

Sargent County Development Authority

Minutes

Date of Meeting: Wednesday December 15, 2010 Time: 7:30 AM

Location of Meeting: Sargent county Courthouse

PRESENT: Sandra Hanson, Jeff Anderson, Mike Walstead, Jerry Erickson, Randy Pearson, Ron Narum, Bill Anderson, Terry Dusek, Jay Jacobson Not Present: Dan Delahoyde

Guests: Leon, Kathy, & Hallie Pfingsten, Steven McLaen

Meeting Called to Order: Chairman Ron Narum

Minutes of Last Meeting Presented: The minutes of the meeting conducted on August 18th, 2010 were reviewed. Jay/Randy moved to approve minutes as presented. Motion Carried unanimously.

Treasurer's Report: The monthly expenditure report for the JDA was reviewed. As of the end of October \$125,484.21 was the balance. Travel/meeting vouchers were signed and completed for the 2010 year to be submitted for reimbursement. With no further activity Bill/Mike moved to approve the Treasurer report as presented. Motion Carried unanimously.

Committee Reports: No reports were given.

OLD BUSINESS

R & G Inc-Kim Beckstrom project. Sandy reported that she received an email from Shannon Dye, State Bank and Trust letting us know that the application was submitted to SBA and it would be about 30 days to hear something. The email was dated November 3, 2010. No other information was available at this time.

Wind Towers- Sandy received no response from Green Resources located in Texas or Just wind located in Napoleon. Mike reported that he had heard a comment that the Just Wind office in Napoleon was closed. Sandy reported that she received an email from a Michael Gray representing Arion Energy. The email stated that they are looking at a mid-size wind farm (30mw) in this area. He wants to conduct a feasibility study and needs to know ownership of the area. He asked that I contact him. Sandy had not done it yet as of this meeting.

NEW BUSINESS

Veterinary Service Milnor-Kathy & Leon handed out the business plan and the equipment needs list as well as the costs of the equipment they are hoping to purchase. Jerry asked who is financing the building? Steve reported that The Sargent County Bank is providing funding and assisting as they are working thru Bank of ND pace program as well. Kathy reported that the city of Milnor has invested in infrastructure to prepare the location for the construction. The purpose of meeting with the JDA is to set up a loan for the Equipment needs. The estimated cost of the list is \$206,400.00. Mark asked if the equipment list is all needed at once? Kathy stated It can be broken down to a smaller initial purchase and cost if necessary for loan purposes. The Vet Clinic will take care of small and large animals. They feel that there is a niche in the horse market and Kathy is interested in that area. The plans are to provide some kenneling for small animals and setting up a fence for a large outdoor area. They are hoping to open around the 15th of February. Kathy already has a pickup setup for mobile services and on sight visits. Jay commented that they have submitted an application to Dakota Valley for the equipment Loan. Jay explained the program that USDA has available and how Dakota Valley implements the revolving loan program thru the coop. When the program was initially set up by Dakota Valley they did securities themselves, but they have gotten away from securing the loans and now currently reach out to communities or other ways for the projects to find guarantees or securing the loan. Dakota Valley works to keep the loan as user friendly for the lendee as possible providing more opportunity for success. Kathy is requesting that the JDA consider providing the guarantee on the loan. Jay stated that if JDA has any interest in being the lender for the loan, then Dakota Valley would step back. Bill asked which option would expedite the process to try to assist the Pfingstens in meeting their opening date if possible. Pfingstens have already got the application in with Dakota Valley and have met with them. Jay stated that the Dakota Valley board will be

meeting on Friday December 17th and the application is on the agenda. Bill stated that the purpose of the JDA is to support businesses and job opportunities in Sargent County. The question is what is the best deal for the business to provide them with the best chances for success and loan repayment? Jay stated that Dakota Valley takes no mortgage on the loan. The letter of guarantee from JDA would be the security of the loan. The JDA would hold the mortgage for the equipment and be responsible for payment on the loan remaining if the loan goes default. Bill/ Mike made a motion that the JDA provide the letter of guarantee for the loan to Sheyenne Valley Veterinary Services contingent on Dakota Valley's approval of the loan with a limit upto an amount of \$150,000.00. Discussion- Mike asked what paperwork needs the JDA would have to complete the process and during the loan payment cycle. Jay stated that Dakota Valley has an attorney that would take care of the needed paperwork and that the Vet clinic would make payments to Dakota Valley directly. The obligation of the JDA would be the guarantee and any requests of security that they may put on the Clinic for the guarantee. If the loan goes default, the JDA then becomes liable for repayment of the loan. Terms of repayment can be worked out if that would occur. Mark states that the current financial report does not support the 200 or 150,000. The amount will be set up on payment schedule and the amount will decrease with payments being made. The current mill provides income to the JDA yearly. Jerry stated that the JDA also has another project that has come before the board. Bill states that if needed the JDA can still change its role in the project. Chairman calls for vote- Jay Jacobson abstains from voting due to his involvement with the lendees thru the Dakota Valley Loan. Motion Carried unanimously from remaining members of JDA. Bill will contact Lyle to let him know of this vote and decision and to let him know that he will be involved representing the JDA thru the necessary paperwork.

Chairman calls for community reports-nothing to report at this time.

With no further business Chairman Ron adjourned the meeting 8:35 am.

Sandra Hanson,
Recording secretary