

Valley City-Barnes County Development Corporation Special Board Meeting
Monday, December 29, 2014
6:45 a.m., Regional Technology Center, 415 Winter Show Road (Large Conference Room)

PRESENT: Tony Kobbervig, George Gaukler, Leighton Smith, Wade Bruns, Josh Kasowski, Mike Metcalf, Bill Carlblom, Luke Trapp, Mary Simonson, JoAnn Hooper, Tisa Mason, Bobby Koeplin (via conference), Jennifer Feist and Alicia Hoffarth.

ABSENT: Paige Bjornson

EX-OFFICIO: Chad Petersen, KLJ, Matt Pedersen, City of VC, and Keith Andersen, ICTC President Elect, Tony Kobbervig, called the meeting to order at 7:00 a.m.

WELLNESS CENTER:

1. Funding-Reviewed construction budget provided which shows \$145,000/year to support principal and interest payments for a \$2 Million bond (20 years at 3.5%). Potential sources of the \$145,000 per year are: VC Parks and Recreation at \$45,000/20 years (\$25,000 current budget, \$20,000-question as to funding source). Food and Beverage Tax-\$50,000/20 years (Note: In 2013 Food & Beverage generated \$107,500; 2014 expect \$115,000). Economic Development-\$40,000/year; however, by the time the Wellness Center is completed, we would have about 12 years left of the sales tax so the balance would be paid by 12/31/2029, which is when the sales tax expires. Image Grant-\$10,000/year (Note: The Image Grant is funded through 5% of the 1% sales tax and its annual revenues are \$32,000. This tax also expires 12/31/2029). Barnes County-request \$200,000 but release of funds can be over one or two years. This financial model was used to fund the swimming pool. The City and County also provided \$50,000 per year for five years for RTC operating with funds advanced as needed.

2. Architects-Moving forward with design. Contract signed.

3. Joint Powers Agreement-Agreement signed.

4. City/Force Main/Drainage-Working with City on force main issue and flooding concerns.

5. Long Term Cash Flow-Changed annual growth rate to 3.5% from 2% to be more in line with actual tax revenues and match City projections for Wellness Center and permanent flood protection. County funds left at three mills with 2% annual growth increase. I-94 RDC TIF was adjusted based on actual valuations for John Deere as determined by the City Assessor. Land values will increase over time. Adjusted the TIF revenue received and value of a five year property tax exemption that will be paid to John Deere. Projections include \$150,000 per year for land, projects, etc., TIF bond payments, and \$40,000/year built in for the Wellness Center. Total funds available for projects for the five year period 2015-2019 is \$1.6 M or \$320,000 per year; this is slightly short of the funds needed to support our goal of 35 jobs/year. We should have \$85,000 to \$200,000 after the TIF bond is completed, which will be returned to the Corporation.

Parks and Recreation will own the building and will be responsible for long term funding.

A question was raised about Public Works being the lender for the REDLG loan. George Gaukler is not comfortable guaranteeing loan to a public entity, which is different from a private entity like Cass County Electric. Parks and Recreation will bond for the project.

The Wellness Center project is important to the community, VCSU, economic development, etc. It is important the project does not become a Development Corporation project. We can assist with putting the funding package together and then we should step aside. The Corporation will submit requests to the City and County for economic development funds but Parks and Recreation should submit the requests for funding through Food & Beverage and Image Grant funds. Increase the County request to \$250,000 and request more funds earlier from other funding sources versus requesting funds over a longer period of time. County funds will have much or more bang for their buck compared to small County projects. County residents are voicing good support for the Center.

Mary Simonson moved to request \$500,000 from Economic Development Sales tax (\$40,000/12 years plus), and \$250,000 from the County. Wade Bruns seconded. Motion carried unanimously.

I-94 RDC: The request to swap the street lighting of \$90,000 for \$100,000 from Rosebud parking lot/swimming pool project included a request that the City pave the parking lot and not assess specials. The special assessment piece will not fly. There is a question about the validity of the contract; however, the \$100,000 remains outstanding. George Gaukler moved to request the swap of \$90,000 street lighting for the \$100,000, dropping the request that they pave the parking lot and no specials assessments on improvements. Mary Simonson seconded.

Ayes-Tony Kobbervig, Josh Kasowski, Leighton Smith, Bill Carlblom, Luke Trapp, Wade Bruns, JoAnn Hooper, Tisa Mason, Mary Simonson and George Gaukler. Naye-Bobby Koeplin. Motion Carried.

EXECUTIVE SESSION 7:45 a.m.: Discussion of prospect development/technology opportunity. JoAnn Hooper moved to go into Executive Session. Josh Kasowski seconded. Motion carried unanimously.

EXECUTIVE SESSION

CLOSE EXECUTIVE SESSION 8:15 a.m.: Mary Simonson moved to close the Executive Session. JoAnn Hooper seconded. Motion carried unanimously.

OPEN MEETING CONVENED

RTC IMPROVEMENTS: Suite 4-paint and carpet will be less than \$20,000. Power poles could stay. Suite 3-everything would be removed. We have short-term tenants; require deposits in the future. Check the lease and with BEK as to their needs for the front entry.

George Gaukler moved to approve up to \$50,000 in RTC improvements. Wade Bruns seconded. Ayes-Tony Kobbervig, Josh Kasowski, Leighton Smith, Bill Carlblom, Luke Trapp, Wade Bruns, JoAnn Hooper, Tisa Mason, Mary Simonson and George Gaukler. Naye-Bobby Koeplin. Motion carried.

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

Respectfully Submitted

Jennifer Feist
Director of Development