

**Valley City-Barnes County Development Corporation Board Meeting**

**Monday, July 13, 2015**

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

**PRESENT:** Paige Bjornson, Tony Kobbervig, George Gaukler, Tisa Mason, Wade Bruns, Mary Simonson, Luke Trapp, Bobby Koeplin, Mike Metcalf, Josh Kasowski, Jennifer Feist and Alicia Hoffarth

**ABSENT:** Joann Hooper, Leighton Smith and Bill Carlblom

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

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

**AGENDA:** Add authorization to apply to ND Dept. of Commerce for marketing funds (Item 10e).

**MINUTES:** Bobby Koeplin moved to approve the May 18<sup>th</sup> minutes as submitted. Luke Trapp seconded. Motion carried unanimously.

**FINANCIAL STATEMENTS:** Submitted all financial statements for quarter ending 6/30/2015. I-94 RD Corridor net proceeds from bond issue-\$9,980.88. Flex PACE-received \$14,133 in fees; expect \$3,700 additional fees. We received \$60,000 from Enterprise for repayment of housing program-return to City sales tax fund. County funds-negative balance is due to timing difference of a few days; funds needed to be paid to Bank of ND prior to receiving cash from County. RTC-improvements are \$36,304, positive cash flow without expenses. Marketing-will spend balance of ad costs. Tech II construction-expect a balance of about \$10,000 after detention pond improvements. I-94 RD Corridor-received soft cost reimbursement from City. Mary Simonson moved to approve the financial statements as presented. Tony Kobbervig seconded. Motion carried unanimously.

**OUTSTANDING FINANCIAL ITEMS & GLOBAL CASH FLOW/MOTIONS REQUESTED (see memo):**

1. Request approval to return \$60,000 received from Enterprise Sales/housing and \$4,000 from RKS/Flex PACE. Bobby Koeplin moved to approve returning \$64,000 (\$60,000-Enterprise, \$4,000-RKS) to City Sales Tax Fund for economic development. Mary Simonson seconded. Motion carried unanimously.
2. National Guard-should be received in July. Unrestricted funds, cost was included as part of bond issue.
3. Previously approved \$10,000 for technology upgrades and \$5,000 for office furniture-request approval for additional \$2,500 from unrestricted funds. George Gaukler moved to approve a total of \$17,500 from unrestricted funds for technology upgrades and office furniture. Luke Trapp seconded. Motion carried unanimously.
4. Items 4, 5 and 6 are interrelated. VCDC/VCBCDC has \$11,400 administrative money outstanding.
5. Previous motion to approve \$55,000 for RTC building improvements. Request to make funding permanent. Northwest Industrial Park building-loan payoff is about \$152,000, paying full interest, no PACE benefit. Payoff would allow marketing the building at low cost. Could use Tech II proceeds to pay off the balance-would be an intercompany loan. If Tech II money is used for RTC and NW Industrial Park building, balance would be \$78,000 by the end of the fiscal year. Projected cash flow at end of Eagle Creek's lease \$298,500. Loan balance \$1,421,510. Additional 5 year lease would generate cash to pay off First Community Credit Union loan. Need a way to make loan payments on NW Industrial Park building with no cash coming in. The intent was to use Tech II funds to provide a cushion if there is no tenant and/or funds to build the next technology building. NW Industrial Park building funds will be depleted in six months. Other funding would come from City and County economic development funds. What happens if we go 2-3 years without a tenant in the NW Industrial Park building? Consider wear and tear on Tech II building. George Gaukler moved to approve the following:
  - a. A \$55,000 transfer from Tech II to RTC for building improvements (not a loan);

- b. Loan \$152,000 from VCBCDC to VDCDC from Tech II proceeds to pay off the NW Industrial Park building loan;
- c. A one-time transfer of \$11,400 from Tech II proceeds to VCBCDC administrative, loan from VCBCDC to VDCDC; and
- d. Adjust intercompany loan to \$353,400 (exact amount pending WF payoff)

Mary Simonson seconded. Ayes-Paige Bjornson, Tony Kobbervig, George Gaukler, Tisa Mason, Wade Bruns, Mary Simonson, Luke Trapp and Josh Kasowski; Naves-Mike Metcalf and Bobby Koeplin. Motion carried.

- 6. If we do not have a tenant for the Northwest Industrial Park building in a year or two, we can sell the building or find another way to pay operating. Reasons to not sell-purpose is to create jobs, selling creates income that has to be distributed to shareholders who cannot be found, provides collateral for Flex PACE line of credit, and in 5 years, we could have all buildings paid off and be in a good position to create jobs and generate revenues. At some point it may make sense to sell. Advertising is key, needs to be immediate. The \$11,400 is 6% of the \$190,000 loan; we are earning 6%.
- 7. Administrative-Need to submit requests to the City and County. Goal long-term is to self-fund administration through assets, development fees, etc. Mary Simonson moved to request \$27,000 from the City and County each for administrative funds. Wade Bruns seconded. Motion carried unanimously.
- 8. Teen Center has been operated by a non-profit organization that no longer exists. Documentation shows the property reverts to VC Parks and Rec. Bobby Koeplin moved to release \$5,000 from obligation for Teen Center-Roundtable funds. Mary Simonson seconded. Motion carried unanimously.
- 9. The Chamber cancelled the \$1 Million Cups trip. Bobby Koeplin moved to release \$1,500 funds from obligation for Chamber for \$1 Million Cups trip. Josh Kasowski seconded. Motion carried unanimously.
- 10. See global cash flow summary showing 6/30/2015 actual and 9/30/2015 projected cash flow.

**SALE OF 3.44 & 2.87 ACRES:** Valley City and Jamestown housing projects were not funded (80% of funds awarded to projects in Bismarck and west and 20% in the eastern part of the state). Checking to see why our project was not funded. Board representatives will meet with Tom Serie and see where the project goes from here and discuss the contract with SW Design Build that expired July 1<sup>st</sup>. Tom Arbuckle has been interested in the land as a good location for his business. Warren Transport rented the land for \$750/month. Bobby Koeplin moved to meet with Tom Serie, SW Design Build regarding the housing project and contract, which expired July 1<sup>st</sup>; and in the meantime rent the land to Tom Arbuckle month to month for a minimum of \$750/month. Wade Bruns seconded. Motion carried unanimously.

**EXECUTIVE SESSION 7:45 a.m.** Mary Simonson moved to go into Executive Session. Josh Kasowski seconded. Motion carried unanimously.

Executive Session held to discuss manufacturing and information technology records and information authorized by NDCC Section 44-04-18.4, Confidentiality of trade secret, proprietary, commercial and financial information.

**CLOSE EXECUTIVE SESSION 7:55 a.m.:** Mary Simonson moved to close the Executive Session. Josh Kasowski seconded. Motion carried unanimously.

Note-Mike Metcalf stepped out of the meeting temporarily.

**CHRIS LUNDE STORAGE:** Questioned if storage units are within the intent of Flex PACE program, which was improving quality of place, business development, job creation, etc. What types of projects should be included and excluded? Discussion needs to be part of long term planning-send business list prior to planning meeting for review. The Flex PACE program has been in existence for two years; review is timely and should be done. Bobby Koeplin moved to approve Flex PACE up to \$10,000 as a 4% loan for 10 years for Chris Lunde storage.

Tisa Mason seconded. Ayes: Paige Bjornson, Tony Kobbervig, George Gaukler, Tisa Mason, Wade Bruns, Luke Trapp, Bobby Koepplin; Absent and not voting-Mike Metcalf; Nays: Mary Simonson; and Abstain: Josh Kasowski. Motion carried.

**I-94 RDC:** Continuing to clean up construction items, close to being completed. Bobby Koepplin moved to request \$70,000 for year 2 funding from the County. Josh Kasowski seconded. Motion carried unanimously. Absent and not voting: Mike Metcalf

Note-Mike Metcalf returned to meeting.

**DIRECTOR'S REPORT:**

1. Planning meeting-Send options for days/times.
2. Data Tranz-Shown as an asset of \$97,740, original equity of \$100,000. Discuss with Herb Ludwig to see what he would like to do then bring information and any request back to the Board.
3. Ex-Officio positions-Dean Kinney is interested in serving as an ex-officio and eventually as a director. Is an ex-officio allowed to participate in executive sessions? Invite interested persons to attend a few meetings to let them see if interest is still there. Outline commitment and confidentiality. How to extend invitation to others who have expressed interest in serving on the board?
4. Director's Evaluation-Please return comments to Paige Bjornson by July 31.
5. Marketing-We should apply to Dept. of Commerce for marketing funds-\$25,000 maximum. Marketing plan should be developed. Currently have \$2,000 in our marketing fund. Valley Realty/George Gaukler is willing to provide matching dollars up to \$25,000 if grant is approved. For example, list with realtor, list with developers, Loopnet.com, Sites Across America. How are others marketing their buildings? Catch phrase to catch attention, i.e. rent free. Bobby Koepplin moved to submit a marketing application on behalf of the Development Corp. and accept the offer of matching funds to leverage Department of Commerce funds. Mary Simonson seconded. Motion carried unanimously.

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

Respectfully Submitted

Jennifer Feist  
Director of Development