

**Valley City-Barnes County Development Corporation**

**Monday, November 10, 2014**

**6:45 a.m., Regional Technology Center, 415 Winter Show Road (Large Conference Room)**

**PRESENT:** George Gaukler, Eldred Knutson, Luke Trapp, Mary Simonson, Wade Bruns, JoAnn Hooper, Leighton Smith, Jennifer Feist and Alicia Hoffarth.

**ABSENT:** Paige Bjornson, Tony Kobbervig, Bobby Koeppin, Josh Kasowski, Phil Leitner and Margaret Dahlberg

**EX-OFFICIO PRESENT:** Chad Petersen, KLJ, and Keith Anderson, ICTC

Wade Bruns, Past President, called the meeting to order at 6:45 a.m.

**EXECUTIVE SESSION CONVENED (6:47 am)-agenda items 1) Movie Theater, 2) Bob and Tammy Drake, 3) Stoudt Properties LLC and 4) Steve and Cassie Guscette, Wimbledon Project**

Mary Simonson moved to enter into Executive Session. JoAnn Hooper seconded. Motion carried unanimously.

Mary Simonson moved to close the executive session (7:15 am). Leighton Smith seconded. Motion carried unanimously.

**OPEN MEETING CONVENED (7:15 am)**

**FINANCIAL STATEMENTS:** Summary financial statement and select statements provided. Tech II-accounts receivable from Eagle Creek is over \$100,000 including November, JD North-project will close out. Building is listed with the ND Department of Commerce. Building needs retrofitting. JoAnn Hooper moved to approve the financial statements as submitted. George Gaukler seconded. Motion carried unanimously.

**MOVIE THEATER:** Mary Simonson moved to approve VCBCDC as Limited Partner of the newly formed Valley City Theater, LLC for the movie theater project. JoAnn Hooper seconded. Motion carried unanimously. George Gaukler abstained. George Gaukler moved to approve releasing from obligation the remaining \$5,000. Mary Simonson seconded. Ayes: George Gaukler, Luke Trapp, Mary Simonson, Wade Bruns, JoAnn Hooper and Leighton Smith. Naye: Eldred Knutson. Motion carried. A new request is required if Keims need assistance.

**BOB AND TAMMY DRAKE:** Eldred Knutson moved to approve up to \$14,000 as a 4% loan for 10 years for Flex PACE. Mary Simonson seconded. Motion carried unanimously.

**STOUDT PROPERTIES LLC:** Mary Simonson moved to approve \$33,333 as a 4% loan for approximately 24 months for Flex PACE. Luke Trapp seconded. Motion carried unanimously.

**STEVE AND CASSIE GUSCETTE-WIMBLEDON PROJECT:** JoAnn Hooper moved to approve \$36,500 of which \$26,500 is Flex PACE and \$10,000 cash with all funds as a grant funded through the Barnes County economic development mill levy fund. George Gaukler seconded. Motion carried unanimously. Project funds do not come from the Corporation's Flex PACE pool.

**CHAMBER OF COMMERCE:** The Chamber is requesting \$5,000 for general support. Received \$2,500 last year funded through the Barnes County economic development mill levy fund. Reviewed financial and operating information provided. The Chamber relies on memberships and motor vehicle for its primary sources of income. Chamber needs financial resources to rebuild membership and activities to serve the community. City approved \$10,000. Chamber is important to community. Mary Simonson moved to approve \$5,000 for Chamber general support funded through the Barnes County economic development mill levy fund. George Gaukler seconded. Motion carried unanimously. Are we comfortable with oversight, fiscal management, etc.?

**I-94 REGIONAL DEVELOPMENT CORRIDOR (Updated Cash Flow):**

**Paras Construction**-Requesting an additional \$167,000 because of soft spots that needed correction. Question lies between Paras and Moore Engineering about what should have been done, what was actually done and who is responsible? We may end up paying a portion of the amount requested.

**Cash Flow/Bonding**-Reviewed cash flow of project investments, soft costs funded from \$80,110 construction contingency plus \$86,890, total infrastructure investment is \$3.6 Million. Total bond with soft costs-including the maximum of \$167,000 additional payment to Paras would be \$2.1 Million, which allows for some cushion. TIF is \$1.25 M to start; additional TIF generated by additional development will help make principal and interest payments and consequently reduce the amount needed from the sales tax. George Gaukler moved to approve moving forward with bonding at \$2.1 Million. JoAnn Hooper seconded. Motion carried unanimously.

**Legal**-Joel Fremstad is researching to determine our legal standing including review of the contracts. Moore Engineering estimated \$15,000-\$20,000 on the front end and actual is \$28,760. Paras request is much higher. Need to determine if the \$28,760 is reasonable. The Contract for Construction (Item 4) between the City of VC and Paras Contracting indicates "The decision of the engineer upon any question connected with the execution of this agreement or any failure or delay in the prosecution of the work by the Contractor shall be final and conclusive." Moore said they will defend their \$28,760 cost. Consider settling to avoid legal proceedings. We are responsible for the financial settlement. Moore approved the scope to include excavate and dry the soil at the soft spot locations. Paras used different soil which cost additional money.

**Property Tax Exemption/Value**-The value of John Deere's five year property tax exemption is about \$66,200 on 115,000 sq. ft. addition. Funds will come from sales tax to reimburse John Deere for taxes. Grand opening held last week with good attendance.

**WELLNESS CENTER:** Vote passed by a close margin with 51% in favor and 49% opposed. Staff dedicated substantial time to the effort. The Board needs to be aware of and approve additional staff time for construction involvement, etc. Need to raise \$4-\$5 Million. Andrea Nelson will take lead role on fundraising with assistance from Jennifer Feist and Alicia Hoffarth. We are reviewing existing funds to develop options to assist with potential financing gap. Joint Powers Agreement is pending. Josh Kasowski is the Corporation's representative. Need to sign contract with architect. Filling RTC and NW Industrial Park buildings and I-94 Corridor land are our priorities.

**FILE STORAGE/MANAGEMENT:** Have had additional discussions to review our needs and options to ensure we have the best and most affordable plan. George Gaukler moved to approve \$6,000 to purchase a server and determine source of funds later. JoAnn Hooper seconded. Motion carried unanimously.

**DIRECTOR'S REPORT:**

1. Manufacturing Opportunity-General response was sent to potential company which may fit the NW Industrial Park building.
2. Manufacturing company received ten proposals from ND.
3. City Owned Property-City can gift or sell its land for primary sector job creation projects without a public sale if the project meets the public good test. Continue follow-up including process and ordinance. A specific request is needed for each economic development project versus blanket approval.
4. Land Swap (Rosebud/I-94)-Request submitted to City, action pending.
5. BEK is leasing the RTC garage on a month-to-month basis at \$400/month.
6. The request to DOT regarding their land at the middle interchange has been moved up the list now that the construction season is ending.
7. NW Industrial Park Building-Walk through is complete.

The Board conveyed a special thank you to Eldred Knutson and Phil Leitner as County representatives on the Board. County Commission changes December 1<sup>st</sup>.

There being no further business, the meeting was adjourned.

Respectfully Submitted

Jennifer Feist  
Director of Development