

**Beulah JDA
Board Meeting Minutes
March 17, 2021
4:30 PM
Beulah City Hall**

Attendance: Travis Frey, Vern Muscha (by phone), Ben Lenzen, Beaver Brinkman, Jerry Isaak, Mary Lou Horning (by phone), Gary Miller, Auston Biles, Amanda Mohl, Nathan Richter (by phone), Kim Kessler (by phone), Scott Solem.

Absent: Scott Solem

Also Present: Mary, The Beacon

A. Call Meeting to Order-Travis called the meeting to order at 4:30 pm.

B. Agenda

Jerry motioned to approve agenda. Gloria second. Motion carried.

C. Meeting Minutes

- ✦ February 17, 2021 Meeting Minutes – Beaver made a motion to amend February 17th meeting minutes. Minutes should reflect that FB Legend Air was called to provide an estimate. Beaver motioned to approve minutes with amendment. Austin second. Motion carried.
- ✦ March 4, 2021 Special Meeting Minutes – Ben motioned to approve March 4th, Special Meeting Minutes. Amanda second. Motion carried.

Nathan questioned who approved the special meeting. Travis and Beaver wanted the meeting. Beaver stated that Council directed to hold a special meeting. Travis approved and Beaver sent out meeting notice.

Nathan questioned when Amanda Mohl and Gary Miller became members of the Beulah JDA. Beaver explained when they were appointed by City Council at the 2nd meeting in February which was held on Monday, February 15th, 2021.

Board discussion from Nathan, Jerry and Gloria about the process in the past for JDA to recruit board members has been the JDA Board reviews applications and makes recommendations to City Council. City Council then approves. After City Council approves then the JDA Board appoints those approved. Beaver and Travis told the Board that it was not clear regarding the process and the By-Laws have not yet been adopted to reflect the process. Gloria asked when the process changed. Jerry asked since JDA has a mill levy, would JDA make recommendations to City Council. Travis told the Board that the City sets the mill levy for JDA. The City has the right to dissolve JDA or to eliminate the mill levy given to the JDA board. Nathan again asked about the process that was in place for quite some time and at what point did the process change. Beaver explained to the Board that the resolution or the rules of the JDA Board did not indicate the practice that is in question. Beaver also stated that the Board needs to complete the By-Laws and get them approved by the City so the City is aware of the process and can proceed as stated in the By-Laws. The Mayor accepts the names and the council approves. Mary Lou added that she would like to see the recommendations coming from the JDA Board and going to the City Council for their approval to appoint new board members. Jerry asked if there needs to be a motion to approve appointment to the Board for the two new board members. Gloria will note

that both Gary Miller and Amanda Mohl were appointed to Beulah JDA at the 2nd meeting in February which was held on Monday, February 15th, 2021.

D. Financial

- 2020 YTD Financials were sent to the board at the last meeting. Ben commented that the financials are not correct. The current and the long-term liabilities are not accurate. Some are current amount owed for buy downs and some are total amount owed. Ben stated it will take a little while to correct. Travis mentioned the audit starting in a few weeks. Beaver stated the year end will need to be corrected for the audit.
- Travis asked about financials for January, February since the board has not approved any financials for 2021.
- Beaver said that the Board can approve the financials with the corrections. Year end is December 31, 2020. Beaver asked Travis about approving Year End (2020), January and February 2021. Travis stated approve them individually with the corrections.
- ✚ Beaver motioned to approve the year end December 2020 financial with the following corrections:
 1. Current Liability Buy Downs will need to be amended. Nathan asked about the construction loan on the year end financial listed differently than on the January and February financial where it is listed as a current liability.
- Jerry second the motion. Motion carried. Ben Lenzen abstained from voting.
- ✚ Beaver motioned to approve the January 31, 2021 financials with the corrections discussed to the Current liabilities for Buy-Downs and the Union State Bank construction loan show accurate liabilities. Jerry second the motion. Motion carried. Ben Lenzen abstained from voting.
- ✚ Beaver motioned to approve the February 28, 2021 financials with the corrections discussed to the Current Liabilities for buy-Downs and the Union State Bank construction loan to show accurate liabilities. Jerry second. Jerry asked about the USDA amount of \$1591.33. Is this a current lease amount? General ledger amount showing of \$1591.33 does not reflect the current lease amount. Beaver stated that lease rental payment was received at the end of February. Nathan asked how the mill levy is split. It appears the deposits are going to different accounts. Travis stated the next payment should be in April. Nathan stated that there was a payment \$10,057.43 and another for \$9037.69. Beaver explained that the dates reflect when they were deposited. Both Travis and Beaver said they will check on the mill levy deposits as they should not be going into different accounts. This will be corrected. Beaver asked if there is anything else that the Board would like to see anything else on the reports. Motion carried.

E. Old Business

- USDA Building – Beaver said there is 4 interested parties in purchasing the building. We are waiting for appraisal and the board to approve pursuing anything with this building. Nathan stated that it is approximately 3 – 4 months to get appraisal completed. Allied Appraisals is completing the appraisal. This property has not been advertised. Travis asked the Board what the process should be to sell. Jerry said to put it out on bids then the top 3 bids would get the opportunity to increase their bid. Nathan asked that getting someone who markets commercial property should be involved and we can get their opinion. Nathan asked Mary Lou her thoughts on procedure. Mary Lou suggested to the board to do the bidding process. Mary Lou expressed that we would not want to do an auction. Beaver said we owe just over \$300,000.00 and stated the replacement cost was just above \$2,000,000.00. Austin suggested to be cautious of the information given to the appraiser. Beaver said that the appraiser has not asked for rent values. Beaver only shared with the appraiser that the building is not taxed therefore, there is not a tax value. Nathan suggested a realtor give us their opinion even if there is a charge. Jerry asked about an appraisal for the Greystone since we are appraising the USDA. Mary Lou explained that the appraisal is only good for about 6 months. Appraisal would be a value to have on record even if there is not going to be a sale within the 6 months. Nathan mentioned if the board is planning additional capital improvements, then to wait to do the appraisal. Jerry said if there are parties interested in investing in our community, it would be nice to have a number to work from. Travis stated the board should wrap up the USDA building discussion and then move on to the Greystone. Beaver told the board

there are just a few improvements left such as new gutters, facia to complete project. Beaver also commented this does need to have crack sealing done. There are 4 items left to complete.

- Greystone – Travis and Beaver had a meeting with First Security. The balance of the loan for the Greystone is just over \$50,000.00. Travis stated that if there are additional improvements to be done, an appraisal would be good to have in case the bank would need it for a loan. Mary Lou said the last year there have been several commercial property sales which is rare. Mary Lou suggested that now would be a good time to do the appraisal. Beaver reminded the board that last November, the Greystone was refinanced. Beaver told the board that he was told the paperwork for the refinance was never completed. The Greystone is not refinanced down to 3%. Once paperwork is completed, the current 6% loan will be decreased down to 3%. Ben said the USDA building is now up to par with Beaver's efforts. The Greystone is probably not up to par. Ben felt the best solution is to get the property repairs and maintenance completed prior to putting it up for sale. Nathan said we need to be cautious of our return on investment. The Board discussed having tenants with long term tenants. Travis asked the board if an appraisal should occur. Jerry motioned to have an appraisal on the Greystone. Vern second. Ben asked to see a cost including the repairs and maintenance. Beaver mentioned that this appraisal will be a building appraisal since the rent is well below market with the current tenants. Travis asked Nathan if there are tools to calculating the value of the Greystone by including the potential income based off market value instead of current rent received. Motion carried. Scott opposed as he did not feel it makes sense at this time to do the appraisal on the Greystone.
- By-Laws – Travis asked the board if we have ever voted on the revisions. Board members stated they have not seen the changes to the by-laws. Scott said the revisions were sent over a couple of months ago. Scott added the term limits, attendance and any other revisions. Scott asked about the draft or by-laws which were from another JDA. Nathan asked that the by-laws be sent to the board to be voted on. Travis stated the board will look to approve at the next meeting.
- Strategic Plan – Program Offering – Travis said this topic has been on the agenda for several meetings. There has been some discussion. Beaver, Nathan & Jerry have not met on this so this is still in progress. They hope to meet soon to complete this.
- Nathan stated the appraiser will be here to appraise the following Monday.
- PACE Buy Down Requests – Beaver sent out a spreadsheet of what the current commitments for JDA are. This information is from Bank of North Dakota. There was an error regarding Beulah Conoco, the year was wrong. The new PACE buy-down only reflects 1 year to give the Board an idea of what would be added if the Board approves any of the 4 requests. Beaver explained that Bank of North Dakota is looking for a 30% buy-down from the community (JDA). This can be done in 5 years or 7 years. One of the factors reviewed is job creation. Other factors looked at are new buildings. Nathan explained that the buy-down is to 1%. Of that buy-down, Bank of North Dakota (BND) will pay 70% and the community (JDA) will pay 30%. This is over a 5-year or a 7-year plan. Nathan described the Pace Buy down and what the community involvement is or what they can afford. There are a couple of options depending on community involvement how the Flex PACE program works. JDA pays toward the interest, not the principal. Beaver explained to the Board that the 4 requests may not be something the board is interested in participating in. Ben asked for clarity for the example is it best to pursue all 4 requests or to pursue the ones that are interested. Beaver stated that the requests received are mixed being some 5-year and some 7-year plans. Beaver is asking for direction from the board whether to pursue the requests received.
 1. Winkler Chiropractic – Nathan stated this a low-cost investment from JDA, and this is something that Nathan stated he would be interested in assisting.
 2. MAP Mechanical – Nathan stated this is another low-cost investment. This loan has closed.
 3. Molco Lanes – Nathan expressed it was great to have this building remodeled and reopened however, this is a larger investment on behalf of JDA. Beaver stated that there will be approximately 15 employees mixed with full time and part time employees. Not certain on FTE. Beaver said the loan will close within the next couple of weeks.
 4. Losson Leonard – tenant improvements. Request is for land and building purchase with a huge potential for employment.

Beaver stated that per the Union Bank, it is possible to provide the Flex Pace Buy-Down after the loan has closed. Gloria mentioned this was done with NAPA when they remodeled. Beaver added if JDA did approve all requests, JDA would max out the mill levy they are given. Kim asked if we would be maxed out for next year. Beaver stated our commitment will drop considerably after this year and each year after with current commitments ending. Nathan added that this program was earmarked for 50% of our mill levy to provide for other programs. Kim asked if Losson was helped in the past. Losson did have a buy-down for the Dairy Queen. Ben asked what happens when the tenants of Losson's request come to JDA for assistance. Travis stated that both Losson and MAP loans are closed. We are unsure if we can help them. Molco's loan closing is a few weeks away. Beaver said Winkler's loan does not close until mid-summer. Travis to go after the requests we can approve and do so tonight. Molco is one of the requests. Jerry made the motion to approve the buy-down for Molco Lanes. Gloria second. 10-year commitment. \$8,300.00 yearly commitment. Ben asked for more specific details regarding how many jobs will be created, what type of commitment. Nathan added that if businesses do not grow or expand, we need to worry about businesses keeping jobs. Vern mentioned that a program in another city uses criteria earmarking number of employees by specific dates to continue assistance from program. Nathan said from a bankers stand-point, it is based on cash flow, real estate, ability to cash flow. Motion approved to approve Molco Lanes buy-down request.

- Kim made a motion to approve the Winkler Pace Buy-Down project. Jerry second. Nathan and Ben abstained from motion due to conflict of interest. Beaver stated JDA would not see a bill until late summer. This buy-down is a 5-year. Motion carried.

F. New Business

- Heritage Park Market Update – Gloria mentioned the plan is to have 1 market per month starting with June and July markets held on the first Tuesday of the month. August and Saturday are planned for Saturday's.
 1. Electricity – will need to be turned on prior to 1st market. Gloria stated she has done it since John left with MDU account info. Travis stated he can connect and disconnect MDU for Heritage Park by Gloria giving him the account info.
- Procedure for Special Meeting – Nathan said in past special meetings there were agendas sent out. Nathan asked what is the procedure for special meetings? Travis said at the city level, meeting is posted same day and to notify the media (The Beacon). In addition, send out notification to board members to ensure a quorum. Meeting notice does need to be posted as quick as possible. Agenda is set and is the only thing to be discussed. This is Open Meeting State Law.

Next meeting is Wednesday, April 21st, 2021 @ 4:30pm @ Beulah City Hall.

Adjourn-meeting was adjourned at 6:15 pm

Submitted by,
Gloria Olheiser
Beulah JDA Secretary