

Sargent County Development Authority

Minutes

Date of Meeting: 8-18-10 Time:10:00 am

Location of Meeting:Sargent County Courthouse Commission Room

PRESENT: Randy Pearson, Ron Narum, Terry Dusek, Dave Jacobson, Sandy Hanson, Jay Jacobson, Dan Delahoyde Not Present: Jerry Erickson; Jeff Anderson; Bill Anderson
Also Present: Shannon Dye-State Bank & Trust West Fargo; Tracey Anderson Lake Agassiz Regional Council; Kim & Sharon Beckstrom-R & G Inc; Carson Beckstrom, Kelsey Beckstrom
Board Member Mike Walstead arrived at meeting at 11:00 am

Meeting Called to Order: Chairman Ron Narum

Minutes of Last Meeting Presented: 6-10-10 draft minutes were presented and read. Dave/Dan To approve minutes as read. Motion carried unanimously

Treasurer's Report: Balance in Budget \$123,094.36. Discussion on JDA 2 mills which collects approximately \$40,000.00 a year.

Committee Reports: no reports

OLD BUSINESS

Wind Energy-On request of the JDA, Sandy sent an email and a written letter to Green Resources and Just Wind to find out if and what activity is taking place in Sargent County and the area. If the companies continue to have an interest in the county for future wind development? No reply to the JDA to date.

Oaths of Office- Oaths of office were given to Terry Dusek and David Jacobson. The two are representing cities with population over 500 as recommended by their city council and approved by the Commission.

NEW BUSINESS

RG INC-Kim Beckstrom introduced family, the bank he is working with, and Tracey from LARC that were in attendance and gave a brief background of the old business, the fire, insurance claims, and the current status of the business. Continue to collect used tires so that they do not loose their current customers. Fire occurred in January 2009. 3rd week in March 2009 they started crushing tires again to make ADC, which is a product used with road material. Received last of Insurance settlement end of 2009 and have gotten part of structure completed to date. Making crumb is the primary goal of the business and the Beckstroms want to return the business back to that capability. Kim explained what crumb is and what it is used for. Kim distributed several samples of the phases of tire shredding and what each product from the tire looks like, what it is used for, what type of companies buy the products etc. Examples of the market are power plants to burn, landscape material, road material, playground ground cover, horse stalls, athletic tracks are a few. Different stages of the shredding meet the different types of uses. The crumb product, which is the tire at its smallest breakdown is the most profitable and marketable, but is also the longest process required to get to that point. Kim stated that it is environmentally efficient use of the tires and helps keep tires out of landfills. Kim distributed a brochure, a general letter of information, presentation portfolio, and the 2010 business plan. RG Inc is seeking financial support for \$719,000.00 to primarily purchase support and necessary equipment, operating needs and to complete some work on the building. The building is 12,000 sq ft. RG Inc will prcess approximately 4000 tons or 320,000 junk tires a year.

Various local banks were approached to assist financially, but RG Inc was turned down. Currently working with State Bank & Trust from West Fargo. RG Inc is the only company in ND & SD making crumb at this

time. Kim also stated that additional financial information was available upon request. At this time Kim is working with State Bank and the Bank of ND for a PACE Loan. The PACE Fund assists North Dakota communities to expand their economic base by providing for new job development. This program has two major elements: (1) participation by BND with a local lender in a community based loan, and (2) participation by the PACE Fund with the local community in reducing the borrower's overall interest rate. RG Inc is approaching the Sargent County JDA looking for the interest buydown. Question was can a business such as Dakota Valley Coop be the local community for the buydown? Shannon & Tracey didn't think so, but they were going to check on that. The community support can be treated as a loan or a grant. No interest on the local community portion can begin accrual until the buydown portion expires and the PACE Loan is paid off. Basically the local community is allowing free use of money for a length of time as determined by the setup of the loans. LARC has worked with PACE program in the past and is currently working with them on one or two in Richland county. State Bank is looking at a 7 yr ammorization loan for equipment. Local community portion can be pd in one lump sum or pd annually. For dollar discussion looking roughly at the following: $50\% \text{ of } 719,000 = \$359,500.00 \times 1.7\% = \$6,111.50 \times 7 \text{ yrs} = \$42,780.50$. The JDA has 2 mills which draws approximately \$40,000.00 a yr. The current size of the building and the equipment allows for future expansion with out additional building or purchase. Increase in potential production will be from more shifts and more employees and taking in more tires. Currently RG Inc has a \$20,000.00 loan and 1.3 million in equity at this time. RG Inc stated that they have had discussion with the city of Gwinner for hydrants and fire suppression. RG Inc has not approached the Gwinner Development Corp. The JDA has some options for securing the loan. Jay/Dave to support and willingly participate with the Bank of ND Lending Institute to continue thru the process necessary to allow RG Inc to complete its Loan in the PACE program and that the JDA will be the local community if financially possible upon further information of dollars required. Motion carried unanimously. Question asked if RG Inc. can more then one local community for the interest buydown. Answer was yes by LARC. Shannon will work with her bank and the Bank of ND to continue thru the process and let us know what is needed from us. Sandy will be the contact. RG Inc representatives and Shannon left the meeting.

Dakota Micro- Tracey reported They are looking OK to date. They are working on some other strategic products for the market. Ag Cam is being revamped to meet current needs of customer. The Block grant is still open because part of the block grant agreement was the projected increase in job creation. That has not occurred during these economic times. They will monitor it for another year and make a determination at that time. This is not highly unusual. The Company did what it needed to do to continue to survive. Tracey Left Meeting.

Term Limits- Sandy brought to the boards attention that the term limits have gotten heavy on the 2010 year with 8 members terms expiring at the end of this year. We currently have 2 members expiring in 2011 and one member in 2012. Sandy suggested that we redraw the 2010 members to be broken down as follows: 4 expire in 2010 and 4 expire in 2011 and 3 expire in 2012. So we would draw 4 members for 2010, 2 members for 2011, and 2 for 2012. Randy/Dan to approve the redrawing of the term limits. Motion carried unanimously. Results as follows:

4 members with December 31, 2010 expiration are Sandy Hanson & Randy Pearson representing SC Township officers Association; Jay Jacobson representing member at large; Ron Narum representing communities with population under 500.

4 members with December 31, 2011 expirations are Mike Walstead and Bill Anderson representing SC Commission, Jeff Anderson representing Gwinner City population over 500, and Jerry Erickson representing member at large;

3 members with December 31, 2012 expirations are David Jacobson representing City of Forman population over 500, Dan Delahoyde representing member at large, Terry Dusek representing City of Milnor population over 500.

Community Reports-Question if there is any new information regarding the potential for cell tower construction in the Forman community area. NoOne has any confirmed information.

Brought to the Table was that Ottertail Power Company has some funding available thru a grant process for

local community projects. Information regarding how that is attainable and thru what process would have to come from Ottertail.

What is the Gwinner Development Group up to these days? No answer could be given to that question.

Ron Narum reported on the Rutland Street project currently getting completed and the work on the inside of the water tower that was done this year. The city is planning on doing the outside of the tower next year.

With no further business the meeting is adjourned at 11:45 am.