and Challenger, as well as Mr. Bycznski's strength as a personal guarantor, FSB approved the release request and concurrently extended a \$500,000 line of credit to ODRA.
- FSB provided confidential financial information in support of this request, which is available to committee members on request.

SUPPORT MATERIALS:

- 2015 Release of Guaranty

RELEASE OF GUARANTY

WHEREAS, the Grand Forks Growth Fund, a Job Development Authority created by the City of Grand Forks (hereinafter "Growth Fund") loaned the sum of \$34,024.72 to Odra, LLC (hereinafter "Borrower") as evidenced by a Promissory Note dated August 21, 2012, in the amount of \$34,024.72.

WHEREAS, Henryk Koch, Mirek Bycznski, Tom Fath, and Dave Fath (hereinafter "Guarantors") each personally guaranteed such note as evidenced by a Guaranty signed by each of the Guarantors dated May 9, 2013, May 20, 2013, June 19, 2013, and June 19, 2013, respectively.

WHEREAS, the Growth Fund loaned additional monies to Borrower evidenced by a Promissory Note in the amount of \$31,056.00 dated March 12, 2015.

WHEREAS, Guarantors each personally guaranteed such note as evidenced by Guaranty signed by each of the Guarantors dated March 12, 2015.

WHEREAS, Guarantors have requested release of the Guaranty of Henryk Koch provided to the Growth Fund dated May 9, 2013, and the Guaranty of Henryk Koch provided to the Growth Fund dated March 12, 2015.

NOW, THEREFORE, it is agreed as follows:

1. In consideration of One Dollar and other good and valuable consideration including, but not limited to, the promises and covenants contained herein and the continued unconditional guaranties of Mirek Bycznski, Tom Fath and Dave Fath, the Growth Fund does hereby release the personal guaranties of Henryk Koch evidenced by that certain Guaranty dated May 9, 2013, and that certain Guaranty dated March 12, 2015.

2. Mirek Bycznski, Tom Fath and Dave Fath, and each of them, agree that any guaranties which each of them may have signed in favor of the Growth Fund shall not be modified, reduced, limited and discharged or released in any way due to the release of Henryk Koch contemplated herein but rather such guaranties shall remain in full force and effect.

GRAND FORKS GROWTH FUND, A JOB
DEVELOPMENT AUTHORITY

Dated: _____

Dana Sande, Its Chairman

Dated: _____

Mirek Bycznski

Dated: _____

Tom Fath

Dated: _____

Dave Fath