

Valley City-Barnes County Development Corporation Board Meeting

Monday, November 9, 2015

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

PRESENT: Paige Bjornson, Tony Kobbervig, George Gaukler, Wade Bruns, Luke Trapp, Bobby Koepplin, Bill Carlblom, Leighton Smith, JoAnn Hooper, Jennifer Feist and Alicia Hoffarth

ABSENT: Tisa Mason, Mary Simonson, Mike Metcalf and Josh Kasowski

EX-OFFICIO: Matt Pedersen City Commission; Chad Petersen, KLJ; Keith Andersen, ICTC

President Paige Bjornson called the meeting to order at 6:45 a.m.

AGENDA: Add Woodland Lodge to the open meeting agenda prior to No. 6.

MINUTES: Tony Kobbervig moved to approve the minutes of the October 12th regular meeting and October 21st special meeting as submitted. JoAnn Hooper seconded. Motion carried unanimously.

FINANCIAL STATEMENTS: Wade Bruns moved to approve the financial statements as submitted. Flex PACE commitments are \$473,000 as of October 31st. Tech II outstanding loan balance with the ND Development Fund is \$65,000. Tony Kobbervig seconded. Motion carried unanimously.

EXECUTIVE SESSION: 6:55 a.m. JoAnn Hooper moved to go into Executive Session. Leighton Smith seconded. Motion carried unanimously.

CLOSE EXECUTIVE SESSION: 7:25 a.m. Tony Kobbervig moved to close the Executive Session. Luke Trapp seconded. Motion carried unanimously.

WOODLAND LODGE: George Gaukler moved to approve the request for \$33,333 as a Flex PACE loan and a second mortgage of \$33,333 on farmland as collateral. JoAnn Hooper seconded. Motion carried unanimously. Note: Previously discussed setting up a reserve account for Flex PACE loans that may not be collected; discuss at December Board meeting.

I-94 RD CORRIDOR/NW INDUSTRIAL PARK BUILDING: Clarify that we are interested in primary sector business development only and not entertaining other options (service/retail), but will bring requests to the Board. NW Industrial Park Building-if a business would have a decent number of employees, wages and benefits, we would be open to options. All advertising is for primary sector only. I-94 RDC- received an offer for a gas station and convenience store for the 8.2 acres south of the frontage road; declined offer. Details of the multi-service listing are being completed, which include a 3% seller's fee and \$125,000 per acre sales price. Noted a facility like a gas station/convenience store would draw people off the Interstate; sales would generate sales taxes. DOT land would be a good location for that type of project.

ABUSED PERSONS OUTREACH CENTER (APOC): The Sheyenne Valley Community Foundation is working with APOC to assist with a fund drive; need funds to create/print brochures, promotional material, mailing, etc. JoAnn Hooper moved to approve \$2,500 from the VDG Roundtable Fund for establishing a fundraising campaign. George Gaukler seconded. Bobby Koepplin questioned if there are others that may request funds and if this will set a precedent. Noted this is a one-time contribution. The Foundation's assistance includes helping APOC establish a fund raising/donor system so they can help themselves in the future. Ayes-Paige Bjornson, Tony Kobbervig, George Gaukler, Wade Bruns, Luke Trapp, Bill Carlblom, Leighton Smith and JoAnn Hooper. Naye-Bobby Koepplin. Motion Carried.

LEASE: BEK requested a one year renewal of its lease-\$42,000 income; include a 60-90 day out. BEK understands we are recruiting technology companies and may need the front entry. Bobby Koepplin moved to approve a one year lease with a 90 day out with BEK Communications. Leighton Smith seconded. Motion Carried unanimously.

PERFORMANCE REVIEWS: Paige Bjornson provided information to the Board including a summary of the Board's review of Jennifer Feist; Jennifer Feist's review of Alicia Hoffarth, RDS; and proposed salary adjustments. Encourage the Director to rely on administrative staff. Jennifer Sykora was hired last month. She has great skills and just needs time; hopefully she will work for us long term. Salary adjustments are reflected in the budgets.

2015-2016 BUDGETS: Submitted five budgets for approval. Other classes are related to projects that are adjusted upon Board approval.

Administrative-Revenues show increase membership to \$54,000; \$21,200 from Valley City Development Corporation; Flex PACE fees of \$5,000; and Tech II asset management fee of \$5,000, the same amount as before. Expenditures- \$104,150 is the correct number for inclusion of 3% retirement; Administrative Assistant-18 hours per week at \$14 per hour, may look at expanding position at a later date; Equipment-may need to replace laptop, which was purchased six years ago; and Contingency of \$2,400. Increase in unrestricted funds as of 9/30/2015 of \$53,000, primarily generated from I-94 RDC. Used \$20,500 to purchase furniture, implement technology upgrades, and increase administrative assistant hours.

RTC-Includes \$10,000 for hallway carpeting; offset by \$10,000 of revenue approved as of 9/30/2015. Taxes-\$23,000. Did not include Note Receivable from the City of \$25,000 as income; will be receivable going forward.

RDS-Includes equipment budget in case laptop needs to be replaced (six years old).

Tech II-Lease expires November 30, 2016. No PACE because of the number of employees. We handle maintenance and bills; Eagle Creek reimburses for almost all items. Property Tax-PILOT increases every year. ND Development Fund-owe \$65,000; final payment is June 2016. Budget includes a loan to Valley City Development Corporation of \$21,200 for its administrative funds shown in the VCDC budget. Cash at end of 9/30/2016 is estimated at \$174,000; less if we pay off NDDF.

Valley City Development Corporation-Noted job training funds are a wash. Anticipate \$20,000 loss with no tenant. Projected cash balance of (\$4,638.73) as of 9/30/16.

George Gaukler moved to pay off Tech II NDDF loan. Leighton Smith seconded. Ayes-Paige Bjornson, Tony Kobbervig, George Gaukler, Wade Bruns, Luke Trapp, Bobby Koepplin, Leighton Smith and JoAnn Hooper. Bill Carlblom absent and not voting. Motion carried.

Note: Bill Carlblom left at 7:20 pm. Not voting on subsequent motions.

Tony Kobbervig moved to approve the 2015-2016 budgets as presented. JoAnn Hooper seconded. Ayes-Paige Bjornson, Tony Kobbervig, George Gaukler, Wade Bruns, Luke Trapp, Leighton Smith, and JoAnn Hooper Naye-Bobby Koepplin. Bill Carlblom absent and not voting. Motion carried.

Note: Valley City Development Corporation payment to Valley City-Barnes County Development Corporation is a 6% interest loan from VCBCDC to VCDC; VCBCDC is earning 6% on its money. Loan funds to VCDC are to assist with expenses, pay off debt, etc. Loan funds are sourced from Tech II proceeds. VCBCDC has an additional \$112,000 of interest receivable from prior years that has not been paid to VCBCDC.

Note: Bobby Koepplin stepped out of the meeting.

SMALL PROJECTS: Small Projects funds were not requested last year. We have requested \$10,000 for the past 10 years; however, this should be increased to \$12,000. JoAnn Hooper moved to approve requesting \$12,000 from the City (economic development sales tax fund). Small Projects Funds are used to pay property taxes for the NW Industrial Park and Tech Park land, which will be about \$8,000 this year. Luke Trapp seconded. Ayes-Paige Bjornson, Tony Kobbervig, George Gaukler, Wade Bruns, Luke Trapp, Leighton Smith and JoAnn Hooper. Bobby Koepplin and Bill Carlblom absent and not voting. Motion carried.

I-94 RD CORRIDOR: Wade Bruns moved to request \$70,000 from Barnes County for the I-94 RDC for year 3 (of 15 years). JoAnn Hooper seconded. Ayes-Paige Bjornson, Tony Kobbervig, George Gaukler, Wade Bruns, Luke Trapp, Leighton Smith and JoAnn Hooper. Bobby Koepplin and Bill Carlblom absent and not voting. Motion carried.

Note: Bobby Koepplin returned to the meeting.

WELLNESS CENTER: Wade Bruns moved to request \$50,000 from Barnes County for year 2 (of 5 years). Luke Trapp seconded. Ayes-Paige Bjornson, Tony Kobbervig, George Gaukler, Wade Bruns, Luke Trapp, Bobby Koepplin, Leighton Smith and JoAnn Hooper. Bill Carlblom absent and not voting. Motion carried.

AMENDMENT TO BYLAWS: George Gaukler moved to approve the amendment as distributed that provides for ex-officio members. Tony Kobbervig seconded. Ayes-Paige Bjornson, Tony Kobbervig, George Gaukler, Wade Bruns, Luke Trapp, Bobby Koepplin, Leighton Smith and JoAnn Hooper. Bill Carlblom absent and not voting. Motion carried. Noted-VCSU will hold an ex-officio position, which creates a vacancy on the Board.

LAND FOR SALE (3.44 & 2.87 Acres): Letters sent to developers and contractors who may be interested in purchasing/developing the land or who may have leads. Story will run this week. Consider process if more than one offer is received. Need to insure project is valid; developers need to provide information from lender. Bank of ND will likely provide \$5 M to ND HIF program. Flex PACE for housing will be available. Both programs require funds to be used for affordable housing; communities are required report annually that rental rates meet their definition of affordable housing. Developers will be made aware that rents must be affordable if they want to access specific funding. No deadline given to developers. Project needs to be strong to get HIF funds-program is very competitive. Parties will want land secured prior to applying for HIF funds. Do we accept the first clean offer or accept offer based on reduced/affordable rent? A short deadline may prevent parties from coming forward. HIF announcement is expected in January with an application deadline in February. We could have more than one proposal contingent on state funding. Bobby Koeplin moved to have the end of January as a deadline to submit a proposal. Wade Bruns seconded. Ayes-Paige Bjornson, Tony Kobbervig, Wade Bruns, Luke Trapp, Bobby Koeplin, Leighton Smith and JoAnn Hooper. George Gaukler abstained. Bill Carlblom absent and not voting.

MLS LISTING: Indicate we are interested in primary sector development only. Bobby Koeplin moved we engage MLS service to advertise I-94 RD Corridor land and NW Industrial Park building to include a 3% seller's fee. Luke Trapp seconded. Ayes-Paige Bjornson, Tony Kobbervig, George Gaukler, Wade Bruns, Luke Trapp, Bobby Koeplin, Leighton Smith and JoAnn Hooper. Bill Carlblom absent and not voting. Motion carried. George Gaukler noted it will be listed with his Fargo real estate company but no listing fee will be paid.

DATA TRANZ: Need to connect with Herb Ludwig Sr.

PLANNING MEETING: Jennifer Feist provided dates for Directors who were not present to review information.

NEWSLETTER: See handout

There being no further business, President Paige Bjornson adjourned the meeting.

Respectfully Submitted

Jennifer Feist
Director of Development