

Valley City-Barnes County Development Corporation

Monday, January 12, 2015

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

PRESENT: Paige Bjornson, Wade Bruns, George Gaukler, Josh Kasowski, Tisa Mason, Luke Trapp, Bill Carlblom, Jennifer Feist and Alicia Hoffarth.

ABSENT: Bobby Koeplin, Tony Kobbervig, Leighton Smith, Mary Simonson, Mike Metcalf and JoAnn Hooper.

EX-OFFICIO: Matt Pedersen, City of Valley City, Chad Petersen, KLJ, and Keith Andersen, ICTC.

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

MINUTES: George Gaukler moved to approve the December 8 and December 29 minutes as presented. Luke Trapp seconded. Motion carried unanimously.

FINANCIAL STATEMENTS: Summary and all financial statements for the quarter ended December 31, 2014 were provided. Tech II Operating- received \$70,000 after statements were distributed. Wade Bruns moved to approve the financial statements as submitted. Tisa Mason seconded. Motion carried unanimously.

I-94 REGIONAL DEVELOPMENT CORRIDOR: Construction Committee reviewed soft spots correction and costs. Recommend sharing the cost overage at one-third each among the Development Corporation, Paras Contracting and Moore Engineering or \$9,335 each. The Committee feels the line of communication was broken and the Corporation should have been informed up front. George Gaukler moved to accept the Construction Committee's recommendation to split overage in thirds among the Development Corporation, Paras and Moore at \$9,335 each. Bill Carlblom seconded. Motion carried unanimously. If proposed settlement is rejected by Moore Engineering, the issue will come back to the Board.

WELLNESS CENTER: First presentations made to the City and County Commissions. Requests to approve funding will be January 20th. County residents who support the project should be invited to attend the County meeting so the Commission can see support of Wellness Center even though they were not able to vote on the sales tax extension. The percentage of private funds invested into the project is high. Construction Committee-Dick Gulmon requested Jennifer Feist serve on the Construction Committee. Board needs to be aware of time commitment. Wellness Center is a Parks and Recreation project. Board okayed serving; however, notify if time commitment becomes heavy.

EXECUTIVE SESSION 7:00 a.m. Discussion of Murray Trucking, prospect development and technology opportunity

Wade Bruns moved to go into Executive Session. Luke Trapp seconded. Motion carried unanimously.

EXECUTIVE SESSION:

CLOSE EXECUTIVE SESSION 7:15 a.m. Tisa Mason moved to close the Executive Session. Josh Kasowski seconded. Motion carried unanimously.

OPEN MEETING CONVENED

MURRAY TRUCKING: Wade Bruns moved to approve up to \$15,000 for Flex PACE. Noted we will not collect 4% interest annually. George Gaukler seconded. Ayes: Paige Bjornson, Wade Bruns, George Gaukler, Tisa Mason, Luke Trapp and Bill Carlblom. Abstain: Josh Kasowski. Motion carried.

IT PROPORSAL: Wade Bruns moved to approve the proposal including land, and define timeline on rent for one year. Luke Trapp seconded. Motion carried unanimously.

No quorum at this point. Bill Carlblom left the meeting.

SALE OF 3.44 ACRES: Two parties are interested in purchasing this land and there may be others. Consider selling and/or advertising it. What is the best use of this land? Should Development Corporation retain for future use? In 2006 we established a minimum purchase price of .50 cents/sq. ft. or \$75,000 as is. Utilities

will cost \$150,000-\$175,000 to develop. We would like land to be used for housing or job creation with development that complements the area including technology.

Flex PACE PROGRAM CHANGE: According to Bank of ND guidelines, interest on local loans cannot accrue and we cannot collect interest until Flex PACE is fully expanded. Our guidelines and contracts needed to be amended. After Flex PACE is fully expended, we can change interest if the local loan is not repaid in accordance with the terms. Jennifer Feist reviewed the financial analysis. Total interest that would have been earned on projects approved so far is an average of \$7,200 per year or \$72,000 over ten years (annual amount \$5,000-\$12,000). We are using cash at this time, but we are not earning anything on it and we have not drawn on the line of credit. Cash flow-in 2017 we will be repaid funds from the original Multi-Family Housing incentive program. If funds are revolved back into this program, which requires City approval, we can cash flow. Interest earnings from this program were not included in our long term cash flow so we are still able to implement our plan of work as discussed. Housing Flex PACE is to the benefit of the tenants in the form of lower rent. Should not have large or long term draws on line of credit. Tapping over \$1 Million of interest buy down from Bank of North Dakota, which is a huge benefit to the community. The Rural Development Finance Corporation would borrow funds to the Development Corp. at 0-2% for a RLF or if larger amounts are needed. Questioned if funds coming back in, but not shown on our cash flow distorts our cash flow. Funds would be shown as separate section on cash flow. Intent is to show "global cash flow".

DIRECTOR'S REPORT:

City-City swap of \$100,000/Rosebud parking lot and \$90,000/I-94 RDC street lighting is complete.

JD North Building-Contacted by parties involved in Spiritwood development that need warehousing and office space. Contractor information is slow coming. Advertising costs are high, need to develop strategy to ensure funds are well utilized, promote our successes through a story and run an ad with it. Look for matching grant funds from the ND Dept. of Commerce.

Planning Session-Hold in February or March, develop an outline of discussion, short term and long term plans, cash flow with buildings, how to be a viable organization, etc.

Sale of 3.44 Acres-Need to either retain for projects or sell and make some profit; let parties know if it is for sale. Is land suitable for technology park or would we need to purchase other land. If sold, could set aside proceeds for future land purchase. Price for new hotel land fully developed was \$3.00 per sq.ft. Is Winter Show willing to sell the east half of the lot? Could locate IT company in the I-94 RD Corridor rather than technology park. Price to include infrastructure allowance. What is the zoning for his parcel?

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

Respectfully Submitted

Jennifer Feist, Director of Development