

Sargent County Development Authority

Minutes

Date of Meeting: 1-12-12 Time: 8:00 am
Location of Meeting: Sargent County Courthouse
Top Floor Conference Room

PRESENT: Sandy Hanson, Jeff Anderson, Mike Walstead, Mark Bopp, Jerry Erickson, Bill Anderson, Ron Narum, Jay Jacobson, Dan Delahoyde, Terry Dusek NOT PRESENT: Randy Pearson

Meeting Called to Order by Ron Narum, Chr. At 8:03 am.

Minutes of Last Meeting presented by recording secretary Sandy Hanson.

Mark Bopp/Mike Walstead moved to approve the minutes of the June 23, 2011 meeting. Motion carried unanimously.

Treasurer's Report-Sandy presented an activity report for the JDA as provided by the Auditor's office monthly. The activity report is dated the end of December 2011 with an approximate balance of \$165,162.00. All travel and meeting expenses were submitted for payment in December 2011. Terry/Jerry moved to approve the treasurer report as presented. Motion Carried unanimously.

Committee Reports: The membership reviewed the current loans held by the SC JDA for discussions. All loans are current and in good standing. No further discussion was held. No needed action taken.

OLD BUSINESS

Cell Towers-Mark Bopp, Mike Walstead reported on two cell towers currently in operation located on the South side of Forman City.

Mark Schlenvogt Arrived at the meeting 8:30 am

NEW BUSINESS

Oaths of office were administered to Commissioners Bill Anderson & Mike Walstead; also Jeff Anderson representing Gwinner City, and Jerry Erickson member at large.

Re-Organization of the 2012 Board for the JDA- Ron brought to the Table for discussion combining the recording secretary and treasurer position. The checking account is administered thru the county auditor office and county vouchers for disbursement are initiated. The activity reports are initiated by the auditor office as well. Mike/Jeff to combine the titles to Sec/Treasurer. Motion carried unanimously.

Ron called for nominations from the floor for Chairperson-Sandy nominated Mark Bopp. Ron called 3 times for any and all other nominations for Chairperson, with none being made Mike/Bill moved to cast a unanimous ballot for Mark Bopp to be Chr of the 2012 JDA. Mark was then handed the gavel. Mark called for nominations for Vice Chr-Bill nominated Terry Dusek. Mark called 3 times for any and all other nominations from the floor for VCHR, with none being made Jeff/Jerry moved to cast a unanimous ballot for Terry. Motion carried unanimously. Mark called for nominations for Sec/Treas for 2012. Ron nominated Sandy Hanson. Mark called 3 times for any and all other nominations from the floor for sec/treas-with none being made Jay/Dan to cast a unanimous ballot for Sandy. Motion carried.

Record Retention for proposed projects not sponsored by SCJDA-Sandy brought to the table that there is a variety of information that was provided to the group by potential projects that did not utilize the JDA for services. The question was raised as to what to do with the information. Bill suggested that all material be returned to those individuals that represented the potential projects. Sandy should document what she returned.

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3 ring binders-Does anyone want 3 ring binders made up of minutes, agendas, and other information for their individual use. Mark should have one for his needs as chair. Sandy will build a binder for him of current information. No one else is requesting one.

Dan Rilley Wahpteton, Joe Breker, Olivia Stenvold, and Phillip Breker arrived at meeting 9:10 am.

Mark Schlenvogt representing USDA Valley City distributed handouts and presented various programs that are currently available thru USDA for rural development. Grants are limited and based on median income in county. Programs are available and are not an easy process but are workable and the staff is user friendly. They have several programs for public infrastructure such as fire halls, daycare, assisted living, nursing homes etc. Also have business and cooperative programs, there are also two different housing programs available- single family and multi family dwellings. A lender program is designed for moderate income. Multi dwelling units are set up for a minimum of 5 units per development not necessarily touching walls. Encourages thinking out side the box. Initial rental has to be for low or moderate income family but after that initial fill, can be anything. Have to utilize engineering and architects for some programs. Rural energy for America is designed for small private business or small ag producers. Ron commented that Rutland has used their services in the past and there is a lot of paperwork but the staff is great to work with.

Breker Lodge-Olivia handed out brochures about the lodge currently under construction. Olivia discussed other grants and financial opportunities that she has sought out and used. She has also been working the the ND tourism group. Phillip discussed the website, blog and facebook. The site has already had over 10,000 hits. Phillip also shared pictures of the progress. Joe presented information about the history of how it got started, the location and the name being used. Coteau des Prairies (Kuh-toe de PRAIR-EE) Lodge is named after the hills that run along the very southern and center portion of the county and in which the lodge is located. These hills were formed from glacial activity. The trees are ponderosa pine and were hand selected from the western part of the state. Construction started in June and continues. The base project has grown due to continued investigation and education of the investment group, they feel that the need is there for more sq footage to meet wants and needs of larger groups interested in use of the facility. Added more restrooms, bathing facilities, sleeping accomodations, and meeting room area. The first floor is all ADA accessible. There has been Fire Marshall contact and since there is no fire standards set in Sargent County certain items are suggested but not enforced. Lodge is hooked up to rural water. To this point the financial investment has been family and close family friends. Due to the expanded plan the investment group is looking for approximately an additional \$500,000 to cover additional costs. The group is working with a local bank and the BND. Thru the program that they are working with they need local buy in and support. That is why they are meeting with the JDA. They did talk to Lake Agassiz but they have too much money already invested to qualify for their programs. Dan explained what he is doing to assist the Brekers and explained the pace program thru BND. Sargent County Bank is looking for a 75% loan guarantee to enable them to provide the loan locally. The role of the JDA would be to cover the interest portion of the loan. BND will buy down to 1% potentially. For discussion sake a loan of \$500,000 at 5% would be approximately \$54,061.00 for the JDA. The JDA would be the last to get paid and cannot begin receiving its payments until the principal is paid down to a certain percentage of the loan. Around the 65 – 70%. The JDA can make the payment upfront or stretch it out for the term of the loan. In doing some quick math there is not much saving or breaks by doing either way. The principal is split 50/50 between the SCB and BND. The interest can be forgiven by the JDA or a payment schedule can be set up. Dan stated that JDAs thru out the region all handle this type of loan differently. It was suggested that the JDA discuss at another meeting the payback policy for the group to follow for consistency. Question- How was cash flow determined to see if it was feasible? Currently the work plan is using cash flow projections of 35% occupancy with it potentially being closed for two months during the winter dependent on weather and road conditions providing access. The plan is using 1 mgr and 2 partime staff initially with growth to 5 staff in 3 yrs. Hoping for operation to begin July 2012 if funding doesn't slow them down. Using a company out of Moorehead to set the logs. They feel that this is a conservative number and feel it will work due to the vested interest from private individuals. The projections being used are for the room rental only, not including other potential income. Ideas on the table that may offer some future potential for the lodge are agri tourism, eco tourism, family reunions, weddings, nature enthuisists, Quilting, Scrapbooking groups, etc. Question-Does the refuge support the lodge due to their grasslands and nature enthusiasts?

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Due to regulations for access to the refuge being limited they have no influence on the project. Question- Explain the rules of the payback? BND will look to lead lender (in this case SCB) to set the rules of the loan

and the secured amount. If bankruptcy occurs, the JDA would be last on the list for payback if there is any money left after the other loan holders are satisfied. Technically the JDA is looking at an unsecured loan. Bill feels that this project is tapping a new avenue to bring people to our area. Jay stated that the pace program is a good program. Terry is impressed by the homework done and reaching out for professional help. 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%. Bill Anderson asked to be removed as a voting member of the JDA for this motion. Mark called for any discussion. Mike stated that if the amount goes over the \$56,000.00 listed in the motion that it would have to be brought back to the JDA for further action. With no further discussion the vote was called with 9 voting in favor of the motion, Votes against the motion were none, One member abstaining from the vote, and one member not present. Motion Carried. Chairman Mark asked that the following be placed on the next agenda for discussion and decision-Setting a standard for Pace Program buydowns to include the % rate to be used, payback or no payback or what items will affect using one or the other and forgiveness of loans and loan terms.

For the good of the Order-

Milnor city-Terry and Jay reported on discussion regarding a few items such as potential for a Senior assisted Living housing and a lumber company. Bill Anderson inquired into the Milnor airport improvements. Terry reported that Milnor City has on staff an economic Development coordinator-Carol Petterson of Milnor.

Rutland city-Bill reported that progress is continueing on Rod Erickson bldg., which is a move and remodel of the old lariat bar for rental office space. Ron reported that the city hall is continueing renovation for ADA restrooms and entrance.

Gwinner City-Jeff reported that the main street project in Gwinner is complete. Work continues on the Gwinner community building with the kitchen, electrical, and roof.

Forman city-Mark reported that the new drain tile thru the north side of Forman has been replaced and is installed. The Senior center repairs caused by the July storms is complete. Also reported that a new townhouse is going to be constructed beginning this spring, renovation of the Catholic parsonage basement into two apartments is being done, Forman City is running a promotion for new housing in the development by the Golf course.

Terry, Mark, and Jeff reported that **Daycare** needs are high in all communities. Discussion regarding state and federal rules if a city owns and leases out or has staff to operate are very strict and potentially hard for communities of our size to meet.

County-Bill explained a situation that he is currently researching some work projects for a part-time position in the SC extension office and the loss of funding and potential loss of job for the individual. Would the JDA benefit by trying to utilize her as a staff person for the JDA with pay? He is having conversation with extension office, and NDSU at this time. Mike reported that the SC Ambulance of Forman and the SC fair board are in the discussion process for a building that would be accessable for the Fair board and the Ambulance group. Dan reported on the continued dialog of **Keystone pipeline** issues across the nation as well as our state and local area.

With no further business Mark adjourned the meeting at 10:00 am.

Recording secretary,
Sandra Hanson

