

October 11, 2021

**PROCEEDINGS OF THE CITY COUNCIL  
OF THE CITY OF GRAND FORKS, NORTH DAKOTA  
October 11, 2021**

The city council of the city of Grand Forks, North Dakota met in the council chambers in City Hall on Monday, October 11, 2021 at the hour of 5:30 o'clock p.m. with Mayor Bochenski presiding. Present at roll call were Council Members Weigel, Dachtler, Weber, Sande, Vein-5; absent: Mock, Kvamme - 2.

Mayor Bochenski announced that anyone wishing to speak to any item may do so by being recognized prior to a vote being taken on the matter, and that the meeting is being televised.

**MAYOR'S ANNOUNCEMENTS**

Mayor Bochenski commented on the following:

- Was invited to attend a powwow in Dunseith and was a great event.
- There will be a special joint meeting with Grand Forks County relating to Grand Forks Air Force Base tomorrow at 5:30 p.m. This meeting is an annual event to receive updates on operations at the base.

**HOLD PUBLIC HEARING ON PAYMENT IN LIEU OF  
TAXES DEVELOPMENT AGREEMENT FOR BLOCK V, LLC**

Mayor Bochenski opened the public hearing on the Application for Property Tax Incentives for new or expanding businesses in the form of a payment in lieu of property tax under N.D.C.C. Section 40-57.1-03(2). There were no comments and the public hearing was closed.

**ADOPT RESOLUTION APPROVING PAYMENT IN LIEU  
OF PROPERTY TAX AND FINAL APPROVAL OF  
DEVELOPMENT AGREEMENT FOR BLOCK V LLC**

The staff report from the city administrator and city attorney relating to Application for Property Tax Incentives for New or Expanding Businesses in the form of a payment in lieu of tax under N.D.C.C. Section 40-57.1-03(2), with a recommendation to adopt the resolution approving the Payment in Lieu of Property Tax (PILOT) Development Agreement for Block V, LLC.

Dan Gaustad, City Attorney, reviewed the development agreement terms with the City Council including the method of calculation for the PILOT, noting that the tax saving will be used to repay the loan to the JDA which will finance the project. In the event that the annual tax saving is not enough to cover the loan payment, the developer will still be required to make the full loan payment. The development will need to be completed before the PILOT kicks in and property taxes will be collected normally during the construction time. The agreement also includes provisions for termination of the pilot in the event of new ownership, default, or closure of the business, as well as early payment terms. It is anticipated that the project would be completed in 2022, with the first payment in January of 2023.

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Mayor Bochenski commented that this is a great project which will see refurbishing of a historic building in downtown.

It was noted that a representative of the development had been invited, but was not able to attend the meeting this evening. Staff recommends approval.

It was moved by Council Member Weber and seconded by Council Member Sande to adopt the resolution and approve the development agreement.

Council Members discussed it would have been preferred to have a representative of the developer present, as there is a commitment including personal guarantees as part of this agreement. Gaustad stated that the filing of a mortgage lien on the building and land will be done to secure the loan in addition to the other guarantees included in the agreement and further the value of the property is greater than the loan so the city is protected. If ownership of the LLC changes original owners' guarantees would remain unless a request to transfer that liability to the new owners which would require approval of the JDA/City Council.

Upon call for the question, the motion carried unanimously.

ADJOURN

It was moved by Council Member Weber and seconded by Council Member Sande that we adjourn at 5:50 p.m. Motion carried unanimously.

Respectfully submitted,

Maureen Storstad  
City Auditor

Approved:

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Brandon Bochenski, Mayor