



**JSDC Board of Directors Meeting
June 13, 2016
Lower Level Conference Room
Official Minutes**

Members Present: Katie Andersen, CJ Janke, Ritchie Wolf, Bob Toso, Lorrie Pavlicek, Gerald Horner, Ramone Gumke, Mark Klose, Toni Wegenast, Tom Hausmann, and Bill Lytle (entered at 11:59 am).

Members Absent: Dale Marks, Kelly Rachel, Chris Rathjen, and Marlee Siewert.

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

Guests Present: Chris Olson; Jamestown Sun, Becky Thatcher-Keller; Chamber of Commerce, Deb Kantrud; South Central Dakota Regional Council, Danica Chaput; ND Job Service, Clarice Liechty; community member, Corey Bayer; Marvel Homes, John Johannesson; Magnum LTL, Inc.

Call to order: 11:45 a.m. by Bob Toso.

Tape recorder started: 11:45 am

Conflict of Interest: Gerald noted that the bank he works for works with Magnum; he commented he doesn't work directly with them as they work with the Bismarck office.

Katie Andersen motioned that Gerald Horner be able to participate and vote on the Magnum request, Toni Wegenast seconded the motion, and the motion passed unanimously by voice vote.

Approval of Agenda: No additions or changes were made to the agenda.

President's Report: Bob Toso noted Connie has an invitation to Eventide Annual Community Picnic on June 15 from 11:00 am to 1:30 pm so if Board members are not doing anything they are welcome to attend. Bob also reminded the Board that Election Day is tomorrow Tuesday, June 14th and the last Entrepreneur Social is on June 21st at the ND farmers Union from 5:00 pm to 7:00 pm.

Minutes: *Ramone Gumke moved to approve the minutes of the May 9, 2016 Board of Directors Meeting as presented, Lorrie Pavlicek seconded, and the motion passed unanimously by voice vote.*

Account Status Report: Tracey presented the financial report for May. The financial information was in the dropbox for review.

Ramone Gumke moved to approve the May financial report as presented, CJ Janke seconded, and the motion passed unanimously by voice vote.

Magnum, LLC Flex PACE Request: Corry presented to the Board of Directors that JEDS, LLC previously purchased Lots 1, 2 and 3 of Block 1 in the I-94 Business Park and have returned to the JSDC seeking the community contribution for Flex PACE and PACE funding to assist in initial construction cost.

The funding requested of the JSDC consists of \$30,000 for the Flex PACE Interest Buy down loan Program and \$125,000 for the PACE Program for a total funding request of \$155,000. That money will be matched by the Bank of North Dakota in both programs; they will contribute up to \$100,000 for the Flex PACE Program and up to \$375,000 for the PACE Program.

JEDS, LLC currently qualifies for the Flex PACE Interest Buy down Program and are currently waiting for Primary Sector Certification from the state (already in progress) to qualify for PACE funding also.

Recommendation is being requested to approve funding for both the Flex PACE Interest Buy down Loan Program and PACE Program on a 97/3 city county split as JEDS, LLC will be located in the I-94 Business Park.

John Johannesson from Magnum LLC. was present to answer any questions the Board had.

Katie inquired why the split was 97/3 which Connie responded by noting that is the ownership of the I-94 Park so she felt that was appropriate but then she thought an 80/20 split would probably be better but in the event of any unforeseen disaster that it had to be paid back she then referred it back to the ownership. Connie commented she is open for discussion on this. Katie noted she thought we discussed before that Flex PACE be an 80/20 split, therefore she feels an 80/20 split is more appropriate. A discussion was held among the Board of Directors. Lorrie requested John give a brief summary of Magnum LLC. to the Board.

Katie Andersen motioned to approve the Flex PACE Interest Buy Down as requested for Magnum, LLC. with an 80/20 City/County split, Lorrie Pavlicek seconded the motion, and the motion passed unanimously. Roll Call: Mark- aye, Lorrie- aye, Gerald -aye, Ramone- aye, Tom- aye, CJ- aye, Ritchie- aye, Toni- aye, Katie- aye, Bob- aye. Motion passed 10-0 with Chris Rathjen, Kelly Rachel, Dale Marks, Bill Lytle and Marlee Siewert absent.

Katie Andersen motioned to recommend the approval of the PACE buy down as requested with an 80/20 City/County split pending the final certification of primary sector, Ritchie Wolf seconded the motion, and the motion passed unanimously. Roll Call: Katie- aye, Mark- aye, Lorrie- aye, Gerald- aye, Ramone- aye, Tom-aye, CJ- aye, Ritchie- aye, Toni- aye, Bob- aye. Motion passed 10-0 with Kelly Rachel, Bill Lytle, Dale Marks and Chris Rathjen absent.

Request for Spiritwood Road: Connie referred to her memo in the dropbox in regards to the Spiritwood Road agenda item. The road from 1-94 Exit 269 to 1-mile north where the road becomes the special assessment district for SEPA/GRE/JSDC is in need of updating/overlay. This section of road was proposed to be done in 2012 at a cost of \$267,348; however, was not completed at that time for reasons unknown. This portion of road was originally recommended by JSDC Executive Committee in 2012 to be included in the special assessment district for SEPA; however, GRE did not think it fair for SEPA /GRE/JSDC to be assessed for a mile of road that wasn't specifically for that property and instead was used by Cargill Malt, local farmers, and general traffic for the area.

The price of improvements has been lowered by \$137,010 because it is a part of a 30-mile project being done by the county and will be completed in August of this year.

The Business Attraction Committee met last week and made a motion to recommend approval of paying for the improvement of the road and special assessing that cost to the Klose property on a 90/10 City/County basis. This is the same split as all of the Spiritwood projects.

Connie spoke with Casey Bradley, COO, Stutsman County and he related that the special assessment process will take 2-3 months and will take the project out of the special pricing, will have to be rebid and mobilizing for just this project without the additional 30 miles tied with it could be \$100,000 in additional expense.

JSDC will charge the cost back to the Klose Property and recoup that expense when a tenant locates there. The cost is \$130,337.60 + \$16,000.00 (contingency fee) for a grand total of \$146,337.60. This to be split 90/10 City = \$131,703/County = \$14,634.

JSDC has funded road projects in the past and we do have the authority to fund roads as they are related to economic development projects: road in front of Cavendish and to the end of JSDC property in Bloom Park and the I94 road through the property. This will complete the road improvements and upgrades from I94 to the Klose/SEPA site.

(Bill Lytle entered the meeting at 11:59 am)

A brief discussion was held by the Board of Directors.

Katie Andersen motioned to recommend approval for the funding of the road from I-94 to one-mile north at a 90/10 City/County split and the cost be associated with the improvement cost of the Klose property, Gerald Horner seconded the motion, and the motion passed unanimously. Roll Call: Ramone -aye, Tom-aye, CJ- aye, Ritchie- aye, Toni- aye, Katie- aye, Mark- aye, Lorrie- aye, Gerald- aye, Bob -aye, Bill- aye. Motion passed 11-0 with Marlee Siewert, Chris Rathjen, Dale Marks and Kelly Rachel absent.

Kal Patel Settlement Request: Connie presented the Kal Patel Settlement request agenda item. Connie referenced her memo in the dropbox.

JSDC has received 2 checks from Mr. Kal Patel totaling \$30,000. This as payment in full for the Flex PACE Interest buy down received from JSDC for the Super 8 expansion aka Econo Lodge (information sheet included) and Cherry Berry, no longer operational.

1. Econo Lodge: Total investment for new facility right next to Super 8 Motel was \$800,000 for 20 additional motel rooms. That facility is still operational, paying property taxes, employing people and, as you can see by the sheet attached, customer ratings are extremely high.
2. Cherry Berry: This was formerly the Sara Lee Bakery. The building was completely renovated for the Cherry Berry operation and updated to lease space to the Verizon store which is still located there. It has since been purchased by Eric Tuchscher, Edward Jones Investments and is his primary office and has 1500 square feet available for another office space. Investment into this property by Kal Patel was over \$381,000.
3. The total owed by Kal Patel is \$31,562.66 and we have checks totaling \$30,000.00. This \$1,562.66 discount amounts to 5% discount for early pay off.

Connie believes those dollars will be saved by JSDC staff/City/County staff being able to close the file. On the other hand, JSDC has a personal guarantee and all other appropriate binding legal documents to assume the loan will be paid in full.

Connie's recommendation is to deposit the \$30,000 in the bank; pay City/County their share and close the project files for KSSG aka Cherry Berry and Econo Lodge.

A discussion was held by the Board of Directors. The board discussed setting a precedent, analyzing staff time with these loans, discount incentives, etc.

Lorrie Pavlicek moved to not accept the proposal as laid out and hold Kal Patel to his original agreement, Ramone seconded the motion, and the motion passed unanimously.

Bob clarified the motion to the Board which is we do not accept the recommendation so by voting yes that means you reject the payment and a no means you do not reject the payment. Roll call was then taken.

Roll Call: Bill- aye, Gerald- aye, Ramone- aye, Tom- aye, CJ- aye, Ritchie- aye, Toni- aye, Lorrie -aye, Mark- aye, Katie- aye, Bob- aye. Motion passed 11-0 with Dale Marks, Kelly Rachel, Chris Rathjen and Marlee Siewert absent.

Building Lease: Tracey reported on the Building lease agenda item. Nick Bruns, a representative with Nodak Mutual Insurance Company, would like to lease the available space in the Center for Economic Development building. Mr. Bruns has replaced Aaron McCardle who inquired about the same space last year.

The suggestion is to rent the front area of this space, not including the back office, at \$12.50/square foot/year which is \$750.00 per month rent in the first year with an increase of \$25.00 for each of the remaining two years. The rented space is 720 square feet, leaving the back office of 248 square feet available.

Mr. Bruns has reviewed a sample Lease Agreement and is comfortable with the terms stated within. Nodak Mutual Insurance Company is a great fit for the space available. Mr. Bruns and his assistant are not requesting any modifications to the space and do not find using the restroom in the lower level a problem. This is ideal as other potential tenants did not find these conditions acceptable.

The JSDC staff is requesting recommendation for approval to rent the front 720 square feet of the CED building to Nodak Mutual Insurance Company at a price of \$750 per month for a three-year term. For additional lease terms please refer to the Dropbox.

A discussion was held among the Board of Directors. Lorrie inquired if there are any concerns on confidentiality issues between the two spaces. Staff did not feel there were any concerns with confidentiality.

CJ Janke motioned to recommend approval of renting the available space in the Center for Economic Development to Nick Bruns of Nodak Mutual Insurance Company, Tom Hausmann seconded the motion, and the motion passed 10-1. Roll Call: Katie- aye, Mark- aye, Lorrie- aye, Gerald- aye, Bill- no, Ramone- aye, Tom- aye, CJ- aye, Ritchie- aye, Toni- aye, Bob- aye. Motion passed 10-1 with Marlee Siewert, Chris Rathjen, Kelly Rachel, and Dale Marks absent.

Approval of Governance Documents: Bob referred the Board of Directors to the Governance Documents in the dropbox for approval. These documents include the JSDC Procedures, JSDC/City/County Contract and the Articles of Incorporation.

The Board would like more time to go through the document changes.

Mark Klose motioned to table approval of the Governance Documents, Ritchie Wolf seconded the motion, and the motion passed unanimously. Roll Call: Katie- aye, Mark- aye, Gerald -aye, Lorrie- aye, Bill- aye, Ramone- aye, CJ- aye, Tom- aye, Ritchie- aye, Toni- aye, Bob- aye. Motion passed 11-0 with Chris Rathjen, Kelly Rachel, Dale Marks, and Marlee Siewert absent.

Bob noted this will be put on the July 11th Board of Directors Meeting agenda.

Number of Bod Members\Ex-Officious: Bob noted the purpose of this agenda item was to discuss the size and functionality of the JSDC Board of Directors. Bob inquired the Board's thoughts on a 15-person board versus a smaller board. Bob also noted the other purpose of this agenda item is that SEPA has indicated a desire to have representation on the board as ex-officio which will most likely be Rich Garman.

A discussion was held by the Board of Directors.

This will be put on the July Board of Directors agenda for further discussion.

Strategic Committee Reports:

Strategic Business Plan Committees:

Business Attraction Committee – Bob reported the Business Attraction Committee met Friday, June 10th at 9:00 am. The discussion at this meeting centered around SEPA and the land out there and how they were going to develop that. Bob commented that Corry also put together some scenarios and how in using those scenarios rent would be set, etc. The next meeting is scheduled for Monday, July 4th, however this falls on a holiday so another meeting date will be scheduled in its place.

Existing Business Outreach Committee – Lorrie reported the Existing Business Outreach Committee met Thursday, June 9th at 7:30 am. Lorrie commented the committee put together an exit interview for those entities that have had a project or loan with JSDC to receive some feedback. Corry reviewed the exit interview in the dropbox. The next meeting is scheduled for July 14th, however, a survey will be sent out to possibly establish another monthly day and time for this meeting as the current date and time is conflicting for some committee members.

Organizational Excellence Committee – Bob reported the Organizational Excellence Committee met on Tuesday, June 7th at 8:30 am. Bob commented the focus of the meeting was to review the governance documents that were presented to the Board. The committee also is recommending to add a SEPA representative as ex-officio, this person would most likely be Rich Garman.

Bill Lytle motioned to have a SEPA representative become an ex-officio member, CJ Janke seconded the motion, and the motion passed unanimously. Roll Call: Ramone- aye, Ritchie- aye, Tom- aye, CJ- aye, Toni- aye, Katie- aye, Mark- aye, Lorrie- aye, Gerald -aye, Bill- aye, Bob- aye. Motion passed 11-0 with Kelly Rachel, Dale Marks, Marlee Siewert, and Chris Rathjen absent.

The next meeting is scheduled for Tuesday, June 21st from 8:30 am to 9:30 am.

Action Items: None at this time.

Other: Nothing at this time.

Staff Reports:

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

Business Development: Corry stated his full report was in the dropbox.

Administrative Assistant: Beth stated her full report was in the dropbox.

Office Manager: Tracey stated her full report is in the dropbox. Tracey informed the committee the JSDC has hired a new part time Office Assistant, Medora Pringle.

Ex-Officio Reports:

City of Jamestown: Katie Andersen was present and reported on the City.

South Central Dakota Regional Council: Deb Kantrud was present and reported on the South Central Dakota Regional Council.

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

ND Job Service: Danica Chaput was present and reported on Job Service.

Stutsman County: Mark Klose was present and reported on the County.

Jamestown Regional Airport: Katie Andersen was present and reported on the Jamestown Regional Airport on behalf of Jim Boyd.

Adjourn: The meeting was adjourned at 1:22 p.m.

Tape recorder stopped at 1:22 p.m.

Respectfully submitted by,

Beth Blumhardt, JSDC Administrative Assistant