

Sargent County Job Development Authority

Minutes

Date of Meeting: Thursday August 2, 2012 Time: 10:00 am

Location of Meeting: Coteau des Prairie Lodge

PRESENT: Mark Bopp, Sandy Hanson, Terry Dusek, Randy Pearson, Mike Walstead, Jessica Peterson, Jerry Erickson, Ron Narum, Not Present: Jay Jacobson, Dan Delahoyde, Bill Anderson

Also present: Joe Breker, Dan Reilly, Olivia Stenvold

The committee met at the lodge at 10:00 am and Olivia gave a tour of the facility. Construction continues.

They are hoping for an October opening, with enough construction to be completed to allow that.

The committee then convened in the meeting room of the lodge.

Meeting Called to Order: Chairperson Mark Bopp

Oath of Office- Jessica Peterson representing Gwinner city (population over 500)

Discussion on Randy Pearson's seat as he represents the townships and is no longer on the twp board.

Minutes of Last Meeting Presented: Minutes distributed and reviewed by board. Jerry/Terry to approve minutes of the Jan 12, 2012 meeting. No discussion. Motion carried unanimously.

Treasurer's Report: Distribution of the budget report and current balance of the JDA account-\$205,400.00

Distribution of the 2013 budget request. Randy/Ron to approve the treasurer report as presented. No expenditures on this account at this time. Motion carried unanimously.

2013 budget-discussion of 2 mill levy that the JDA currently receives. Discussion of what comes back into the account and what doesn't. Potential collection from the 2 mill levy would be \$60,000.00. It is difficult to be sure at this time as we do not have a final approved number on the T& F of the county. Ron/Terry to draw the full 2 mills for the budget and carry over the current payroll and lake Agassiz dues as part of the 2013 budget. Motion carried unanimously.

Mileage/mtg vouchers- signed by Randy and Jessica

Committee Reports: Sandy reported that all payments are coming in on time.

OLD BUSINESS

CDP Lodge- Joe stated that he is asking the JDA to consider a 20 year buydown instead of the 12 year interest buydown that they asked for in January and the JDA approved. Reasons being that the Bank of North Dakota (BND) and the Sargent County Bank (SCB) both suggested it due to the equity that Joe and Patti Breker put up personally of the prime farmland and the equity and appraisal of the LLC holdings, which includes the lodge itself and 120 acres of pasture minus 40 acres on the west side, as well as the financial contributions of the members of the LLC. The BND felt that a 20 year schedule would be very workable in this situation. Dan stated that this is very rare that this type of offer comes to the table when working with a pace program. BND recognizes that this is a good model to use for other communities demonstrating what the pace program can do. With the extension of the loan changing to 20 years, the interest will be increased to approximately \$107,000.00. The JDA had previously approved up to \$56,000.00 for 12 years. This change will potentially change the monthly payments from \$3,686.00 down to \$2,299.00. This will provide the lodge with a better opportunity in their startup costs and getting established. The potential payback to the JDA after the loan is paid back could be around \$448.94 monthly for 20 years instead of the \$389.00 monthly with a 12 yr payback at less total interest. Question-Could the JDA possibly wait 40 years before getting all of the money back? Dan-yes that would be the extreme case. Joe-It is their hope once the lodge gets established and up and running that payback on the loan itself and the interest would be quicker than the loan terms. Joe and Patti's ambition is to be released from the mortgage on their personal property and the LLC. The pace program is set up that the principal is paid first and the lenders hold the first mortgage. The payback of the interest would begin after the Lending agencies have settled their loans. The SCB would be the collector of the payments and distribute the payments accordingly. Dan encourages the JDA to set the terms of the payback at this time and then once the payments to the JDA are to begin, the terms can be re-visited between the LLC and the JDA. Jerry/Randy to approve up to \$108,000.00 to be set aside out of the JDA funds to provide the interest buydown portion of the loan and that the term of the payback be 20 years and that the JDA hold a second mortgage on the Lodge and

the 120 acres that are included with the lodge. Discussion-Would the JDA hold the dollars or would the SCB? Dan will visit with Tracey at Lake Agassiz and the SCB to discuss this. It may be that the JDA would have to provide the SCB with the funds upfront. The 2nd mortgage really has no weight until the Lending agencies have been paid to full. A payment schedule will be setup on the interest buydown money for the JDA. With no further discussion, the chair calls for the question? Motion carried unanimously.

Dan will discuss the decision and next step with Tracey Anderson and Steven McLaen to find out what needs to be done with the JDA participation of this overall loan. Dan and Joe were informed to work with the JDA attorney, Lyle Bopp as needed to completed legal documents for the JDA.

NOTE: At the January JDA committee meeting regarding the lodge the following motion was made:"Mike/Jay to authorize the JDA to financially support up to the amount of \$56,000.00 payment for buydown of interest for the lodge at an interest rate of 1%." In the August meeting the motion does not mention interest. An oversight for discussion and or clarification.

NEW BUSINESS

Pace program standards- no information to share with the group at this time. Sandy has solicited other JDAs for their information and terms when dealing with pace program.

No further business at this time.

Round Table:

Milnor:Terry- New funeral home being constructed on main St. 2 -3 houses going up. Day Care is still a need. Gwinner:Jessica-has had 4 homes moved in, 1 built, couple more to move in, and potentially 5 more to be built. Street improvements, new bus barn, work on the community center is completing. Daycare is an issue as well. Needs are more rental property for living and small office space.

Regional:Jerry-A low income housing committee that he sits on is seeking area needs for low income rental property to be constructed. Some dollars have been designated to this area to meet any needs such as this. If there are no takers the dollars will be shifted to the west part of the state.

Rutland:Ron- small office space will be available around spring of 2013 hopefully. Repainting water tower, they have a couple of apartments available for rent.

Forman:Mark-recently sold 4 lots in new addition for two houses to be constructed. 4 plex is underway with an October date of completion. FDC is putting up a 60 x 120 commercial building to be rented out or leased. FDC has purchased a residential property to be converted to a daycare. They are working with a Lady to manage and operate the facility.

County-Ron-SC Museum is constructing a new building. Mike-road projects thru out the county are being done. Federal Hwy funds will still be available to assist the county, but no increase in county share. ND State Hwy 1 is getting a grade raise at this time. The kraft slew area legal drain is still in the planning stage.

With no further business, the meeting was adjourned. 12:30 pm.

Sandra Hanson
Recording Secretary