



City of Grand Forks
Staff Report
Committee of the Whole – February 24, 2020
City Council – March 2, 2020

APPROVED & ACCEPTED
by City Council

03/02/2020

Maureen Storstad
Maureen Storstad
City Auditor

Agenda Item: Request for approval of ownership change for Class 4 (Food & Beverage) Alcoholic Beverage License from SOGF, Inc., dba Speedway 805

Submitted by: Maureen Storstad, Finance Director

Staff Recommended Action: Approve transfer of ownership and waive transfer fee.

Committee Recommended Action: Referred to City Council with recommendation to approve. Motion carried unanimously.

Council Action: Approved unanimously on consent agenda

BACKGROUND: The Finance Department has received a renewal application from SOGF, Inc., dba Speedway 805. Information submitted noted that small shifts in ownership have occurred between various family members over time and with the death of one of the owners who passed his ownership interest to his children. In total the small shifts have totaled more than a 50% change in ownership.

City Code defines that ownership changes of more than 50% are considered a transfer of ownership which would trigger the payment of a transfer fee. There are exceptions in City Code which allow City Council the discretion to waive the payment of the transfer fee. One of the exceptions is for transfer by an individual to a blood relative of the first degree, as defined by North Dakota Century Code, and that in case of a corporation, the same exception can apply for transfer of ownership shares from a person to a blood relative of the first degree. The applicant is requesting that the transfer fee be waived.

ANALYSIS AND FINDINGS OF FACT:

- SOGF, Inc. has submitted a renewal application indicating a change in corporate ownership.
- Ownership change consists of several small transfers among various related family members, which in total equates to more than 50%.
- An ownership change of 50% or more is deemed to be a transfer under City Code and payment of a transfer fee of \$16,425.
- Transfers require review and approval of City Council.
- City Code includes a list of circumstances wherein an ownership change of 50% or more may not be considered a transfer and where City Council may consider waiving the transfer fee.

SUPPORT MATERIALS:

- Memo from Howard Swanson
- Copy of City Code Section 21-0201(15) Transfer



CITY OF GRAND FORKS

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OFFICE OF CITY ATTORNEY

E-MEMORANDUM

TO: Sherie Lundmark slundmark@grandforksgov.com
Finance & Administrative Services

FROM: Howard D. Swanson, City Attorney hswanson@swlawltd.com

RE: Speedway 805 alcoholic beverage license

DATE: January 14, 2020

I have reviewed your email and the email string regarding current ownership of the Speedway restaurant. It is my understanding that the current ownership of SOGF, Inc. is as follows: Jim Nostdahl, 32.44%, Julie Nostdahl Elsberry, 17.84%, Karen Nostdahl Johnson, 14.44%, Nancy Nostdahl Gackle, 13.24%, Mary Jo Nostdahl Bahl, 4.44%, Tom Wold, 4.6%, Phyllis Becker, 3.5%, Linda Anderson, 3.5%, Michael Brevig, 4%, Harley Schmidt, 2%. This current ownership demonstrates a transfer of more than 50% of the ownership from the original ownership in 1989. However, the majority of that transfer, more than 50%, represents transfers from one family member to another family member. Consequently, no transfer fee would be required.

I would suggest that the City Council should approve the current ownership with a determination that no transfer fees are due and owing. This would be similar to the action recently taken with regard to Eagle's Crest.

Should you have any questions or concerns regarding this matter, please do not hesitate to contact me.

HDS/gkf

21-0201. - Definitions.

For purposes of this article, the following words and phrases shall have the meanings ascribed to them in this section:

- (15) *Transfer*. Any assignment, sale, exchange or other conveyance of any license issued pursuant to the provisions of this article. A transfer shall be deemed to have occurred upon the assignment, sale, exchange, or other conveyance of fifty (50) percent or more of the interest in a license holder partnership or stock in a license holder corporation, whether such assignment, sale, exchange or other conveyance occurred in one (1) single transaction or multiple transactions. However, the term "transfer" shall not apply to the following described conveyances:
- (A) When an individual possessing a license issued pursuant to the provisions of this article has become deceased, the license may, upon application of the personal representative of the decedent, be transferred to another individual, partnership, firm or corporation.
 - (B) When any corporation possessing a license issued pursuant to the provisions of this article voluntarily dissolves, the license may be issued to any individual shareholder in such corporation who held the stock at the time of the issuance or last renewal of the license and whose application is approved by the holders owning a majority of the outstanding shares of stock in the corporation prior to the time of dissolution; provided, however, that such shareholder shall be subject to all the requirements of this article relating to the application for a license and the qualifications of license holder.
 - (C) When an individual license holder desires to transfer a license to a corporation in which the license holder is the owner of at least a majority of the outstanding shares of stock in the corporation; provided, however, that such license holder's stock ownership in the transferee corporation does not fall below the majority of the outstanding stock in the corporation without the prior approval of the city council and reapplication for license by the transferee corporation. The transferee corporation shall be subject to all the requirements of this article relating to the application for a license and the qualifications of a license holder.
 - (D) When a license holder is a corporation or partnership which desires to transfer a license to another corporation or partnership having substantially the same partners or stockholders; provided, however, that such transferee corporation or partnership shall be subject to all the requirements of this article relating to the application for a license and the qualifications of a license holder.
 - (E) When an individual license holder desires to transfer a license to a blood relative of the first degree, as defined by the North Dakota Century Code, or to a grandchild of the individual license holder if the grandchild's parents are deceased. For purposes of this subsection only, a similar conveyance of shares of stock in a license holder corporation shall not be considered a "transfer" if the person seeking to convey shares of stock owns at least a majority of the outstanding shares of stock in the corporation or is seeking to convey shares or stock to a blood relative of the first degree as defined by the North Dakota Century Code, or to a grandchild if the grandchild's parents are deceased.
 - (F) When a majority of the entire city council adopts a resolution and declares the conveyance not to be a transfer for the purposes of this article.