

Valley City-Barnes County Development Corporation Board Meeting

Monday, July 20, 2020

6:45 a.m., Regional Technology Center, 415 Winter Show Road (Training Lab)

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

ABSENT: Dean Kinney

EX-OFFICIO: Chad Petersen, KLJ and Paul Diegel, Six D Construction

President Josh Kasowski called the meeting to order at 6:45 a.m. Welcome to Dick Gulmon, City Commissioner

AGENDA: No changes.

MINUTES: Mike Bishop moved to approve the June 8th minutes. Mary Simonson seconded. Motion carried unanimously.

FINANCIAL STATEMENTS: June 30th Summary: Class 200-transferred fees to administrative, Class 300-cash balance \$35,116 less \$14,000 for obligations approved, Class 500-additional \$15,000 for VC Strong Campaign, Class 800-cash balance \$148,000, July and August rent less CAM credits, net income of \$1,142.99. VCDC Class 500-will review detailed building improvements budget, rent is current. Bobby Koeplin moved to approve financial statements as presented. Mary Lee Nielson seconded. Motion carried unanimously.

EXECUTIVE SESSION: 6:50 a.m. George Gaukler moved to go into Executive Session. Mary Simonson seconded. Motion carried unanimously.

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

DIDIER AG CENTER: Flex PACE request is up to \$41,000. Paige Bjornson moved to recognize a conflict of interest for Josh Kasowski. Mary Simonson seconded. Motion carried unanimously. Matt Pedersen moved to approve Flex PACE loan up to \$41,000. Paige Bjornson seconded. General cap is \$33,333 per project; why would a higher amount be approved? Sanborn's contribution percentage is 70% so more local funds are needed to access \$100,000 from the Bank of ND. Our guidelines say \$100,000 and \$33,333 which is ambiguous. Matt Pedersen and Paige Bjornson withdrew motion. Paige Bjornson moved to set guidelines to maximize Bank of ND's \$100,000 and the community percentage will dictate each project's maximum at the local level. Mike Bishop seconded. Motion carried unanimously. Matt Pedersen moved to approve up to \$41,000 to maximize Bank of North Dakota's \$100,000. Paige Bjornson seconded. Motion carried. Josh Kasowski abstained.

JEFF & MELISSA HOLLINSHEAD: Mike Bishop moved to recognize a conflict of interest for Paige Bjornson and JoAnn Hooper. Mary Simonson seconded. Motion carried unanimously. Mike Bishop moved to approve up to \$41,000 in Flex PACE funds to access \$100,000 from Bank of ND. Dick Gulmon seconded. Motion carried. Paige Bjornson and JoAnn Hooper abstained.

VALLEY RECYCLING: County Commission approved \$20,000 from the General Fund to assist the company and requested we act as a pass through. Bobby Koeplin moved to approve \$20,000 for Valley Recycling Center. Mary Simonson seconded. Motion carried unanimously.

BUSH PRIZE: Bobby Koeplin moved to transfer \$8,000 of Bush Prize funds to administrative. Mary Simonson seconded. Motion carried unanimously.

FLEX PACE GUIDELINES: Include elevators and seed companies under eligible projects. Change guidelines so that retail/service businesses are eligible if change of ownership occurs as a new project and a new loan request

is submitted. Guidelines are currently silent on change of ownership; we are essentially adding a bullet to clarify. Luke Trapp moved to approve items #2 and #3 of the expanded Flex PACE Program. Mike Bishop seconded. Motion withdrawn. Changes are underlined in the memo. George Gaukler moved to approve Flex PACE program changes. JoAnn Hooper seconded. Motion carried unanimously.

MULTI-FAMILY HOUSING: Differentiate between Valley City and Barnes County for Multi-Family Housing Rehab. Would like to be able to start over with a new Flex PACE project for County projects but not for VC projects. Bobby Koeplin moved to recognize a conflict of interest for George Gaukler. Mike Bishop seconded. Motion carried unanimously. See Sources and Uses of Flex PACE funds. Currently \$217,000 available for service and retail and \$34,000 available for multi-family housing rehabilitation. We have cash flow for additional projects; however, we would exceed the current Flex PACE pool. Would need to increase the pool to have funds for new multi-family housing. Bobby Koeplin moved to transfer \$50,000 from Service and Retail to New Multi-Family Housing. Maximum for new Multi-Family Housing projects is \$167,000 per project. Wade Bruns seconded. Motion withdrawn. How does RDFC impact available funds? This is a capacity question, not cash flow. Flex PACE Receivables are \$552,000 as of 9/30/2019. Tapping the full line of credit would require all projects to fail or be paid in full. Combine funds internally. How do we handle receivables? Where do we cut off if we are over-extended? Bobby Koeplin moved to combine all Flex PACE project funds into one pool but track internally. Previously, separation was to protect small projects especially service and retail. Currently \$250,000 available in pool for Flex PACE projects. Do not need to advertise. Have not told anyone that funds are not available. Projects will be reviewed and approved on a case-by-case basis. Wade Bruns seconded. Motion carried unanimously; George Gaukler abstained.

BUILDING REPAIRS: See detailed list. RTC-\$16,000, short \$1,000 from what was previously received from City funds. Tech II-\$41,000, delay purchasing UPS batteries for one or more years reduces amount needed by \$20,000, use cash flow available.

NOTE: Paige Bjornson and Matt Pedersen left at 8:15 am.

NW Industrial Park Building-\$28,000; previously approved \$30,000 from net profits (no cash flow to cover costs). Need \$20,000, consider borrowing additional funds. Look at rent and potentially change so building pays for itself. Many other items could and should be added to the list; will budget for next year. Building Committee looked at all facilities to determine priorities. Lighting rebate of about \$1,000. Borrow internally as needed to make repairs, review building uses, etc. Mike Bishop moved to use funds from operating cash for updates to the RTC and Tech II and fund NW Industrial Park updates internally. Luke Trapp seconded. Motion carried unanimously.

NW INDUSTRIAL PARK: The lease for J&S Marketing expires at the end of July; currently pays \$4,000 per month. The lease for PAIS has been month by month since January 1, 2020; currently pays \$1,200 per month. George Gaukler moved to provide a 90-day extension on leases. Mike Bishop seconded. Motion carried unanimously.

EDUCATIONAL ENHANCEMENT PROGRAM: See draft guidelines. Litchville requested funds to assist an individual to earn an undergraduate degree in STEM; we are looking at other funding sources to determine any gap and how much. Guidelines were written with rural schools in mind. Could provide specific dollar amount per school. What is the impact of this program compared to Flex PACE or other economic development projects? What are we accomplishing? Addresses workforce (teachers able to teach dual credit).

NOTE: Mike Bishop left at 8:30 am.

Previously funded Valley City Public School dual credit. Need to support rural Barnes County schools also. Do we develop different criteria for rural schools or leave it in line with what was done (dual credit)? Ask County for feedback and table to next meeting.

DIRECTOR'S REPORT:

1. Barnes County Projects: Take to County Commission for feedback.
2. City Sales Tax Renewal: When should it be extended? Expires 12/31/2029.

There being no further business, President Josh Kasowski adjourned the meeting.

Respectfully Submitted

Jennifer Feist
Director of Development