

Valley City-Barnes County Development Corporation Board Meeting

Monday, June 12, 2017

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

PRESENT: Tony Kobbervig, George Gaukler, Paige Bjornson, Bill Carlblom, Dean Kinney, JoAnn Hooper, Mary Lee Nielson and Jennifer Feist

ABSENT: Josh Kasowski, Luke Trapp, Bobby Koeplin, Mary Simonson, Wade Bruns, Mike Metcalf and Alicia Hoffarth (excused)

EX-OFFICIO: Eric Gilbertson, KLJ; Tisa Mason, VCSU; Matt Pedersen, City Commission; Josh Johnson, VCPS; and Jeff Bopp, VCACTC

President Tony Kobbervig called the meeting to order at 6:45 a.m.

AGENDA: No changes.

MINUTES: JoAnn Hooper moved to approve May 8th minutes. Paige Bjornson seconded. Motion carried unanimously.

FINANCIAL STATEMENTS: Submitted request to Barnes County Commission to release \$27,000 for administrative. Showing (\$24,534) as of May 31, 2017. Bill Carlblom moved to approve the financial statements as submitted. Mary Lee Nielson seconded. Motion carried unanimously.

EXECUTIVE SESSION: 7:00 a.m. JoAnn Hooper moved to go into Executive Session. Bill Carlblom seconded. Motion carried unanimously.

CLOSE EXECUTIVE SESSION: 7:25 a.m. George Gaukler moved to close the Executive Session. Mary Lee Nielson seconded. Motion carried unanimously.

ERIN & WADE HANNIG/BUSINESS OPPORTUNITY: Paige Bjornson moved to approve up to \$6,000 as a loan to access Flex PACE with a 24-month claw back. Dean Kinney seconded. Motion carried unanimously. NOTE: The clawback requires the bakery to open in 24 months; if not, Flex PACE ends.

VASQUEZ & RIVERA/BUSINESS OPPORTUNITY: JoAnn Hooper moved to approve up to \$3,000 as a loan to access Flex PACE. Bill Carlblom seconded. Motion carried unanimously.

NDWS/OFFICE SPACE: George Gaukler, Paige Bjornson, JoAnn Hooper, Tony Kobbervig and Jennifer Feist met with the ND Winter Show Board to review the project and provide feedback to the Board. Enterprise provided an initial drawing; their estimate included allowances for subcontractors. Valley Realty is working with the Winter Show and Enterprise to secure better estimates based on the drawing provided. This partnership would need the Development Corporation to buy land on a Contract for Deed at 1% with the Winter Show using land sale proceeds to build the addition. Unrestricted funds of \$500,000; received \$250,000 and use \$50,000 as a down payment. Payments from Valley Realty \$25,000/year and \$150,000 in 5th year. Financial considerations-potential shortfall up to \$135,000; \$103,000 shortfall, construction overruns and \$5,000 interest, Rosebud basement and miscellaneous. Increase in our rent and \$1,000/year property tax increase are not included. Firewall, updated numbers by end of this week. Valley Realty will charge out some of Bruce Hoyt's time but no construction margin. We need office space and the project is positive for the NDWS. Increased costs for operating but saving money on rent and will realize increased efficiencies.

VCSU MARKETING FUNDS: Request is \$40,000 paid over two years to support the billboard campaign. Sources of funds include Roundtable or request funds from the City sales tax. This request is the result of a 20% reduction from the Legislature. Another \$40,000 could be raised through VCSU Foundation; noted the Foundation raised \$1.4 Million for scholarships this year. George Gaukler moved to approve \$40,000 paid over two years from Roundtable funds. Dean Kinney seconded. Motion carried unanimously.

2017 – 2018 BUDGET: George Gaukler moved to authorize requesting \$30,000 from the City and \$27,000 from the County (request 4 mills) for 2017-18 administrative. Paige Bjornson seconded. Motion carried unanimously.

FLEX PACE PROGRAM: Reviewed summary and detailed cash flow. Discussion: Bank of ND increased buy down to a maximum of \$200,000 for retail/service. Impacts loan amounts of \$700,000+. We may not automatically want to

increase the local amount. Consider if additional Flex PACE from \$33,333 to \$66,666 makes a deal work? Does the business compete with others? We do not have an unlimited pool of unrestricted funds. Develop guidelines for the Board. Other potential changes: Businesses need to start within 24 months with a potential extension to 36 months. If the business does not start, Flex PACE ends. Downtown could be designated as a priority vs other areas. Distribute another flyer and ensure banks know program changes. Total cash is \$422,408 as of 9/30/2016; unrestricted \$230,139 and restricted \$192,269. Reported unrestricted \$350,000 and restricted \$310,000 as of 5/31/2017. Of the \$500,000 received from land sale, Board approved \$100,000 additional Flex PACE (spent) and \$100,000 for Trinity's position, \$50,000 to be used for Winter Show project and Tech II \$182,264. Currently, \$250,000 of land sale proceeds available. Consider additional allocation to service/retail and multi-family housing. Multi-family renovations-what are our expectations of renovations, downtown, mixed use. Visit with Dave Anderson. Reserve for bad debt expense is ok as is-ensure reserve is 10% of receivables. Fees-\$26,000 net available goes into operating budget as unrestricted. Using unrestricted funds rather than drawing on the Line of Credit.

DIRECTOR'S REPORT: Special Board Meeting-agenda items: Winter Show Project, Sheyenne Valley Community Fnd. and Valley Realty/Meridian II. Change July Board meeting date to July 17th or date when we have a quorum.

VALLEY CITY DEVELOPMENT CORPORATION ANNUAL MEETING: Postponed to July meeting-quorum of the Board was not present.

There being no further business, President Tony Kobbervig adjourned the meeting.

Respectfully Submitted

Jennifer Feist, Director of Development