



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

APPROVED & ACCEPTED
by City Council

06/02/2025

Maureen Storstad
Maureen Storstad
City Auditor

Agenda Item: Authorization to Pursue Collections: Tailorie

Submitted by: Andy Conlon, Economic Development Manager

Staff Recommended Action: Declare the subject loan in default and authorize the initiation of default proceedings by staff and the City Attorney.

Growth Fund Committee Action: Osowski moved approve the request, second by Crary. Motion carried unanimously with Wolf recused.

JDA Action: Motion by Osowski, second by Berg to approve. Motion carried unanimously.

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. Tailorie, Inc. was one of several Grand Forks companies that were successful in receiving initial LIFT funding, securing \$750,000 as part of the LIFT program.

In June 2020, the JDA subsequently approved a loan of \$375,000 to Tailorie 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. Tailorie has made regular interest-only payments, as scheduled, from September 2023 until April 2025 (totaling \$12,500) and the loan is set to come due August 1, 2025. In advance of that payment, staff initiated communication with Tailorie and BND to determine a path forward.

Tailorie notified staff via email on May 9th that the company is preparing to cease operations and formally wind down the business as it is no longer financially viable and has no remaining financial resources. The email serves as a formal notice of default from the borrower, therefore, staff recommends formally declaring the loan in default and authorizing the City Attorney to initiate the collections process.

ANALYSIS AND FINDINGS OF FACT:

- Tailorie is in default of one or more conditions of the loan agreement dated July 14, 2020.
- Tailorie made twenty interest-only payments in the amount of \$625 each, from September 2023 to April 2025, totaling \$12,500. The total outstanding balance as of 5/13/2025 is \$375,625.

SUPPORTING MATERIALS:

- Email notification of business closure
- Growth Fund loan documents

From: [Brienne Osowski](#)
To: [Conlon, Andrew](#)
Subject: Notice of Business Closure – Tailorie Inc. / 7519 Holdings Corp
Date: Friday, May 9, 2025 1:45:52 PM

I'm writing to notify you that Tailorie Inc., which legally changed its name to 7519 Holdings Corp in April 2025, is preparing to cease operations and formally wind down the business. We plan to share this announcement publicly early next week.

Despite my best efforts to restructure, reduce costs, and explore financing options, the business is no longer viable. The company is insolvent, with no remaining financial resources or path to repayment. As such, this letter serves as formal notice of default on its outstanding loan obligations.

I understand this may be disappointing to receive, and I truly appreciate the support and flexibility you've extended along the way.

Brienne Osowski

Brienne Osowski
Founder & CEO



brienne@tailorie.com
www.tailorie.com

[Download Tailorie Here](#)

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LOAN AGREEMENT

This Loan Agreement made the 14 day of July, 2020, by and between Tailorie, Inc. (hereinafter "Borrower") and the Grand Forks Growth Fund, a Job Development Authority (hereinafter "Growth Fund").

A. Terms of Loan.

1. *The Loan.* Growth Fund agrees to lend the sum of \$375,000.00 to Borrower upon the terms and conditions set forth herein.
2. *The Note.* The obligation to repay this loan shall be evidenced by a promissory note in the form attached hereto as Exhibit "A" which provides for the payment of principal and interest as follows: Term of the loan shall be five (5) years; interest rate shall be 0 percent for the first three (3) years and no payments of principal shall be due during the first 36 months; during months 37-60, monthly payments of interest accrued at a rate of 2 percent per annum will be due. The entire principal and interest shall be due and payable 60 months after the date of the loan.
3. *Prepayment.* Borrower shall have the right to prepay this loan in whole or in part at any time. All prepayments shall be applied first to any outstanding amounts due for accrued interest or fees with the remainder applied to outstanding principal balance.
4. *Conversion.* The Growth Fund shall have the right, but not the obligation, at any time during the first 36 months of this agreement to convert the outstanding principal balance due hereunder into a Simple Agreement for Future Equity (SAFE) in the form attached hereto as Exhibit "B." Borrower shall provide the Growth Fund a minimum of 30 day written notice of their intent to pursue Equity Financing or a Liquidity Event as defined in Exhibit "B" attached hereto.

B. Conditions Precedent.

As conditions precedent to this loan, the Borrower shall provide the Growth Fund with the following:

1. *Promissory Note.* Duly executed Promissory Note attached hereto as Exhibit "A" which evidences this agreement.
 2. *Other Evidence.* Such other documents as the Growth Fund may reasonably require including, but not limited to, evidence of corporate authorization of the transactions contemplated herein and compliance with conditions set forth herein.
- C. Representations and Warranties.

The Borrower represents and warrants that:

1. *Existence of Power.* The Borrower has all required power and authority to conduct its business, own its properties, and perform all of its obligations under this Agreement.
2. *No Conflict.* There is no provision of any existing mortgage, indenture, contract or agreement binding on the Borrower or affecting its property, which would conflict with or in any way prevent the execution, delivery, validity or carrying out of the terms of this Agreement and of the Note.
3. *Litigation.* There is no litigation or other proceeding pending or threatened against or affecting Borrower, and Borrower is not in default with respect to any order, writ, injunction, or demand of any court or other governmental or regulatory authority.
4. *No Events of Default.* No event has occurred and is continuing, or would result from the making of this loan, which constitutes an event of default.
5. *Financial Condition.* The Financial Statements, as defined in the Business Financing Application submitted by Borrower to Growth Fund, and all other statements and data submitted in writing in connection with this Agreement, are true and correct and said Financial Statements truly present the financial condition of the Borrower as of the date thereof and the results of the operations of Borrower for the period covered thereby and have been prepared in accordance with generally accepted accounting principles.

6. *Tax.* The Borrower has no liability for any delinquent state, local or federal taxes.

D. Affirmative Covenants of Borrower.

Borrower shall, unless Growth Fund gives its prior written consent:

1. *Rights and Facilities.* Maintain and preserve all rights, franchises and other authority adequate to conduct its business, maintain its properties, equipment and facilities in good working order and repair, conduct its business in an orderly manner and maintain and preserve its existence.
2. *Notice of Default.* Within five (5) business days after the occurrence of any event which constitutes an event of default, or would constitute an event of default with the passage of time or the giving of notice, Borrower shall give written notice of such occurrence to Growth Fund.
3. *Insurance.* Maintain public liability, property damage and worker's compensation insurance, and insurance on, and insurance on all its insurable property against fire and other hazards with responsible insurance carriers to the extent usually maintained by similar businesses and name Growth Fund as loss payee.
4. *Taxes and Other Liabilities.* Pay and discharge before the same become delinquent and before penalties accrue thereon all taxes, assessments and governmental charges upon or against it or any of its properties and all its other liabilities at any time existing except to the extent and so long as:
 - a. The same are being contested in good faith and by appropriate proceedings in such manner as not to cause any materially adverse effect upon its financial condition or the loss of any right of redemption from a sale thereunder, and
 - b. It shall have set aside on its books reserves (segregated to the extent required by generally accepted accounting principles) deemed by it adequate with respect thereto.

5. *Records and Reports.* Maintain a standard and modern system of accounting in accordance with generally accepted accounting principles, permit Growth Fund's representatives to have access to and to examine its properties, books and records at all reasonable times, and furnish Growth Fund the following:
 - a. Borrower will deliver to Growth Fund within 90 days after the close of each fiscal year of Borrower, consolidated balance sheets and the related consolidated statement of earnings and retained earnings of Borrower at the end of such fiscal year and for the fiscal year then ended. Such financial statements shall be prepared in accordance with generally accepted accounting principles and shall be certified by an accountants satisfactory to the Growth Fund.
 - b. Borrower, promptly after the receipt thereof, will deliver copies of any detailed audit reports submitted to Borrower by independent accountants in connection with each annual or interim audit of the accounts of Borrower made by such accountants.
 - c. Such other information relating to the affairs of Borrower as the Growth Fund may reasonably request from time to time.

E. Events of Default; Growth Fund's Rights.

The occurrence of any of the following events of default shall, at Growth Fund's option, terminate Growth Fund's commitment to lend, make all sums of principal and interest then remaining unpaid on all Borrower's indebtedness to Growth Fund immediately due and payable all without demand, presentment or notice all of which are hereby expressly waived:

1. *Failure To Pay Note.* Failure to pay any installment of principal or interest on any indebtedness of Borrower to Growth Fund when due (whether by acceleration or otherwise).
2. *Breach of Covenant.* Failure of Borrower to perform any other term or condition of this Agreement binding upon Borrower.
3. *Breach of Warranty.* Any of Borrower's representations or warranties made

herein or any statement or certificate at any time given in writing pursuant hereto or in connection herewith are false or misleading in any material respect at the time when made or given.

4. *Termination of Borrower's Business Operations.* Death, dissolution of Borrower, termination of existence, insolvency, business failure, appointment of a receiver of any part of the property of, assignment for the benefit of creditors by, or commencement of a proceeding under bankruptcy or insolvency laws by or against Borrower.
5. *Change in Ownership.* Any change in ownership of 25 percent or more of common stock of Borrower.
6. *Adverse Change.* A material adverse change in Borrower's financial condition, or Growth Fund believes the prospect of payment or performance of this Agreement and related Promissory Note is impaired.

Growth Fund may not waive its rights under this or any other Agreement, instrument or paper signed by Borrower unless the waiver is in writing and signed by Growth Fund. No delay or omission by Growth Fund in exercising any right is a waiver of that right or any other right. A waiver on any one occasion is not a bar to or waiver of any right or remedy on any future occasion. All Growth Fund's rights and remedies, whether evidenced by this or any other agreement, instrument or paper are cumulative and may be exercised singly or concurrently.

F. General Provisions.


1. *Governing Law.* This Agreement shall be construed under the laws of the State of North Dakota.
2. *Captions.* The captions in this Agreement are inserted for convenience of reference only and in no way define, describe or limit the scope or intent of this Agreement or any of the provisions hereof.
3. *Assignability.* Neither this Agreement nor the related Note shall be assignable without the prior consent of the Growth Fund. Any attempt at assignment

without such consent shall be void.

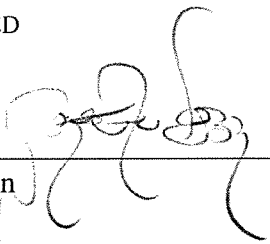
4. *Severability.* Should any part or provision of this Agreement be rendered or declared invalid by reason of any existing or subsequently enacted legislation or by any decree of a court of competent jurisdiction, the remaining provisions shall nevertheless remain in full force and effect to the maximum extent permitted by law.
5. *Counterparts.* This Agreement may be executed in two or more counterparts each of which shall be deemed an original, but all of which shall constitute one and the same instrument.


IN WITNESS WHEREOF, the parties hereto have executed this Agreement the date and year first above written.

TAILORIE, INC.


By: Brianne Osowski, Its President

GRAND FORKS GROWTH FUND, A JOB DEVELOPMENT
AUTHORITY CREATED BY THE CITY OF GRAND FORKS
PURSUANT TO THE PROVISIONS OF CHAPTER 40-57.4,
N.D.C.C. AS AMENDED


Bret Weber, Chairman


Ken Vein, Vice Chairman

PROMISSORY NOTE

Dated: July 14, 2020

The undersigned hereby promises to pay to the order of the Grand Forks Growth Fund, hereinafter called "Growth Fund" at its office at 255 North 4th Street, Grand Forks, ND 58203, the sum of Three Hundred Seventy-five Thousand Dollars (\$375,000.00) with interest at a variable rate commencing at 0 percent per annum for the first 36 months of the term of this Note, and 2 percent per annum for the remaining 24 months of this Note. Interest shall be computed on a 360-day basis. This note is payable in 24 monthly installments beginning 37 months from the date hereof. Each monthly installment shall be equal to the amount of accrued interest due. Said payments shall continue for a period of 24 months at which time the entire balance shall be due and payable. Payments are to be applied first to interest and the remainder to principal.

Upon any default in the payment of interest, or principal, this note shall become immediately due and payable at the option of the Growth Fund, without notice or demand. There will be no penalty for prepayment of this loan.

Any notice to Borrower provided for in this Note shall be given by mailing such notice by certified mail addressed to Borrower at the address stated below, or to such other address, as Borrower may designate by notice to the note holder. Any notice to the Note holder shall be given by mailing such notice by certified mail, return receipt requested, to the Note holder at the address stated in the first paragraph of this Note, or at such other address as may have been designated by notice to the Borrower.

This note is given pursuant to the terms of a certain Loan Agreement dated July 14, 2020, by and between the undersigned and the Growth Fund. This note is expressly made subject to the terms and conditions of the above agreement.

TAILORIE, INC.

By: 

Brianne Osowski, Its President

EXHIBIT "A"