

**Growth Fund Committee Minutes**  
**Virtual Meeting via Zoom -- City Hall closed due to COVID-19**  
**April 27, 2020 – 4:00 p.m.**

1. **Roll Call:** Members Present - Katie Dachtler, Jonathan Holth, Bret Weber, Danny Weigel, Chris Wolf. Others Present - Meredith Richards, Ryan Brooks, Todd Feland, Andy Conlon, Michael Brown, Dana Sande, Maureen Storstad, Jessica Bergerson, Keith Lund, Brandon Baumbach, Josh Riedy, James Higgins, Chuck Pineo, Brianne Osowski, Amy Whitney, Tom Schauer.
2. **Minutes – Meeting of January 27, 2020:** Motion by Weigel, second by Dachtler to approve as presented. Voting “aye”: all.

Bret Weber stated that economic development and economic recovery are not on the agenda but are top of the mind issues for the community. He noted that Mayor Brown has been engaging with local and state officials and invited him to provide an update. Mayor Brown recapped developments that occurred after the Flood of 1997 (i.e. Alerus Center, Engelstad Arena) and how the community was positive and optimistic during that time. The community has another recovery ahead and he stressed the importance of vigilance and investing in the City’s future. He is working with leaders at the Bank of North Dakota and Commerce Dept. who have commented that Grand Forks is at the forefront.

3. **Financial Status Report on Fund 5996 and 2163:** Mayor Brown introduced the item, stating he directed City staff to review Funds 5996 and 2163 to look at the new normal and recovery. It is critical to continue to invest in ourselves, high-tech companies, workforce collaborations, and quality of life, and we must continue to work with our strategic partners. He thanked this group for its strategic thinking. Maureen Storstad provided a side-by-side review of the original 2020 budget and revised projections to show the effect of Covid-related changes in both funds. She noted Fund 2163 (Economic Development) is funded with a portion of the 1% City sales tax, and sales tax receipts are projected to be down 25-30%. Revenue stream for Fund 5996 (JDA) comes from rental and loan income, and the projected 2020 budget also includes land sales of \$1 million. It also assumes the sale of the Corporate Centers and Cirrus, with a corresponding transfer to CDBG for that portion of the sale proceeds. Members asked various questions of Ms. Storstad regarding specific line items. Dana Sande asked for the documents that Ms. Storstad presented to be made available, and Ms. Richards said that they would be linked to the agenda.
4. **Overview of BND/Local Lender Meeting:** Mayor. Brown stated that Eric Hardmeyer, BND’s President and CEO, had a special place in his heart for Grand Forks because of the 1997 Flood, reflecting one of the smartest things the City Council did was to borrow money from BND to pay City employees during the recovery and the City recovered much quicker. He added that Mr. Hardmeyer suggested a wait-and-see approach to see what transpires at the Federal and State level before the City begins acting locally, and noted that Hardmeyer appreciated the City’s proactive approach. Keith Lund stated the meeting with BND staff and local lenders was a follow-up to the business listening sessions the community held, Local lenders included Corey Cleveland, Valley Bank; Chris Johnson, Choice Financial; Kevin Beito, Bremer Bank; Matt Jacobson, Alerus. Eric Hardmeyer, Todd Steinwand, and Kelvin Hullet from BND were joined by Josh Keegan, ND Development Fund. Discussion included feedback on then recently opened SBA programs under the CARES Act, and also the State’s perspective and anticipated State response. Echoing Mayor Brown’s comment, Mr. Lund stated that BND was not aware of any community in the state that held similar listening sessions and BND was extremely complimentary of these efforts and said Grand Forks was a model for the entire state of North Dakota. Mr. Lund gave a synopsis of the topics covered, and noted that local lenders felt these programs would help for a period of time but for how long. They address business expenses but not loss of revenue. Mr. Lund further stated that BND

commented that none of us at the state or local level have the resources to duplicate Federal assistance, and felt the state's role was to focus on stabilization and sustainability, and in Hardmeyer's opinion, the State would be looking at working capital loans with generous terms, which were later announced by Governor Burgum. Mr. Holth mentioned he was a part of that meeting and it felt like BND had heard our listening sessions and responded.

5. **High-Tech Updates** (information only): Mr. Weber referenced the State of the City address and Mayor Brown's advocacy for growing a high-tech sector locally. Mayor Brown commented that the community is heading in the right direction and a key part is collaboration: the Herald building project partnered the City with the EDC, the library, UND, public schools and now Airtonomy. Brandon Baumbach acknowledged Mayor Brown's and Dana Sande's leadership in high-tech sector development. This has been a priority to grow and diversify the regional economy for a couple of reasons: 1) there is a strong base with the business assets and our research university and 2) there is an ongoing and growing need for these high paying, high quality careers. He provided an update on the high-tech priority and the momentum built prior to Covid-19 becoming a part of the equation, and how that momentum continues to build. He then introduced the guests who are examples of this momentum and will be giving presentations:

- a. **Airtonomy – Josh Riedy** and his team received a \$50,000 grant from the JDA in December 2018 to leverage a Microsoft TechSpark grant, and since that time, they have received \$1 million from the ND Department of Commerce's LIFT Program. Mr. Riedy introduced Dr. James Higgins, co-founder of Airtonomy, and Chuck Pineo, CEO of the UND Aerospace Foundation. Mr. Riedy reported that since the pandemic, Airtonomy is positioned well and their company has been busier than ever. Since January, there have been several developments: 1) completed their first production work successfully with a local customer that is tremendously happy with the outcome; 2) bid successfully on their first major national RFP; 3) essential workers are using their solution on-site themselves; and 4) the best is yet to come. Mr. Riedy noted he cannot share details but hopes to be working on an exciting development with Xcel Energy. He stated that Airtonomy is accelerating, the team is growing, and they have an opportunity to demonstrate North Dakota UAS ingenuity to the world. As they embark upon a substantial growth opportunity, they intend to come before the Growth Fund in the future to seek assistance. The Growth Fund was instrumental in getting the company going with Microsoft and others and hopes to count on continued support. Mr. Pineo shared that his Board discussed Airtonomy and are heavily putting in resources.

- b. **Tailorie – Brianne Osowski** a local retail entrepreneur who has developed a retail social tech platform that connects consumers to brands tailored to their preferences. She has raised nearly \$1.5 million, including a \$750,000 loan from the LIFT Program. She is CEO/founder of Tailorie and owns two brick and mortar stores in Grand Forks, which give her an understanding of how consumers make their purchases. Tailorie consists of five full time employees (some remote) and approximately ten contractors plus internships with UND students this summer. It is her goal to attract and retain talent in the community. She said that Tailorie connects brands and consumers in a new way. People are making product decisions based on what is important to them, and Tailorie helps consumers discover those products/brands. Think of it as a matchmaking service for consumers and products. For small and medium size businesses, this is leveling the playing field of digital marketing. Ms. Osowski stated her funding gap is approximately \$500,000. Todd Feland referenced the LIFT program, and said we are looking at developing a local program to emulate this mechanism being used at the State level but with our own local flair.

- c. **EDA Build to Scale Grant Opportunity – Amy Whitney, Center for Innovation** provided an update on the EDA Build to Scale Program they have been working on with EDC and City staff. A concept proposal was submitted to the EDA that builds on Mayor Brown's vision for a downtown tech hub. This grant would provide for a project manager to help realize that vision, and to coordinate entrepreneurial resources and commercialization activity, streamline access to startup capital, formalize mentorship and networking opportunities, and enhance workforce upskill training for tech

sector job opportunities. The idea is to enhance and harness tech opportunities that are happening regionally, incubate scalable tech startups and upscale the workforce. She expects to hear back from the EDA on the concept proposal with an invitation to submit a full application by May 19; a full application is then due June 14. She hopes receive that invitation and then come back to this Committee to request required matching funds this grant. UND has committed to help with that and she will also look for other public and private sector partners. Mr. Sande commented that this would be a good tie with the University, provide resources for students to come downtown, create new jobs and be a great opportunity for the community.

6. **Business Park Lot Purchase Offer: Midcontinent Communications:** Ryan Brooks referenced the staff report, stating staff received an offer from Midcontinent Communications to purchase 2.81 acres in the Grand Forks Business Park to construct a Technical Operations Center. Their offer is \$395,000, which equates to \$3.23/sq. ft. Mr. Brooks let them know we would likely counter offer at \$3.25/ sq. ft. to maintain consistent pricing policy. A replat is required which has typically been the seller's (JDA's) responsibility. Other terms of note include a 90-day due diligence period and \$5,000 in earnest money. **Motion by Holth, second by Wolf to approve as presented. Voting "aye": all.**
7. **Authorize Northern Plains Nitrogen Plume Analysis Study Update:** Todd Feland stated that in 2015, KLJ was hired to do a study of the proposed NPN plant. The conclusion was that the project could move forward in a mitigated fashion based on plume analysis to accommodate both economic clusters -- the agribusiness cluster that wants to locate a \$2+ billion nitrogen plant versus the airport cluster that is really important and includes UND Aerospace. Over the last 4-5 years, there was a pause because the project stalled on the investment side. Now, two things are coming together: the Airport Authority is moving forward with a new airport master plan that requires them to rebuild the north-south runway and renovate one of the east-west runways for commercial traffic; and second, Larry Mackie has said that financing for the project is more imminent than ever. Staff therefore recommends updating the Visual Exhaust Plume Aviation Analysis Final Report dated July 28, 2015 with Kadrmas, Lee, & Jackson, Inc. (KLJ) in the amount of \$48,900. Mr. Feland introduced Tom Schauer from KLG who provided visuals and a brief overview of plume study. Mr. Sande asked what would be done with the updated study. Mr. Feland stated the results will inform the Airport Authority, UND, and City Council on how impacts would be addressed and he's confident KLJ's third-party analysis will provide appropriate outcomes. If we need further study after that, it's always an option. Mr. Feland pointed out that there is much more work to be done beyond the plume analysis if we are to move forward with this project. **Motion by Weigel, second Dachtler to approve as presented. Voting "aye": all.**
8. **Administrative Updates:** Meredith Richards stated that she has been working with Mr. Wolf and Chairman Weber to develop an interim loan forbearance policy that can be applied administratively. The impact will be relatively small given that there are 8 active JDA loans currently, with 6 becoming active by the end of the year. Forbearance requests will not be encouraged or promoted, but if a borrower comes to us, we will work with them to allow up to 90 days forbearance, with the option of up to 90 additional days, assuming that staff and Chairman Weber agree it is Covid-related and appropriate. If this group is amenable, we will move forward with this process and keep the committee apprised of requests.

Ms. Richards noted that since the committee did not have a March meeting, the following items went directly to the JDA:

- Business Park Lot Purchase by Bakken Land Enterprises, LLC on behalf of Pro Transport for \$641,312
- FlexPACE Loan to Pro Transport for \$107,693 for construction of facility on above lot
- FlexPACE Loan to HP Sound & Light for \$16,593 for equipment purchase
- Start-Up Grand Forks Loan to Persephone's Floral for \$18,000
- Start-Up Grand Forks Loan to Dalan, LLC dba Valley TechPros approved for \$20,000
- Start-Up Grand Forks Loan to French Taste, LLC was tabled pending approval by ND Development Fund

9. **Adjournment: Motion by Wolf, second by Weigel. Voting "aye": all. Meeting adjourned at 5:26 p.m.**

Submitted by:

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Jane Beasley  
Community Development

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Bret Weber  
Chair

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