

Sargent County Development Authority

Minutes

Date of Meeting: 7-31-09 Time: 7:30 am

Location of Meeting: Sargent County Courthouse conference room

PRESENT: Jay Jacobson, Sandra Hanson, Jeff Anderson, Mike Walstead, Randy Pearson, Ron Narum, Dan Delahoyde
Guests: Charissa Rubey, Tracey Anderson, Charles Russell, Dustin Wagner

Not present: Don Wehlander, Neil Anderson, Jerome Brekke, Bill Anderson

Meeting Called to Order: By Chairman Ron Narum

Minutes of Last Meeting Presented: Sandra distributed minutes from the meeting dated 6/30/09. Mike/Randy to approve minutes as printed. Motion Carried unanimously.

Treasurer's Report: Sandy distributed the monthly Expenditure Guideline for transactions upto 6/30/09.

Committee Reports:

none

OLD BUSINESS

Dakota Micro letter-Ron turned the floor over to Charissa to provide us with an update regarding Dakota Micro. Charissa had sent out an email letter regarding some updates with the company. She briefly ran thru that letter highlighting "the good, the bad, the ugly" of the company. Dakota Micro has a contract with Agco, the world's largest Agricultural manufacturing company. Their brands include Massey Ferguson, Gleanor, Fendt, and Cat tractors. This means that the newest pieces of equipment coming off the line will be setup with AGCAM equipment in it. Due to this newest development, Charissa has updated her projections for the business. Charissa has been having dialog with the Trimble regarding the FmX display as well. It is used in CaseIH equipment. They have been running testing with the Dakota AGCAM equipment for their new monitors. No purchase agreement with trimble at this time, but they have allowed all the trimble dealers to be AGCAM dealers as well. Charissa is working one on one contacting these dealers for interest and training. Charissa has taken over the Sales office, which is where she originally was. The cameras are now CE certified, which puts them in compliance with import/export requirements for selling in some of the other countries. Charissa has also been in contact working with AgLeader and Raven, two primary resellers of monitors and GPS technology to farmers in the U.S. She is trying to strike a deal to integrate the Dakota AgCam video into their monitors. Focus has been shifted from dealerships to original equipment manufacturers, so that the cameras are putting put in the systems as they are built. She is hitting the agricultural area hard. She is also focusing on public works type of equipment as well. With the changes in the economy, the ID-Mobile camera has been shelved temporarily. This equipment was being pushed to the Law enforcement & responder sector. With the loss of grants and other support funding thru the government programs, these types of purchases have slowed down.

Charissa also stated that they did an overall review of the company, including products and employees. They have re-evaluated spending, productivity of employees, marketing, product sales & production. They still have a main focus on employment for the communities in the local area. They restructured Dave & Charissa's payroll from the company, did a 3 wk summer layoff this yr. On the down side they had to set up a 45 day payable for Agco, taking away from the 15 net pay. AGCO is good on getting payments sent in time. They revamped and looked at credit card fees. Charissa stated that they had a 20% drop based on last year's sales. These type of things helped adjust for that. Jay-Did you see the changes adjust the expenses 20% as well? Charissa-Yes. Dakota Micro also dropped health insurance and changed internet plan. Using more in house people then previously. Jay-What projection do you see with AGCO? Charissa-by the end of this year or end

of next spring projecting a 20% - 30% increase. Jay-How is the stream of financing at this time? Charissa-they weren't able to pay on the revolving loan right now, inventory receivables is all tied up. Operating on Cash basis right now. Most staff reduction was in Fargo. They are trying to hang on to the local employment. Dakota Micro is better prepared right now than they were a year ago to handle the slow economy. Ron-How many are employed right now? Charissa- 18 currently. Tracey-16 additional were projected from the original employment number of 23. Tracey-In reference to the balance sheet, is it two separate lines of credit? Charissa-no they are split lines of credits. Maximum is \$300,000. Have a balance of approximately \$60,000.00. Tracey-Long Term Liability with the banks? Charissa- line one and two equipment are with the State Bank of Fargo. Everything is current on the accounts payable. Question to Charissa regarding the inventory listed. Charissa-they are going to manage the inventory better in the future. It is two high on the raw materials. With no more questions, Ron placed the original letter of request on the floor (see attached). "The Board of Directors of Dakota Micro, Inc. request that the ND Development Fund, BND, and SCJDA allow DM to defer the 2009 10% dividend payment. A dividend payment by DM at this time would cause undue hardship to the company." Jay/Mike to approve deferral of the 10% dividend payment for the 2009 year by Dakota Micro. Discussion: Mike- Is the Block grant for the \$100,000.00 for the county road affected by this decision? Tracey-no it is not. There is approximately \$37,000.00 left waiting for the Road department to submit invoices. With no further discussion, Ron called for the vote. Motion carried unanimously. Charissa left meeting at 8:15 am. All financial information that we have on hand is in the project binder.

Operational Security Services Inc. – Ron turned the floor over to Charles and Dustin regarding request for funds for continued pursuit of contracts, construction, purchase, and investment. Charles-Things have changed a lot for OSS, Inc since the meeting with the SCJDA in June. They attended a conference in Las Vegas and had made good contacts with need to know people. They met and discussed a potential partnership with a small business that does scanning and storage for large companies. They will arrive in ND to tour the Lisbon site for potential relocation to ND from California. Dustin also attended a smaller conference and had contact with approximately 27 procurement offices of the government's that are looking for homes for document storage. They are planning on coming for a site visit as well, but wish at this point to stay discreet. NSA is also considering OSS, Inc. They are looking to move from the east coast. Unclassified document storage is easier to obtain contracts for due to the lack of need for such high security in the employees and facility. This type of storage could be distributed to neighboring communities such as potential in Lisbon with the old Wheat straw facility. Government classified will need to be retained at the complex proposed for Ellendale due to the high needs of controlled environment. The group is working on federal grants and is using the approach of teaming and joint ventures with other companies that can fulfill a need for OSS, Inc. That is the best tactic. Dustin feels the business venture is moving along quickly now thru the contacts and meetings that he has attended. Ron-What is OSS, Inc looking for from SC JDA? Charles- distributed the request for assistance to the group, (see attached). Technology request-\$3,200.00 for 3 Blackberry phones and commercial data plan; Site visit assistance for potential partners-\$6,500.00 room, board, and setting up site. Multi-agency data center requirements for analysis steps 1 & 2-\$67,000.00. They are looking for one, two, or all of the items as listed. Dickey County JDA has set them up with a spending allowance of \$10,000.00 incurements based on bills submitted, with their final approval. Working with a group of farmers in Ransom County on purchase/lease agreement for the Straw Facility in Lisbon. Sandy- You mentioned Ransom county JDA earlier, what is Ransom county JDA doing for OSS, Inc? Charles-Possible financial support for the scanning company that is considering moving her business to Lisbon. She is looking at a potential of 25 employees with 24 hr a day employment opportunity. May need an additional building there. Sandy – Have you worked thru any Regional Councils? Charles – not really, SE regional council out of Jamestown has not done a lot of Technology industrial loans,-grants, Lake Agassiz RC has in Fargo, made contact with a gentleman from Lake Agassiz, but have not pursued any financial assistance at this time. Dustin- Commerce department has a lot of Ag programs but no industry programs, the state missed the boat for this year and the session is over. Jay-Where are the funds coming from now? Charles- personal support from the owners of OSS, Inc. Ron- how many are involved? Dustin – 3- myself, Charles Russell, and Jeff Langley at this time. We are all military backgrounds, have some security clearances thru the military. Jay-What assurance is there that there is a next stage of funding? Charles-Northrup Brummond(not sure on name?) has had conversation with OSS, Inc and if they like

the plan, they would be a big player. Question-Is project dead in the water if they don't sign aboard? Charles-no, OSS, Ince will keep looking. For each small contract they get, it will help in securing the next contract. Dustin-at this time communication between OSS, Inc group and other contracts is most important and would like JDA to consider the technology request.

Jay- Group is looking for a angel donation/grant. Charles-anyway you want to give it.

No further questions, Ron thanked Charles and Dustin for coming. Jay/Randy to coordinate with other JDA's in the area for a coordinated meeting regarding OSS, Inc and what potential they have and what we could do for them. Motion carried unanimously. The OSS, Inc portfolio that they provided is in the project binder.

Tracey Anderson left the meeting 9:10 am.

Wind Energy-Dan on behalf of Jackson twp and city of Cogswell is working on setting up a public meeting with both Just Wind and Green Resources. The meetings will not be held together. Dan also has been in contact with a gentleman who has done presentations with landowners on what we should look for in contracts. Dan is working to bring him to the area as well. Dan also attended a conference lately regarding wind energy. Randy/Jay to co- sponsor public meeting(s) with other county entities that want to be involved. Motion carried unanimously. Florida Power has or is working on easement rights from Edgeley to I 94, which could be approximately 7000 towers. Ron-How would we get Florida power to look into our area. Dan-They look for large projects. Just wind and Green resources work with smaller projects. Jay-Large companies like Florida Power do all their own research and data collection they are looking for the better quality wind conditions. Our area does not have prime wind conditions at this time for what they are looking for. Some companies like to secure their contracts with a promise of guarantee for long term, other companies will put the power on the grids and try to sell right off the grid.

NEW BUSINESS

2010 JDA BUDGET- Sherry Hosford arrived at the meeting at 9:20 to explain the JDA mill Levy, Budget process, and funds available for the JDA. The JDA has levied 2 mills. It collects approximately \$32,800.00 and with the pipeline projection is approx. \$35,600.00. The dollars due carry forward to the next year. To retain the 2 mills should set your budget at approximately \$135,000.00. Currently on the budget have the payroll for meeting attendance and mileage, wage deductions are taken from that. Lake Agassiz is an annual payment of \$1,500.00 with no change for 2010. Milnor airport authority was approved and drawn by the commission, it is a one time payment to assist in improvements and securing a grant. Red River Basin Commission is a due that is collected for membership. One half is drawn from the commission thru this fund and the other half is paid thru the water board. The JDA is getting the interest back for the Waswick Loan and Four Seasons Loan. The principal is going into Capitol Improvements, which is where it came out of. Mike/Jeff to set the budget at \$135,000.00 for 2 mills potential levy. Motion Carried unanimously.

With no further business the meeting was adjourned at 9:45 am.

Sandra Hanson,
Secretary JDA

For the Good of the Order: Rumor has it that Verizon has requested zoning information regarding a tower south of Forman somewhere.