

Sargent County Job Development Authority

Minutes

Date of Meeting: May 12, 2015 Time: 7:00 pm

Location of Meeting: Sargent County Museum

Museum opened at 6:00 pm for those attending the meeting to walk through the museum at their leisure.

PRESENT: Ron Narum, Mark Bopp, Jessica Peterson, Terry Dusek, Mike Walstead, Carol Peterson, Sandra Hanson, Jerry Erickson, Randy Pearson, Robert Ptacek, Al Colemer, Bill Anderson-Not Present: none
Also Present: Nathan Berseth. Rick Ells arrives at 7:20 pm

Meeting Called to Order: Mark Bopp

Minutes of Last Meeting Presented: Upon Review of the minutes provided, Randy/Ron to approve the minutes of the April 28th, 2015 meeting as presented. Motion Carried unanimously.

Treasurer's Report: Financial status as of April 30th 2015, \$305,298.14

Current Funds designated to projects:

FCDC- For financial assistance for construction of Assisted Living-\$85,000.00 Loan/ \$15,000.00 grant / and up to \$33,000.00 to participate in the Flex PACE interest buydown program.

Southside Auto- up to \$20,000.00 to participate in the Flex Pace interest buydown program

The total designated funds approximately \$150,000.00 current balance of funds available-\$155,298.00

Loan Reports:

Waswick Chiropractic-one payment behind as per setup as monthly installments

Four Seasons healthcare-On time payments

General Store/Café- Good standing

OLD BUSINESS

Southside Auto- no further information at this time.

FCDC Ass't Living Project- Nathan reported Bid opening May 26th; Mark reported that some dirt work and survey work is being done.

Forman Markets-Discussion by Board regarding status of Forman Market request and information available.

Nathan stated it is a \$22,000.00 interest buydown for a Pace Loan through the Bank of ND. It is Nathan's understanding that Rick plans to pay the SCJDA loan back in full at the end of the sixth year of the Loan.

Discussion on attaching an interest rate of some % over prime to begin at the end of the sixth year if loan is not paid back in full. A payment schedule would be created. Nathan stated that some JDAs don't necessarily like the payment in full because the JDA then doesn't have opportunity to draw interest from the money for building the fund. Nathan stated that the \$22,000.00 is for two Grocery stores located in Milnor and Forman of Sargent County. The Stores are high need businesses for both communities as well as the area. The dollars aren't a lot of money and the loan request is a short term of 6 years. The other option is to deny the loan- due to the request coming in almost a year later and the dollars for the purchase are approved and secured. The question becomes Is it a refinance project and the JDA is the path of least resistance? What gap will the JDA fill for the Two Stores? Or, the JDA can approve a financial obligation upon agreement by the two cities to buy in to the project financially as well.

Rick Ells arrives at meeting 7:20 pm. Rick explains that the Pace loan will assist in helping to buydown a current interest rate of 4.6%. The loan will assist in releasing some cash flow for the two stores for improvements to the stores such as New coolers/freezers, structure repair, and retention of employees. Rick has been able to retain the current number of employees at each location which is about 10 each. But that would be a viable area of reduction if needed, but he feels that at this time that would be a last resort.

Currently Rick has an inventory loan and it is his intention to do the payment in full in 6 years after the inventory loan is paid off. Rick is requesting the dollars as a once a year payment instead of all the funds up front. The amount would be approximately \$1,800.00 a year per store which comes to \$3,600.00 a year from the JDA for 6 years = approximately \$21,600.00 give or take. Rick explained that process delays are for several reasons-1)the under-estimated burden and workload of taking on three stores at once; the learning curve on his part; 2)trying to work with two or three different JDA/economic development groups between the two counties and their schedules of meetings; 3) his first appearance to this group was in February. At this time Rick has not been given a definite closing date by the loan facilities. He has a Loan with SBA as well.

Jessica/Jerry to approve the up to \$22,000.00 for participation in the Flex Pace Loan Program through the Bank of ND with the annual payments over the 6 years with a 2% interest rate over prime at the end of the sixth year or last payment of the Loan if not paid back to the JDA in full with a payment schedule created and the interest rate determined at that time. Call for Vote by Chr. Motion carried unanimously. The SC JDA will utilize the Sargent County States Attorney to work with the Lending agencies to draw up necessary documents to proceed forward. Rick will stay in touch with Sandy as the process progresses. The Chairman of the JDA will sign any necessary documents to finalize the Loan. Rick thanked the JDA for supporting the two businesses in the area and left the meeting at 7:55 pm.

Policy/guidelines-Process to review- can work through each section at this meeting as a group; or Can put together a committee of two or three and have them review it and bring it back to the group at the next meeting. Nathan explained the process of the draft. The draft is a guideline and is not restrictive. Each project that comes to the JDA or the JDA takes on will be unique and having policies/guidelines that are very detailed can end up being restrictive in allowing the JDA to support forthcoming projects unintentionally. The public disclosure is a statement to anyone requesting assistance from this group, explaining what is available for public review if requested. It is an understanding for both the borrower and the JDA as well as the public. The application process is a most important process. Consistency in what is coming to the group, when it should be provided to the group and how the application will be handled once given to the JDA. Jessica stated she would like to see an application written up and inserted with the application process. Terry requested that the applications come to the JDA about a week prior to the meeting date to allow the JDA to review and receive any additional information as needed based on the information in the application. Bill/Al to adopt the Policy/guidelines as they have been presented to this group by Nathan on behalf of CCA to include an application and a statement that addresses the requirement to submit the completed application and any supporting documents to the JDA at a reasonable time prior to the next meeting for review. Discussion- Bill requested a roll call vote. With no further discussion Mark called for rollcall vote: MW-Aye; RP-Aye; JP-Aye; CP-Aye; TD-Aye; JE-Aye; AC-Aye; RN-Aye; BA-Aye; RP-Aye. Mark declared Motion carried. Voting member SH was not called upon for a vote on the motion.

CCA Contract for Services-Nathan addressed the highlights of the professional service proposal. Plan A is working with communities that have an interest in growth and compile a list of available residential and commercial lots as well as a strategic plan to promote growth opportunities. Work with communities to assist in infrastructure growth. Explore funding options to assist in leveraging local funds. Cost to the JDA will be \$1,900.00 paid monthly for 12 months to equal \$22,800.00. Plan B is all of Plan A and in addition to provide services to assist with renaissance zoning for designated areas or entire cities with commercial growth emphasis. Cost to the JDA would be \$1,900.00 paid monthly for a period of 18 months to be \$34,200.00. CCA will apply for USDA grant funding to assist with the cost of this service. Bill/Terry to approve the service proposal for PLAN B as presented by Nathan Berseth on behalf of CCA, and the Sargent County JDA, and that this motion is not contingent on the awarding of the USDA grant, but to implement the PLAN B contract with or without the grant. Discussion-Bill requested a roll call vote. Nathan explained what he would provide to the county. His services would include website; development; re-location of businesses; start-up businesses; population retention and growth; expansions of existing businesses that are already established. Also work with Lake Agassiz to leverage local funding. We have a large employer in the county that keeps the area vitalized, but every small business helps a community as well. This will be the first county to contract for services by CCA. Duration of the contract is 18 months, and at that time will be up for renewal, re-contract on an as need basis or nothing. The monthly fee includes travel. Jessica requested timely reports to the JDA on the CCA activities that involve Sargent County. With no further discussion, Chr Mark calls for a roll call vote-

JP-Aye; TD-Aye; RN-Aye; BA-Aye; RP-Aye; MW-Aye; CP-Aye; AC-Aye; JE-Aye; RP-Aye. Chr declares motion passed. Voting member SH-not called upon for the roll call vote.

NEW BUSINESS

Lake Agassiz-Mike asked if the JDA has had any activity or dialog with Lake Agassiz in the last few years. The JDA participated in an IRP program with them at one time. No contact or activity has occurred between the two agencies for some time. Nathan stated that he is on that board as well and would provide an update on the activities of the organization. Nathan stated that the regional council has gone through some retirements and staff changes and it is moving forward and is still an active agency.

Meeting schedule-Terry requested JDA consider quarterly meetings. This will provide the group with opportunity to stay updated on pending projects; CCA activities; community activities throughout the county and to be a JDA that is pro-active to the county and residents needs. A suggestion to rotate meetings around the county. Would possibly provide opportunity to tour projects that JDA has been involved in.

Forman Inn & Suites- Sandy reported that Hanson Hospitality LLC is currently looking for financing for the purchase of the motel. They are assuming the debt and mortgage from the Forman Hospitality LLC. To this date for repairs, updates, and maintenance issues the HH LLC has been providing personal investment funds until financing is secure.

With no further business Terry/Carol moved to adjourn the meeting at 8:45 pm. Motion Carried, meeting was adjourned by the Chr.

No next meeting date scheduled

Round Table: none

**Recording Secretary,
Sandra Hanson**