



City of Grand Forks
Staff Report

APPROVED

Jobs Development Authority – November 3, 2025

Agenda Item: Grand Forks Children’s Museum – Land Lease and Transfer

Submitted by: Todd Feland, City Administrator
Dan Gaustad, City Attorney
Maureen Storstad, Finance Director

Staff Recommended Action – Review and approve the revised Grand Forks Children’s Museum land lease. Make all approvals subject to final review and approval of the City Attorney.

JDA Action: Motion by Sande, second by Bochenski to approve. Motion carried 5-1 with Osowski dissenting.

BACKGROUND:

Attached part of the supporting documentation are the following staff reports that provide information relating to the development of the Grand Forks Children’s Museum (Children’s Museum) – and to avoid duplication, we refer to the information in these staff reports regarding the planned to be construction and operation of the Children’s Museum:

1. Approved Staff Report for Special City Council Meeting and Regular City Council meetings held September 30, 2024 and October 7, 2024 respectively, which among other matters, included the approval of the transfer of title to a 4-5 acre tract of land to the Jobs Development Authority for the Children’s Museum, with the JDA reimbursing the City for the value of such 4-5 acre parcel based on the per acre purchase price paid by the City for the larger tract that contains or adjacent to this 4-5 acre tract and recommend JDA approve long-term ground lease with the Children’s Museum, subject to final review and approval of the City Attorney, and directing the City Attorney to revise current agreement relating to contingent based funding by the City for the Children’s Museum.
2. Approved Staff Report for Special City Council Meeting and Jobs Development Authority meetings held September 30, 2024 and October 7, 2024 respectively, which approved a transfer of funds to the City for the land title transfer from the City Council for the Children’s Museum and to direct the City Attorney to draft ground lease agreement with Children’s Museum, subject to final review and approval of the City Attorney
3. Staff Report to the Committee of the Whole meeting on October 27, 2025, and for the City Council meeting to be held on November 3, 2025 seeking approval of the revised Grand Forks Children’s Museum Development Agreement, subject to final review and approval of the Jobs Development Authority and to recommend to the Jobs Development Authority approve a ground lease with the Children’s Museum, will all approvals subject to final review and approval of the City Attorney. The Committee of the Whole did recommend such action be taken by the City Council.

In connection with the above-noted actions taken by the City Council and the JDA, a Development Agreement for the contingent funding for the Children’s Museum has not been finalized and ready for final

approval by the City Council. Related to the Development Agreement, and as noted by the prior actions taken by the City Council and the JDA, a ground lease for the JDA's leasing of the parcel designated for the Children's Museum has been prepared, and is attached. Also, a deed to transfer the parcel from the City of Grand Forks (which is the current title owner of such parcel) to the JDA will be executed and recorded, pursuant to the prior approvals and actions taken by the City Council and JDA to effect such title transfer (see the attached Staff Report for Special City Council Meeting and Jobs Development Authority meetings held September 30, 2024 and October 7, 2024 respectively).

The following is a brief summary of the terms of the proposed Ground Lease

- The parcel leased to the Children's Museum is Lot 3, Block 1 of Danks Fourth Resubdivision, which has a street address of 1660 South 42nd Street, Grand Forks, ND 58201. See Section 3.1
- The initial term of the lease is 50 years, with the Children's Museum having two options to renew, each for 10 year periods. See Sections 4.1 and 4.2
- The Children's Museum will have use of the parcel starting November 3, 2025, with construction to commence the Spring, 2026. See Section 3.2. Also, consistent with the Development Agreement, construction will be completed by the Fall, 2027, and in turn requirement for a certificate of occupancy being issued by December, 2027 is part of the lease agreement. See Section 4.1.2.
- Then annual rent is initially \$4,000.00 per year, and then increases by 5% for each 5 year period of the initial term of the lease. This rental amount is based on the per square foot amount paid by the Red River BMX for its site (it pays \$3,000 annually for a site that is 112,237 square feet) and the Children's Museum parcel is 130,264 square feet. The amount of annual rent for the two renewal periods stays constant during the respective 10 year periods. See Sections 5.1 and 5.2.
- The authorized purpose is solely to construct and operate the Children's Museum. See Section 6.1
- All of terms and conditions for construction and the standards applicable to construction, as outlined in the City's funding Development Agreement apply. See Section 6.2
- Alterations required prior JDA approval. See Section 6.3
- Mortgages or other security interests may be obtained, but such interests may not affect the JDA's interests, and subordinations will require JDA approval. If there is a lien on the land itself, that would constitute an event of default. Section 6.4.
- There are several obligations on the Children's Museum regarding its construction and operation, including: appropriate storage; lighting and signs with JDA approval; payment of property taxes and special assessments (the building may be subject to property tax exemption, which is currently being reviewed by the City's assessing department). See Section 7.6
- The Children's Museum is to maintain the land and building, including snow removal and lawn care, at its expense. If it does not, the JDA can perform such work and seek recovery of its costs, and this failure to do so may result in an event of default. See Section 7.7
- The lease or any rights under the lease may not be assigned without JDA approval. See Section 7.8

- The Children’s Museum is to pay all utilities for its operation. See Section 7.9
- Consistent with the Development Agreement, the Children’s Museum is to certify it has sufficient funds to complete its construction. See Section 7.11
- There are provisions relative to damage to the Children’s Museum, and addressing the re-build or to remove the destroyed building. See Sections 13 and 14.6.
- There are liability and damage insurance requirements, as well as indemnification of the JDA and City by the Children’s Museum for its operation. See Sections 14 and 15.
- Default and remedies are including, which include remedies to terminate the lease and for the structure and premises to be transferred to the JDA. See Sections 16, 17 and 18.

SUPPORT MATERIALS:

- Grand Forks Children’s Museum Ground Lease Agreement
- Grand Forks Children’s Museum Development Agreement
- Warranty Deed from City to JDA for Children’s Museum parcel
- Approved Staff Report for Special City Council Meeting and Regular City Council meetings held September 30, 2024 and October 7, 2024 respectively
- Approved Staff Report for Special City Council Meeting and Jobs Development Authority meetings held September 30, 2024 and October 7, 2024 respectively
- Staff Report to the Committee of the Whole meeting on October 27, 2025, and for the City Council meeting to be held on November 3, 2025