



Grand Forks Growth Fund, a JDA  
Staff Report  
Growth Fund Committee – May 19, 2025  
JDA – June 2, 2025



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Agenda Item: Accelerate Loan Modification Request: Thread

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Submitted by: Andy Conlon, Economic Development Manager

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Staff Recommended Action: Approve the loan modification request as detailed herein and authorize execution of necessary documents, subject to City Attorney review.

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Growth Fund Action: Osowski made a motion to approve staff recommendation with a new maturity date of February 12, 2026, seconded by Wolf. Motion carried unanimously.

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JDA Action: Motion by Osowski, second by Berg to allow Sande to vote. Motion failed 0-6.  
Motion by Berg, second by Fridolfs to approve. Motion carried 5-0 with Sande recused.

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**BACKGROUND:**

As part of the 2019 legislative session, the State of North Dakota created the Innovation Technology Loan Fund (LIFT), a program administered by the Bank of North Dakota (BND) and aimed at supporting technology advancement by providing financing for commercialization of intellectual property in the state. Airtonomy, Inc. (Thread) was one of several Grand Forks companies that were successful in receiving initial LIFT funding, securing \$1,000,000 as part of the LIFT program.

In June 2020, the JDA subsequently approved a loan of \$500,000 to Thread structured with terms mirroring those of LIFT: an unsecured loan at 2% interest with payment and interest accrual deferred Years 1-3, interest accrual beginning and interest-only payments due monthly Years 4-5, then a balloon payment of outstanding principal due at the end of Year 5, at which time full repayment or modification could be considered. Thread has made regular interest-only payments, as scheduled, since August 2023 and the loan is set to come due July 1, 2025.

Thread has experienced success and hit major milestones as a company over the term of this loan and is pursuing a Series B investment round; the second company in ND history to do so. The company has communicated with staff and BND over the past several weeks that in order to continue their positive momentum, they are requesting a modification to both their BND and Growth Fund loans. To accommodate and allow a reasonable amount of time for the company to close out the Series B investment round, BND has agreed to a modification of terms to their LIFT loan. Those terms have been mirrored to apply to the Growth Fund's loan below:

*Proposed loan modification terms:*

- Extend maturity date to April 12, 2026 (current maturity date is July 1, 2025)
- From July 1, 2025 to April 12, 2026, interest will accrue at Wall Street Journal Prime Rate (7.5%)
- Monthly payments are required; Thread will continue to make the current level of repayment it has been making over the past 24 months (\$833.33). This monthly payment will satisfy a portion of the monthly interest accrued (at 7.5% - interest accrued monthly will be approximately \$3,125.00). The remaining monthly interest balance will remain outstanding each month and will be collected at maturity with the outstanding principal of \$500,000.
- On April 12, 2026, the principal amount of \$500,000 plus any unpaid interest accrued is due in full.
- As part of the change in terms request, the Growth Fund would intend to file a UCC filing on all business assets (the loan as currently structured is unsecured).

Staff is not qualified to perform formal underwriting but has consulted with BND program administrators who have reviewed company financials and are comfortable moving forward with this proposal. In exchange for flexibility on terms, the Growth Fund will both receive more in interest upon maturity as well as improve its security position. Staff believes this proposal balances the needs of the company with the interests of the Growth Fund and recommends approval.

**FINDINGS & ANALYSIS:**

- Thread has made regular monthly interest-only payments of \$833.33 since August 1, 2023, leaving the current outstanding balance at \$500,000. Approximately \$18,333 in interest has been paid to date.
- The company has provided a turn-down letter from Bremer Bank evidencing the unavailability of private debt to refinance this loan.

**SUPPORT MATERIALS:**

- Loan Letter from Bremer Bank



3100 S Columbia Rd  
Grand Forks, ND 58201

[bremer.com](http://bremer.com)

May 5, 2025

Airtonomy Inc  
DbA Thread  
4200 James Ray Dr  
Grand Forks, ND 58201

RE: Loan Request

Dear Josh,

Thank you for your loan application. We have carefully reviewed your financials and unfortunately we are unable to extend credit to you at this time.

If you have any questions, please feel free to contact me.

Sincerely,

Lana Motl  
Bremer Bank  
3100 S Columbia Rd  
Grand Forks, ND 58201  
701-795-4562  
[lbmotl@bremer.com](mailto:lbmotl@bremer.com)