

**North Dakota Development Fund
Board of Directors Meeting Minutes
February 11, 2021
10:00 A.M. – 12:00 P.M.**

Board Members Present via Microsoft Teams:

Gary Goplen, Chairman
Jim Albrecht
Matt Dunlevy
Terri Zimmerman
Erik Barner
Shawn Kessel
Rob Lindberg
Scott Davis

Board Members Absent:

Staff Present via Microsoft Teams:

Hannah Lange
Jessica Nygaard

Call to Order

The meeting was called to order by Chairman, Gary Goplen at 10:02 A.M.

Approval of Minutes

A motion was made by Matt Dunlevy to approve the January 14, 2021 board meeting minutes. With a second from Terri Zimmerman, the motion carried unanimously.

Officer Elections

Terri Zimmerman has decided not to accept nomination for Chairman of the Board. She believes Jim will make a great Chairman and would like to see him in that position.

Matt stated that although he nominated Terri, he fully supports Jim and that his vote is for Jim.

Motion: A motion was made by Terri Zimmerman to elect Jim Albrecht as Board Chairman. A Second was made by Matt Dunlevy.

Roll Call Vote: Gary Goplen - Yes, Matt Dunlevy - Yes, Terri Zimmerman - Yes, Shawn Kessel - Yes, Rob Lindberg - Yes, Erik Barner – Yes

Shawn asked if Terri would like to have a seat on the board. She said she would be willing to serve in some capacity.

Shawn nominated Terri as Vice Chairman. Terri accepted the nomination.

Motion: A motion was made by Shawn Kessel to elect Terri Zimmerman as Vice Chairman. A Second was made by Matt Dunlevy.

Roll Call Vote: Gary Goplen - Yes, Jim Albrecht - Yes, Matt Dunlevy - Yes, Shawn Kessel – Yes, Rob Lindberg - Yes, Erik Barner – Yes

Motion: A motion was made by Terri Zimmerman to elect Matt Dunlevy as Treasurer. A Second was made by Rob Lindberg.

Roll Call Vote: Gary Goplen - Yes, Jim Albrecht - Yes, Terri Zimmerman - Yes, Shawn Kessel - Yes, Rob Lindberg - Yes, Erik Barner – Yes

Introduction of New Board Member

Scott Davis joined the meeting at 10:16 am.

Erik Barner Introduced himself to the Board. He is taking over Pat’s seat.

Erik served as the Chief Investment Officer at Gen7 Investments in Fargo from June 2017 to January of this year. He has recently moved on to start his own entity. Prior to this, Erik worked as an analyst at Piper Jaffray, Norwest Mezzanine Partners, and Intuitional Capital in Chicago, IL. Erik received his undergraduate degree in Finance from the University of St. Thomas in St. Paul and his MBA with an emphasis in Value Investing from Columbia Business School.

Board Member Terms

The board was provided with a document that showed the current terms of each board member. Erik will replace Pat Murphy.

Scott stated that he has enjoyed being on the board and that he would like to remain on the board if he can. He said he fill follow up with the staff on this.

Terri asked if the Board is going to do anything for Pat Murphy who has recently left the board. The Board agreed that they should send a letter to him and invite Pat to next meeting to thank him for his service.

The staff will also follow up on when Erik’s term ends and begins. The staff also needs to decide when we will do elections each year.

Code of Ethics

Each year the board is required to review and sign the code of ethics. The staff informed the board that they will send this document out for their signature after the meeting.

Board Insurance Coverage

After doing some research, it was found that the board does not have any insurance coverage. The board did not express a preference for any type of coverage. The staff will work to come back next meeting with at least two options for the board to acquire coverage.

Financial Reports

Jessica discussed the financial report. Total cash on hand was \$17,455,563.78. There was \$6,646,428.21 in the Development Fund, \$5,975,189.12 in the Rural Fund, \$3,727,149.40 in the Development Fund Venture Capital account, \$971,320.79 in New Business Tech, and \$435,476.26 in the Childcare Fund. There are \$2 million in CDs at the bank. Total unfunded commitments was \$1,579,635.

The total requested amount from the received applications in the pipeline right now is \$4,992,000. There is \$2,189,000 in requests from the Development Fund, \$53,000 in requests from the Childcare Fund, and \$2,750,000 in requests from the Development Fund Venture Capital Account. If all loans are approved, the NDDF will have \$11,183,928.78 remaining available cash on hand but \$12,416,305.78 total cash on hand which excludes the unfunded commitments. The list of unfunded commitments was listed in the materials provided.

Terri mentioned that the information seemed inconsistent with last month's numbers. Hannah reviewed the previous month's financial report and confirmed that the two months' numbers were consistent.

Terri also noticed that the monthly GL was missing from the board packet. The board collectively decided that they could only approve the financials that were presented. Jessica stated that she will send out the missing document after the meeting.

Motion: A motion was made by Terri Zimmerman to approve the financials as presented. With a second from Matt Dunlevy, the motion carried unanimously.

Pipeline

Hannah presented the companies for which the staff has received applications. The fund listed is the fund we expect the company to be funded from.

In Process			
Company	Dollar Amount	Credit Display	Fund
APT	\$1,000,000.00	Completed	DFVC
3domFuel	\$110,000.00	In Process	NDDF
3domFuel	\$180,000.00	In Process	NDDF
PushSave	\$150,000.00	On Hold	NDDF/DFVC
ELF Technology	\$149,000.00		NDDF/DFVC
LUCIT	\$600,000.00		NDDF/DFVC
Premier Refinery	\$1,000,000.00		NDDF/DFVC
Kiddie Clubhouse	\$53,000.00		Childcare
Meditek, LLC	\$1,000,000.00		DFVC
FarmQA	\$750,000.00		DFVC
Pipeline Total	\$5,172,000.00		

Jim asked if we were concerned with the availability of cash after these projects are funded. Hannah stated that her and Jessica had spoken about this and that they are not worried about the capitalization of the fund. We are confident that we will make good decisions on our investments. If we do get low on funds, we will be more stringent on how we utilize the funds. Hannah also explained that the NDDF and DFVC funds can be moved which provides more flexibility to the fund.

Terri asked if there are any updates on the recapitalization of the fund from the legislature. Shawn mentioned the funds that may be allocated to the NDDF for the Rural Fund from the Commerce Momentum fund. The staff is proposing a change to the language in Century Code that would make these funds available for rural, essential businesses. Terri voiced her support for this.

The meeting was moved into executive session pursuant to North Dakota Century Code 10-30.5-07 at 10:49A.M.

Steve and Sean joined the meeting at 10:52 A.M.

Shawn left the meeting at 11:21 A.M.

Jessica left the meeting at 11:43 A.M.

Adjourn

With no other business, the meeting was moved out of executive session at 12:22 P.M.

The APT discussion was moved to the next board meeting to give the Board time to review the materials and follow up on some questions.

The Audit approval was tabled for next meeting as there was not a quorum. Erik did not feel comfortable voting to approve the audit because he did not receive the materials in advance as the other members had.

Clarification on the involvement the board has personnel matters

Hannah stated that Jessica was working on this issue, and that she could provide information on what she knows.

Hannah explained that the board cannot be informed in any capacity of a staff member being put on a performance improvement plan or that they may be terminated due to confidentiality.

Jim stated that the board would not want to place someone into the CEO position if they were on the Performance Improvement Plan. Terri stated that it just doesn't make sense that the board wouldn't know that the CEO was not performing well. She said it is usually a general responsibility of a board.

Hannah offered that there may be a way to be able to inform a smaller executive committee but that she would have to work with Shawn on this. Hannah stated that the staff is going to work with the Lawyers to do a deep dive through Century Code and the By Laws to get this all figured out. She said we will revisit this in a few months when the review is complete.

Early Venture Microloan Program

This is a program was created in November of 2019. It is funded with Growth Initiative Fund, Inc. dollars through the GFMEDC. It is extremely similar to the Startup Grand Forks program that we voted to end our participation in a few months ago. Two key differences are that BND is not involved in the program and the NDDF can fund up to \$20,000 instead of the \$10,000 through the GF program.

This program states that the NDDF may partner in the program by matching 50% of the Growth Initiate Fund investment. The program typically will not require collateral but will require personal guarantees. NDDF participation is subject to availability and has the right to decline participation. Through this program, companies can get up to \$40,000 in funding.

The NDDF's only approval to date was Golden Path Solutions in January of 2020, but they did not take the NDDF funds.

The GFMEDC had a couple of other applications that were not approved due to various reasons. John Machacek informed Hannah that he is presenting either 1 or 2 applications next Friday as well.

GFMEDC thought they'd see more action for early entrepreneurs but believe they get scared off once they mention "loan" and ask for specifics like financial projections or a rough plan.

The staff recommends the NDDF terminate its participation in the program.

Gary said it is hard to stay in this if we got out of the GF program.

Terri wondered if we had to take an official stance on the topic. Hannah stated that she would like to have the board take an official stance so that the GFMEDC is able to be sure that the NDDF would provide the funds if someone did take the money. The staff also does not have more capacity to take on smaller loans like this.

Terri said we could tell them we will not participate in the official program but if there are companies who are looking for funding, they can send them to the NDDF and apply through our normal process. The board members voiced support for this suggestion.

Hannah stated that we have a very good relationship with the GFMEDC and we do share a lot of deal flow so this is actively happening.

The board decided to push this decision to the next meeting. There was not a quorum again as Erik did not feel comfortable voting on the issue at this time.

Language suggestion on Rural Fund

Jim suggested we table this for next week because the meeting was way over its scheduled time. Everyone agreed.

Hannah stated that we covered most of this topic earlier when Shawn mentioned the transfer to the Rural Fund from the Momentum Fund. She said there is no formal vote needed on this and they the updated language was provided for them to view at their leisure.

Adjourn

With no further discussion, the meeting was adjourned unanimously at 12:36 AM.