

Valley City-Barnes County Development Corporation Board Meeting
Monday, April 8, 2019
6:45 a.m., Regional Technology Center, 415 Winter Show Road (Training Lab)

PRESENT: JoAnn Hooper, Josh Kasowski, Paige Bjornson, Wade Bruns, George Gaukler, Bill Carlblom, Bobby Koeplin, Luke Trapp, Mary Simonson, Dean Kinney, John Froelich, Mary Lee Nielson, Mike Bishop, Dave Carlsrud, Jennifer Feist and Alicia Hoffarth

ABSENT: Matt Pedersen

EX-OFFICIO: Chad Petersen, KLJ; David Beierle, John Deere and Jeff Bopp, SVACTC
President JoAnn Hooper called the meeting to order at 6:45 a.m.

AGENDA: Add clarification of Bylaws regarding nominations from the floor as item 10c.

MINUTES: Mary Simonson moved to approve the March 11th minutes. Bill Carlblom seconded. Motion carried unanimously.

FINANCIAL STATEMENTS: Provided all statements as March 31, 2019: Class 200-Petro Serve repaid \$33,333 Flex PACE loan, Class 210-invoiced City and paid Preventice, Class 300-Cash balance of \$55,000 in Dacotah Bank for the Regional Technology Center, Class 800-Cash balance of \$162,200 for Tech II at FCCU, Class 900-requested funds from City and paid John Deere for the value of the five-year property tax incentive. Mary Simonson moved to approve the financial statements as presented. Paige Bjornson seconded. Motion carried unanimously.

EXECUTIVE SESSION: 6:55 a.m. George Gaukler moved to go into Executive Session. Dean Kinney seconded. Motion carried unanimously.

CLOSE EXECUTIVE SESSION: 7:15 a.m. Mary Simonson moved to close the Executive Session. Bill Carlblom seconded. Motion carried unanimously.

JOINT LAW ENFORCEMENT CENTER: Update from Bill Carlblom: committee met last week and decided to visit other jails. Considering a number of funding options including USDA, Rural Development, Bank of North Dakota, and local banks. Very positive response from the community. Will meet this week with the City. Matrix of sites is included and all sites are within reason to utilize if needed. Matrix should include opportunity cost for the land and the fact that no property tax would be generated. Utilizing the I94 Regional Development Corridor would result in lost opportunity for industrial development. The Development Corporation needs to be involved in how the I94 RDC is developed and site layout. TIF-property tax generated helps pay off the TIF bond so it would not be available for projects. Only \$500,000 of \$2.5 million original TIF allocation is remaining. If there is no business development, funding comes from City Sales Tax for Economic Development fund.

JOHNNY B'S TREES – JOHN BORG: Bobby Koeplin moved to recognize the conflict of interest for Josh Kasowski. Mary Simonson seconded. Motion carried unanimously. Paige Bjornson moved to approve up to \$5,000 in Flex PACE funds. Luke Trapp seconded. Motion carried. Josh Kasowski abstained.

VC HOCKEY & FIGURE SKATING CLUB: Mary Simonson moved to recognize the conflict of interest for Josh Kasowski. Luke Trapp seconded. Motion carried unanimously. Mary Lee Nielson moved to approve up to \$2,000 in Flex PACE funds. Mary Simonson seconded. Motion carried. Josh Kasowski abstained.

RURAL DEVELOPMENT FINANCE CORPORATION POLICY: RDFC changed its policy and will accrue interest at 2% for all new projects. The impact calculated is based on \$250,000 as the maximum we could receive less funds already approved plus drawing on the Line of Credit; the estimated interest expense would be \$20,000 over 10 years which could be absorbed from reserves set aside for bad debt expected, but may not be realized. Owner

equity and loans total \$62 million over 5 years; \$5 million buydown from the Bank of ND. Administrative fee depends on the size of loan; and ranges between \$100 and \$1,333. Probably does not cover the cost of services. Should fees be increased to minimize the cost to economic development funds? Should Flex PACE funding be tied to job creation? Is this the best use of economic development funds and address the needs of the community? Benefit is enhancing existing businesses or allowing individuals to purchase businesses. Funds expended are small compared to the community impact. The point is to help businesses succeed; lower fees help do that. Could decide fees on a project-by-project basis as to whether we would access RDFC (may not want to use RDFC if we have cash). Not sure what other communities are charging for fees, interest, etc. If we do not pass the expense on to the project, it becomes a positive that the Development Corporation is providing to the community. May provide opportunities for membership, etc. Would it be equivalent to passing the cost of the projects on to the community? Wade Bruns moved for the Development Corporation to absorb the 2% RDFC interest expense versus passing the expense on to the project. Mary Simonson seconded. Motion carried. Ayes: JoAnn Hooper, George Gaukler, Bill Carlbom, Bobby Koeplin, Luke Trapp, Wade Bruns, Mary Simonson, John Froelich, Josh Kasowski, Mary Lee Nielson, Mike Bishop, Dave Carlsrud. Nays: Dean Kinney and Paige Bjornson.

ANNUAL BANQUET: Paige Bjornson moved to appoint a nominating committee of George Gaukler, Josh Kasowski and Luke Trapp. Mike Bishop seconded. Motion carried unanimously. Board members standing for reelection are: Bobby Koeplin, Mary Simonson and Dean Kinney.

NOTE: Bill Carlbom left at 7:30 am and not voting on subsequent motions.

Bylaws do not require calling for nominations from the floor. An advertisement for the meeting was published and members were notified 30 days in advance requiring them to submit nominations by a specific deadline. George Gaukler moved that members must submit name(s) prior to the annual meeting by the published deadline. Josh Kasowski seconded. Motion carried unanimously. Banquet should flow more smoothly.

DIRECTOR'S REPORT: Relocation Package – Working closely with Preventice. After one year, only 11 employees (9 full-time and 2 part-time). Would a relocation package help? Other businesses are interested in relocation options. Preventice can use their remaining incentive funds (about \$50,000) for relocation if they wish. Does it help primary sector businesses to recruit employees to work and live here? Preventice is not requesting funds. Concern of staff and Board to help get the business up and running and reach 25, 50, and eventually 100 employees. Need to show that we can get the people for this business that we recruited. Use workforce development funds for people relocating from outside of Barnes County. What is being done to market positions at this time? Would more marketing help? Positions pay \$15/hour to start plus benefits. Of 16 resumes sent, a number are from out-of-town. Turnover percentage and the reason behind turnover are unknown. Could be attributed to the shift and employee skills (soft skills). Need to get to critical mass so operation becomes anchored in the community. Suggest we allocate \$25,000 of workforce funds at \$1,500 per person for Preventice. Use Preventice's remaining funds for marketing. Will this solve the issue or is the problem on their side? Recent changes may be beneficial; creating a positive work environment. At \$15 per hour, people cannot afford to move. Apartment owners could offer \$500 (or some amount). What would we do for other companies (Malach, etc.)? John Deere is hiring salary individuals that are choosing to NOT live in Valley City. A large percentage of individuals who work in production also commute (John Deere is a premier employer). Are we trying to incent people to work here or live here? At \$15 per hour, you cannot afford to commute. Should incentive funds be utilized first? Does not sit well to go back to company, we spend their funds. Use of workforce funding would need to be approved by the City. Start with primary sector employers and then key positions at basic industries. Would Preventice or others match funding? Difficult because a company could then be in a position to need to do the same at other locations. About 50% of their current employees are from out-of-town. Find out what it would take to get them to move to Valley City. George Gaukler will be meeting with Preventice's CEO at the end of the month. Would like to have something to put on the table for this meeting. The fact that there are satellite locations makes it difficult. We need to be innovative. We compiled a marketing

plan and they are picking and choosing what aspects of the plan to implement. The company is positive but we want to be ahead of the game. We received no warning when they shut down the EKG portion (we are still working to set up training).

NOTE: George Gaukler left at 8:05 am and not voting in subsequent motions.

Other Economic Development colleagues are not providing relocation packages or know what it would take. Utilize Preventice staff to find out from current recruits what it would take to get new hires to move. Relocation fits under recruiting; could be taken from that pot of funding. We should not do a company's job but have assisted with recruiting in the past. These efforts are what make us unique and successful. Costs may be tracked through VCBCDC books; put more teeth into incentives. Ties into work done with education and the workforce in general. Increase the number of bodies and improve workforce skills. Need to go back to the City or does it fit into previous approval? More marketing is needed. Bobby Koeplin moved to leverage \$25,000 from the Development Corporation's workforce funds from City Sales tax to match \$25,000 Preventice incentive funds for recruitment and retention to include relocation packages if best use of funds. Utilize marketing funds to greatest potential. Wade Bruns seconded. Motion carried. Ayes: JoAnn Hooper, Bobby Koeplin, Luke Trapp, Wade Bruns, Mary Simonson, Dean Kinney, John Froelich, Paige Bjornson, Mary Lee Nielson. Nays: Dave Carlsrud, Mike Bishop and Josh Kasowski.

NOTE: Paige Bjornson left at 8:15 am and not voting on subsequent motions.

Jennifer Feist will check with the City if approval needs to go before the Commission. Bobby Koeplin moved to amend the motion to strike relocation. Wade Bruns seconded. Motion carried unanimously. Vote on motion as amended. Ayes: JoAnn Hooper, Bobby Koeplin, Luke Trapp, Wade Bruns, Mary Simonson, Dean Kinney, John Froelich, Paige Bjornson, Mary Lee Nielson, Dave Carlsrud. Nays: Josh Kasowski and Mike Bishop.

There being no further business, President JoAnn Hooper adjourned the meeting.

Respectfully Submitted

Jennifer Feist
Director of Development