



## City of Grand Forks

### Staff Report

Committee of the Whole – March 23, 2026

City Council – April 6, 2026

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#### **Agenda Item: Altru Sports Complex (ASC) – Deep Dive Well Facility Management and Operations Agreement**

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

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**Staff Recommended Action: Approve Altru Sports Complex – Deep Dive Well Facility Management and Operations Agreement, subject to final review and approval of the City Attorney’s Office.**

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#### **Committee Recommended Action (March 23, 2026):**

Motion by Berg, second by Osowski to allow Sande to vote on agenda item. Motrin failed unanimously.

Motion by Osowski, second by Berg to move staff recommendation to City Council with a recommendation to approve.

Motion carried 6 votes affirmative with Sande recused.

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#### **Council Action (April 6, 2026):**

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#### **UPDATE (04/03/2026):**

Subsequent to the March 23, 2026 COW, UND legal counsel requested a number of proposed changes to the agreement, with a number of the proposed changes being unacceptable to the City Attorney and legal counsel for the Park District, and prompting a discussion with legal counsel with UND, the Park District and City Attorney’s office, which was held on March 30, 2026. The result of this meeting was UND legal counsel would have further discussions with Vice President of Finance and others at UND regarding the agreement as originally drafted. By e-mail on April 2, 2026, UND legal counsel stated that such discussions have commenced but that a facility use agreement – that would address day-to-day operational matters, (i.e. keys, hours of access) - is needed for presentation of the agreement to the SBHE.

#### **BACKGROUND:**

In 2022, the Grand Forks Park District (Park District), with support from the City of Grand Forks (City), hired BerryDunn, Barker Rinker Seacat (BRS), and Water Technology Inc. (WTI) to complete an Indoor Sports Facility and Indoor Aquatic Facility Feasibility Study (Feasibility Study). This Feasibility Study was completed in 2023 and led to a proposed city-wide vote for an extension to the existing 0.75% Alerus Center Sales Tax. Funding, which passed with 66% voter approval. From the passing of this sales tax extension in November of 2023, this sales tax will be used to support ongoing capital improvements of the Alerus Center and the capital construction and long-term capital maintenance of the new Altru Sports Complex (ASC).

The ASC will be owned by the City and operations and maintenance are proposed to be managed by the Park District.

The City and the Park District entered a memorandum of understanding (MOU) to provide these management and operation services, and as noted below, the City has negotiated with the Park District for a long-term operation and maintenance agreement. The agreement with the Park District has been fully negotiated with respect to the Phase I of the ASC. However, changes will be needed to this management agreement to address construction of Phase II relative to hard courts and sports performance, which is currently under design development and construction document development with JLG as per City Council action on February 2, 2026.

However, UND has requested the City include in Phase 1 of the ASC, a Deep Dive Well Facility for use by UND for educational and research purposes.

In connection, the UND Aerospace Foundation (the “Foundation”) agreed to contribute and pay the City funds to pay the costs, expenses and fees for the design and construction of the Deep Dive Well Facility, up to \$1,500,000.00. Currently, the Deep Dive Well Facility’s estimated and anticipated costs, expenses and fees for the design and construction will not exceed such amount.

It was agreed that the inclusion of the Deep Dive Well Facility within the ASC will be made provided the City has no responsibility for the costs, expenses and fees for the design and construction, operation, maintenance or repair of the Deep Dive Well Facility.

The Agreement establishes the construction of the Deep Dive Well Facility, the Foundation’s contribution of \$1,500,000 to the City to cover the costs and expenses for the construction of the Deep Dive Well Facility, and the maintenance and operation of the Deep Dive Well Facility, which makes clear the City has no responsibility for the same.

The Agreement has been the subject of review by all parties, and the latest version, being as of September 29, 2025. After a number of requests for further comments from the City Attorney’s Office regarding the September 2025 version no substantive comments or requested changes were received.

It is understood that upon approval by the City Council, the Agreement will then be submitted to the Park District for its approval. Further, it is understood the Foundation has approved the terms of this Agreement. Finally, as to UND, it is anticipated the agreement would be presented for its approval as well. Given the current state of the agreement, and the reviews that have occurred, the City administration thought it prudent to present this to the City Council.

There are some matters that still need to be inserted, and those items are highlighted in yellow. Most are non-substantive, but to the extent any substantive issue remains, it is noted below in the discussion of the terms of this Agreement

The following is a brief outline of the terms of the Agreement:

**Section 1: Definitions**

Sets out various defined terms used throughout the agreement.

**Section 2: Incorporation of Recitals and Definitions/Interpretation**

**Section 3: Construction of Deep Dive Well Facility**

§ 3.1: The City will work with both UND and the Park District for the construction of the Deep Dive Well Facility, but it has sole and exclusive decision-making authority and control over the design and construction.

§ 3.2 The costs and expense for design and Construction of the Deep Dive Well Facility will be from the Foundation’s \$1,500,000.

§ 3.3: The Foundation will deposit with the City \$1,500,000 into an account owned by the City.

Once the deposit is made, the Foundation's obligation under the Agreement ends.

Also, upon deposit, the Foundations' interest in the deposited funds terminates.

Section 3.3.1(b) allows the City to terminate the Agreement if the Foundation does not deposit the funds.

At Section 3.3.3, if additional funds to complete the Deep Dive Well Facility is needed, (above the \$1,500,000 from the Foundation), an additional deposit of funds will be made. You will note the party to make this contribution needs to be inserted. Given this is a request by UND, I recommend UND be the party that has to contribute the excess funds, which is consistent with the provision at Section 3.3.7(c), that UND receives funds remaining for use in future capital expenditures.

Sections 3.3.4 through 3.3.6 set out the process for the City distribute money from the account for payment of the costs and expenses for the design and Construction of the Deep Dive Well Facility.

Section 3.3.7(a) addresses accounting for the costs for the Deep Dive Well Facility.

Section 3.3.7(b) addresses the situation of a short-fall (costs and expenses for design and Construction exceed \$1,500,000 from the Foundation) – again I am recommending UND be the party that covers a shortfall.

Section 3.3.7(c) addresses excess funds (\$1,500,000 from the Foundation exceeds costs and expenses for the design and Construction), in which case such excess funds are turned over the UND for future capital expenditures for Deep Dive Well Facility.

#### **Section 4: Use, Operation, Maintenance and Repair of Deep Dive Well Facility**

§ 4.1: Establishes that UND will be entitled to use the Deep Dive Well Facility, but subject to Applicable Law, and the terms of the agreement between the City and Park District for the operation of the ASC.

Section 4.1.2 makes clear UND is to secure and pay all of the costs to assure qualified and competent personnel are present to monitor and oversee UND's use.

§ 4.2 UND will be tasked with performing all Deep Dive Well Facility Operations. Deep Dive Well Facility Operations is defined at Section 1.23 and is very broad.

Section 4.2.3 requires UND to work in Good Faith with the Park District and City to ensure its Deep Dive Well Facility Operations is least disruptive and interruption of the ASC operations.

§ 4.3 UND is responsible for maintenance and repair of the Deep Dive Well

Facility. Again, UND is to coordinate with the Park District and City to assure least disruption and interruption to the ASC operations.

Sections 4.3.2 through 4.3.3, set out a process for the Park District to provide a list of Deep Dive Well Facility Capital Expenditures to UND for its consideration, and also for the Park District to make emergency Deep Dive Well Facility Capital Expenditures and recover the costs from UND for such emergency matters.

At Section 4.3.4. if UND does not perform Deep Dive Well Facility Capital Expenditures that may cause issues with the operation of the ASC, there is a process to attempt to resolve the differences, but if not resolved, the City or the Park District may terminate the Agreement with one year's written notice.

§ 4.5 Alterations to the Deep Dive Well Facility requires approval from the Park District first, and then approval by the City.

§ 4.7: This Section makes clear the City has no responsibility for paying the costs or expenses for (a) the design and Construction of the Deep Dive Well Facility; (b) Deep Dive Well Facility Operations; (c) maintenance or repair of the Deep Dive Well Facility, (including without limitation Deep Dive Well Facility Capital Expenditures); or (d) Deep Dive Well Facility Operations.

If the City incurs any such costs, it can seek reimbursement from UND.

## **Section 5: Ownership of Deep Dive Well Facility**

§ 5.1: The City owns the Deep Dive Well Facility.

## **Section 6: Liability and Insurance**

§ 6.2 UND obtains the noted insurance coverages for its use of the Deep Dive Well Facility and includes the Park District and City as additional insureds.

§ 6.2 &

6.3 Park District and City maintain insurance as set out in the management agreement they enter into for the ASC.

## **Section 7: Term/Termination/Default**

§ 7.1 The Agreement terminates on the earlier of 12/31/2035 or date management agreement between City and Park District terminates.

Section 7.1.3 permits the agreement to be extended.

§ 7.3 In addition to their right to terminate under § 3.3.1(b) (failure of Foundation to deposit funds), under § 4.3.4 (failure of UND to make Deep Dive Well Facility Capital Expenditure that Park District believes is needed); and under § 7.5(a) (for a default), the City and Park District may terminate the Agreement upon one year's written notice.

- § 7.4 Sets out events of default.
- § 7.5 Describes the remedies available from an event of default, which includes the non-defaulting party having the right to terminate the Agreement.
- § 7.6 This establishes the effect of a termination based on the reasoning for the termination.

Section 7.6.1: If the City or Park District terminates by written notice or because the management agreement between the City and Park District is terminated:

- (a) The Park District and UND will end Deep Dive Well Facility Operations,
- (b) The Park District makes available to the City records relating to the Deep Dive Well Facility and Deep Dive Well Facility Operations, and
- (c) The City will appoint another party to operate the Deep Dive Well Facility.

Section 7.6.2: If the Agreement is not renewed by UND under § 7.1.3, or the Agreement is terminated by UND under § 7.3 by written notice, or the Agreement is terminated by the City or Park District under § 3.3.1(b) (failure of Foundation to deposit funds), under §4.3.4 (failure of UND to make Deep Dive Well Facility Capital Expenditure that Park District believes is needed) or under §7.5(a):

- (a) UND will end Deep Dive Well Facility Operations,
- (b) UND will no longer have the right to use of the Deep Dive Well Facility,
- (c) UND shall pay to de-commission the Deep Dive Well Facility and converted to another athletic facility as directed by the City, with input from the Park District, and
- (d) UND will pay the Park District \$25,000.

Section 7.6.3: If UND terminates the Agreement because of a default of the other parties:

- (a) UND will end Deep Dive Well Facility Operations, and
- (b) The City will appoint another party to operate the Deep Dive Well Facility.

**SUPPORT MATERIALS:**

- Deep Dive Well Facility Management and Operations Agreement.
- Staff Report - April 28, 2025 COW and May 5, 2025 City Council.
- Staff Report – January 26, 2026 COW and February 2, 2026 City Council.