

**North Dakota Development Fund
Board of Directors Meeting Minutes
April 8, 2021
10:00 A.M. – 12:00 P.M.**

Board Members Present via Microsoft Teams:

Gary Goplen
Jim Albrecht, Chairman
Matt Dunlevy
Josh Teigen as James Leiman
Rob Lindberg
Erik Barner
Terri Zimmerman

Board Members Absent:

Scott Davis

Development Fund Staff Present via Microsoft Teams:

Hannah Lange
Jessica Nygaard

Other Attendees:

Shayden Akason

Call to Order

The meeting was called to order by Chairman, Jim Albrecht at 10:03 A.M.

Approval of Minutes

Gary Goplen motioned to approve the March 18, 2021 board meeting minutes. Rob Lindberg seconded the motion. The motion carried unanimously.

Board Officer Terms

Interim CEO Jessica Nygaard provided the board with a review of the terms associated with each position. In Jessica's overview of the board terms and associated dates, she noted that there were some instances that were off cycle. Mrs. Nygaard explained that we will hold board elections again in June 2021 to adhere to the schedule corresponding to the board member terms.

The current officers are:

Matt Dunlevy – Treasurer/Secretary
Terri Zimmerman – Vice Chairman
Jim Albrecht – Chairman

Staffing Updates

Josh Teigen, the Director of Economic Development and Finance from the North Dakota Department of Commerce, provided the board with an update and overview of the staff at the Department of Commerce. As part of the overview, Mr. Teigen introduced Shayden Akason. Mr. Akason is the Head of Investments and Innovation for the Department of Commerce. As part of his role, Mr. Akason will oversee The Innovation Technology Loan Fund ("LIFT") Committee, North Dakota Development Fund, InnovateND,

and IP commercialization. Mr. Akason will be assuming the board role for the Department of Commerce going forward.

Mrs. Nygaard provided an update in regard to the Development Fund staff, noting that Hannah Lange has accepted the position of Venture Financing Manager. There are two positions, a Venture Analyst and Credit Analyst positions, that will be posted soon. Ms. Lange, Mrs. Nygaard and Mr. Akason will conduct the interview for the open positions.

Legislation Updates

Mr. Teigen provided an extensive update on the legislative session. Amongst the updates, Mr. Teigen noted that the senate passed a bill which would dedicate an additional \$15 million to the Development Fund, which is subject to the Governor's signing of the bill, as well as an update to Bill 1425, known as the "John Godfreed Bill," which will dedicate roughly 20% of the Legacy Fund to be invested within the state.

Additionally, Mr. Teigen note that the American Rescue Plan that was recently passed by the Federal Government included \$10 billion for the State Small Business Credit Initiative ("SSBCI"). These funds will be given to states to be invested via venture, debt, and other credit facilities. Ms. Lange will propose a plan for these dollars and complete the application to the United States Department of the Treasury. Discussion ensued regarding stipulations surrounding the SSBCI funds.

NDDF and LIFT Programs

Mr. Teigen provided an overview to the board in response to questions regarding Development Fund decision parameters when a potential company being reviewed by the board has historically participated in the LIFT or other state economic development programs. Mr. Teigen noted that there are multiple programs throughout the state, each with their own approval parameters, framework, and board and that decisions by each organization are made independently. As such, there may be times of overlap between programs.

Financial Report

Jessica discussed the financial report. Total cash on hand was \$19,777,951.48. There was \$6,442,934.11 in the Development Fund, \$6,080,906.53 in the Rural Fund, \$3,845,341.32 in the Development Fund Venture Capital account, \$971,477.80 in New Business Tech, and \$437,291.72 in the Childcare Fund. There are \$2 million in CDs at the bank. Total unfunded commitments were \$2,488,454. Cash remaining after unfunded commitments is \$17,289,497.48.

The total requested amount from the received applications in the pipeline right now is \$4,050,000. There is \$750,000 in requests from the Development Fund, \$500,000 from the Rural Fund, and \$2,800,000 from the Development Fund Venture Capital Account. If all loans are approved, the NDDF will have \$13,239,497.48 remaining available cash on hand.

Discussion ensued during the presentation. Mrs. Nygaard addressed questions about the charge off process for loans that are unlikely to be repaid and provided an updated regarding demand for the Rural Fund. Mr. Teigen added that Commerce recently hired two Community Developers to promote the Rural Fund. Mr. Akason noted potential changes to the federal government definitions of rural areas, which will be reviewed by the Development Fund when the changes are made.

Motion: Erik Barner motioned to approve the financial reports as presented. Terri Zimmerman seconded the motion. The motion carried unanimously.

Current Deals in the Pipeline

Ms. Lange presented the companies who have active applications with the Development Fund.

Board Insurance Coverage

Mrs. Nygaard addressed the outstanding questions regarding insurance coverage for board members. Discussion ensued on the topic and board members asked question and provided feedback. Mr. Albrecht concluded the discussion stating the Development Fund and/or Commerce staff should first determine if the board has insurance coverage provided by the state.

CEO Committee

Mr. Teigen discussed the Development Fund CEO position and stated Commerce's desire for the board's insight and recommendation on the CEO position. To match the historical practice of the Development Fund, a CEO Interview Committee of three board members was formed, with Erik Barner, Rob Lindberg and Matt Dunlevy joining. Messrs. Barner, Lindberg and Dunlevy will interview Mrs. Nygaard and provided feedback to the rest of the Development Fund board.

Signing Authority

Mrs. Nygaard provided a review of the signing authority of the Development Fund staff. Mrs. Nygaard also noted that Mr. Akason should have similar signing authority as other senior Development Fund staff, which provides authority for providing loans up to \$150,000. In discussion with the board, it was noted that there are typically few loans less than \$150,000 and typically are utilized by the Childcare Loan Fund. Mrs. Nygaard noted that memos will be provided to the board for all loans approved under \$150,000.

Motion: Robert Lindberg motioned to give Shayden Akason signing authority up to \$150,000. Gary Goplen seconded the motion. The motion carried unanimously.

May's Board Meeting Date/In-Person Meetings

A discussion was had regarding the rescheduling of the next board meeting due to Development Fund staff conflict. The board agreed to hold the next meeting on May 6. Additionally, the board discussed the potential for in person meetings, which will begin when the board convenes in July 2021 for a strategy session with Development Fund staff.

All Other Discussion

Mr. Albrecht provided a brief summary of his conversations with other board members and Development Fund staff regarding the structuring of the Fund's investments. Mr. Albrecht noted that there was feedback and support for a document summarizing the types of structures offered so that internally all stakeholders are aligned while providing consistent messaging to companies interested in utilizing the Development Fund. Mrs. Nygaard noted she will be working on this with Development Fund staff and input from board members.

The meeting was moved into executive session pursuant to North Dakota Century Code 10-30.5-07 at 11:33 A.M.

(Mr. Teigen left the meeting at 11:35am)

Adjourn

With no other business, the meeting was moved out of executive session at 11:53 A.M.

Motion: Rob Lindberg motioned to reject the change in terms on the APT Convertible note. Erik Barner seconded the motion.

Roll call vote: Gary Goplen – Yes, Jim Albrecht – Yes, Matt Dunlevy – Yes, Erik Barner – Yes, Shayden Akason – Yes, Rob Lindberg – Yes, Terri Zimmerman – Yes

Adjourn

With no further discussion, the meeting was adjourned at 11:57 AM.