



**JSDC Board of Directors Meeting
March 14, 2016
Lower Level Conference Room
Official Minutes**

Members Present: Ramone Gumke, Ritchie Wolf, CJ Janke, Mark Klose, Marlee Siewert, Lorrie Pavlicek, Tom Hausmann, Katie Andersen, Dale Marks, Gerald Horner, and Bill Lytle.

Members Absent: Chris Rathjen, Bob Toso, Toni Wegenast, and Kelly Rachel.

Staff Present: Connie Ova, Tracey Pringle, Corry Shevlin, Beth Blumhardt

Guests Present: Keith Norman; Jamestown Sun, Becky Thatcher-Keller; Chamber of Commerce, Deb Kantrud; South Central Dakota Regional Council, Joe Neis; South Central Dakota Regional Council Board Member, Kim Lees; South Central Dakota Regional Council Board Member, Jim Boyd; Jamestown Regional Airport, and Danica Chaput; Job Service ND.

Call to order: 11:45 a.m. by Lorrie Pavlicek per notes taken.

Conflict of Interest: None were declared per notes taken.

Approval of Agenda: Not requested as per notes taken.

President's Report: No report as per notes taken.

Minutes: *Dale Marks moved to approve the minutes of the February 1, 2016 Board of Directors Meeting as presented. Ramone Gumke seconded. The motion passed unanimously by voice vote.*

Account Status Report: Tracey presented the financial report.

Ramone Gumke moved to approve the financial report as presented. Marlee Siewert seconded. The motion passed unanimously by voice vote.

----- Tape Recorder started at 11:55 a.m. -----

JSDC Strategic Plan: Lorrie stated the Strategic Plan is in the dropbox. On page 6, it shows three primary priority areas: business attraction, existing business outreach, and organizational excellence (governance). Connie developed a list of potential committees to work through the priorities and the goals that were set. Lorrie reported the staff will work with each committee to get the first meeting set up relatively soon. Each committee is asked to choose a Committee Chair from current board members and to review the dates assigned to each strategies.

Connie reported that each board member is asked to serve on two committees as there are many strategies to complete. She pointed out Priority 3 Organizational Excellence is governance. She has the

members that have been serving in the past. The last committee is Finance. Even though Finance was not included in the priorities, she still included it as it is vitally important. It's been meeting for about a year and helped tremendously. This is a standing committee and will continue in the future. Connie hopes each committee can meeting on a regular schedule similar to that of the Board (i.e., the second Wednesday of the month). At the request of Katie Andersen, all board members will be notified of the meeting schedules. These committee meeting will be Open Meetings.

Mark Klose made a motion to approve and finalize the Strategic Plan and to accept the committee members as presented. Marlee Siewert seconded. The motion passed unanimously by voice vote.

JSDC Audit: Linda Mohn of Schauer and Associates P.C. presented the 2015 Draft Audited Financial Statements page-by-page. The report includes 2014 for comparison. The opinion is that these statements present fairly in all material respects the financial position of Jamestown Stutsman Development Corporation as of December 31, 2014 and 2015 the results of its activities and cash flows for the year then ended. The Permanently Restricted balances consists of the Incentive fund plus JSDC's approximately 70% share of SEPA. These are consolidated financial statements. Detail is included as to how much is Incentive and how much is SEPA.

As of year-end 2015 total assets were about \$17, 500,000. The long-term debit looks like a large number, but the biggest share of that debt is the percentage of SEPA. Administrative costs looks like a little bit higher, but we've included the 70% share of the SEPA expenses. The change in the net assets for the Operations is a decrease of \$36,000 and the Permanently Restricted an increase of \$255,000. Operations provided about \$543,000 in cash. There was \$345,000 collected in notes receivable, issue of new notes was \$912,000, and proceeds from the sale of assets totaled \$123,000. This also includes the JSDC percentage of SEPA's items. Investing activities totaled 1.7 million. In 2015, there was a \$300,000 decrease in cash. Linda pointed out that looking at the very last note receivable detail on page 14, this is the note from SEPA and is due to eliminating the related party transactions between JSDC and SEPA. The actual note between them is \$785,000. There is a subsequent event-a potential liability - that has not been booked related to SEPA which was discovered after December 31, 2015.

Linda explained the only budget that is adopted is for Operations. Income items in addition to the approved 2015 budget are shown in the statements. The actual revenue was about \$46,000 more than budgeted. Additional expense items shown in the statement that were not included in the budget included. The actual expenses were \$519,000. The shared office space expense item is budgeted as a net amount. The Chamber reimbursement income is about \$13,000 and the rental income helps reduce the \$41,000 total actual shared office expenses. The real estate taxes does not have a budget line, but there was additional funds that came in from the city and the county which is included in the contributions item. Depreciation, a non-cash item, is also not budgeted which increases total expense for the year. Advertising expenses were paid from a pre-paid asset from Newman Signs, resulting in a non-cash item, which also increased total marketing expense. Connie also pointed out the Gain on Sale of Assets is non-cash item as well which is not budgeted.

Mark inquired about the Write-off of Uncollectible Receivables. Linda explained JSDC had been carrying a receivable from the City of Jamestown related to moving the water tower in the Bloom Park. Other questions were addressed by Linda. Katie Anderson of the Finance Committee also reported the goal is to try to have next year's budget match more closely to what will be reported. The city and county have

requested that only the expenses that will be paid for by the city and county funds be reported in the approved budget. The committee will work on preparing that budget statement for the city and county so that it's still accurate when it comes to our audit. This will result the audited financial statement won't look like JSDC is significantly off budget in the future. Connie explained all cash expense overages. She also explained SEPA's subsequent and possible liability to AT&T related to move their cable at the SEPA site. SEPA's understand was BNSF as the property owner was responsible for moving the cable. The AT&T bill has come back to SEPA and negotiations are in progress. Bill suggested the Finance Committee receive SEPA's financial information/reports.

Ritchie Wolf moved to accept and finalize the 2015 Draft Audited Financial Statements to be presented at the annual meeting for approval. Marlee Siewert seconded. The motion passed unanimously by voice vote.

Linda reviewed the 2015 990 and 990T tax returns. She further noted Federal Income tax owed for 2015 is \$1,031 for which \$920 has been paid in estimated taxes. She also presented the state income tax return showing \$108 owed in income tax to the State Tax Commissioner.

Katie errors/changes needed:

Buffalo City Tourism need to be changed to Jamestown Tourism.

On Schedule O – “copies are provided to the Executive Board” needs to change to “copies are provided to the full Board”.

On Schedule O – the governing documents are posted...website...Conflict of Interest Policy is included on <unintelligible> and the board meetings are open and public. We do publish an agenda item as a Conflict of Interest, but we don't publish our policy.

Next Page – where it says the “Executive Board” serves as the oversight committee for the audit should change to the “full Board of Directors”.

Ramone Gumke made a motion to approve the signing and submission of the 990 tax return for 2015 including all attachment and payment of any outstanding taxes as presented. Gerald Horner seconded. Roll Call: Katie-aye, Mark-aye, Lorrie-aye, Dale-aye, Gerald-aye, Bill-aye, Ramone-aye, Tom-aye, Curt-aye, Ritchie-aye, Marlee-aye. The motion passed unanimously by 11-0 vote with Bob Toso, Chris Rathjen, Kelly Rachel, and Toni Wegenast absent.

Growing Jamestown Award Recipient: Connie reported HH Holdings is nominated by staff for the 2015 Growing Jamestown Award to be presented at the annual meeting. This nomination is based on Dean Hafner's significant and successful business start-ups and his continual investment in this community. Mr. Hafner is available to accept the award at the annual meeting. Connie stated the Growing Jamestown Award nomination will be given to the appropriate committee in the future.

Curt Janke made a motion to accept Dean Hafner for the 2015 Growing Jamestown Award. Dale Marks seconded. Motion passed unanimously by voice vote.

Stutsman County Dues: Joe Neis, Chairman of South Central Dakota Regional Council, requested JSDC “recommend to county and city paying their dues – if nothing else, Small Business Development Center which is \$56,000 it costs to host the Small Business Development Center here in Jamestown...” Payment of dues was original requested in August 2015. Discussion followed.

Katie Anderson made a motion to forward the request to pay the South Central Dakota Regional Council dues to the county and the city without recommendation. Ritchie Wolf seconded.

Mr. Neis: Could use a clarification why it has to come back if you don't make a recommendation? I mean you're saying you're forwarding the dues on, but why can't you vote on saying that we're...

Katie Andersen: Well, right now – so the request came from the Regional Council, my understanding anyways, the request came from the Regional Council to this board, but we didn't take action on it. So we haven't taken action on it yet, so it would be stuck here until we take some sort of action before it would go to the two governing bodies for their approval. And so in order to move it on - it'll move on just like any other request. It just didn't come with a specific recommendation to pay. So it'll be – it moves on just the same as any other request to the governing bodies for approval.

Lorrie Pavlicek: And then it would not have to come back to us again.

Katie: Yeah, so you don't have to come back to this group again.

Lorrie: So it will save the step of coming back.

Bill Lytle: It's going to save you a month. If they say "yes", it'll save a month.

Lorrie: Yep. Because either way the county, you know when you guys get together, they're going to have to approve their dollars to be spent. So that's where you're at. So we're trying to expedite that for you by that motion.

Mr. Neis: Okay. I guess what it looks like to me is you're not willing to stand up and take a vote saying "yes, we support you." I know, Katie, you put it saying if anybody has an objection, but – I know if I took it to my development corporation board, I would hear – I would want to know "okay, are you all in favor of this or are you against it or what?"

Katie: So from my perspective the hard part about endorsing this payment, so it's saying recommendation to pay as opposed to no recommendation, is that I don't know the details between the conflict between the county – in order for me to take a vote, an informed decision to endorse paying the dues, I'd have to know all those details, have it resolved enough in my head to either believe that, you know, that it's completed or that the considerations were unwarranted or whatever it is. So since I don't really think that's a responsibility of this board to sift through all those details, I think it makes more sense for us to just say we're not going to object to a payment but it's not a specific endorsement.

Mr. Neis: Has anybody here taken time to try to find out why the dues <unintelligible>. We've tried to find out exactly what's going on with the commissioners.

Bill: What is "tried" mean? And I don't want to get into any details.

Mr. Neis: I mean talk to your commissioners.

Bill: But that's what we're trying to avoid though. I mean you guys could do your fact finding with that and bring it to us and that hasn't happened. And that's why I support to what she's doing which is – I can't make a judgement on something I don't know and don't understand. There's been ample opportunity from the beginning of this until now to bring more evidence, to bring whatever you guys want to bring, to help us support that decision which hasn't been done which is why we can't support it

that way. But we do understand and we do appreciate what you guys do which is why we're moving it forward and fast forwarding a month. The alternative is that we feel this way, we don't make this motion, and then you wait another month. Because then we find out what actually happened. I think what we're doing is very amicable and is in light of all of the businesses that come to you guys. I'm not sure how – we also don't want to be used as a leverage point. And this board isn't a leverage point to say do you support it or don't you support it when we don't understand the facts.

Lorrie: I think that's a good point. It does give us an opportunity to let this move forward without hindering anything and I think that, aside from being a chair person, as a board member I think it's probably a good position for us to take right now.

Kim: I must say I tried to approach – I approached two the commissioners and – Mark, we visited the morning, unfortunately we started our discussion the morning that CHS made the announcement that they weren't going to go forward. So the discussion ended there and I didn't want to bring with Mark again. But I probably should have taken <unintelligible>.

Lorrie: Like I said, I really – I think we all hope that tomorrow starts to, for both entities, to take that issue and grab hold of it. My perspective – I certainly positive things come out of that. But I think from the board's standpoint, we do have a motion on the floor. Without any other comments or questions, I would like us to move forward so that you guys can take, at least, that forward with you and know that we're not trying to put any hindrances in your way and wish you well, both sides well tomorrow.

Mr. Neis: I want to thank you very much for listening to us today and hopefully understand part of what's going on. Sometimes I pull my hair out going "I don't know what's going on".

Lorrie: Well, maybe tomorrow is that opportunity for you guys to just sort of dig in there and resolve the issues. Again, we just don't feel this board is the place for that to happen. So, good luck. Any other comments or questions on the motion itself? We'd like to take that action so we can help them move forward with this. Any questions on the motion itself, what we're doing? And that would be moving it forward without recommendation.

Roll call: Ramone-aye, Gerald-aye, Dale-aye, Mark-aye, Katie-aye, Lorrie-aye, Bill-aye, Ritchie-aye, Marlee-aye, Tom-aye, and Curt-aye. The motion passed unanimously by 11-0 vote with Bob Toso, Chris Rathjen, Kelly Rachel, and Toni Wegenast absent.

Other Business: None.

Staff Reports:

CEO: Connie presented her report and stated the full report is in the dropbox.

Business Development: Corry presented his report and stated the full report is in the dropbox.

Administrative Assistant: Beth updated the Board on the Annual Meeting.

Office Manager: Tracey presented her report and stated the full report is in the dropbox.

Ex-Officio Reports:

City of Jamestown: Katie Andersen reported on the City.

Stutsman County: Mark Klose reported on the County.

Jamestown Chamber of Commerce: Becky Thatcher-Keller reported on the Chamber.

ND Job Service: Danica Chaput reported on the Job Service.

Jamestown Regional Airport: Jim Boyd reported on the airport.

Adjourn: Katie made a motion to adjourn. Dale seconded. Motion passed unanimously.

Meeting adjourned at 1:26 p.m.

Tape recorder stopped at 1:26 p.m.

Respectfully submitted,

By: Tracey Pringle
JSDC Office Manager