WELCOME AND CALL TO ORDER:

The meeting was called to order at 10:05 a.m. by Jim Traynor, Chairperson.

Members Present: Bruce Thom, Chuck Hoge, Jim Traynor, Jay Schuler, Jon Simmers, Kelly Rusch, Kyle Blanchfield, Kari Ness, Lyn James, Mark Nisbet, Robert Hovland, Tim Hennessy, Tommy Kenville

Members Present Via Phone: Mike Seminary

Members Absent: Danita Bye, Craig Lambrecht, Pamela Schmidt

Guests Present: Bonnie Malo, Justin Dever, Rachael Flagstad, Sara Otte Coleman, Sandy McMerty, Wayde Sick, Connie Ova (via phone)

WELCOME & INTRODUCTIONS:

Jim Traynor provided a welcome to members and guests. Introductions were made around the room and on the phone.

APPROVAL OF AGENDA:

Jim Traynor asked for a motion to approve the May 8, 2017 agenda.
Motion: Kelly Rusch moved to approve the May 8, 2017 agenda. Lyn James seconded the motion. Motion carried.

APPROVAL OF MINUTES:

Jim Traynor asked for a motion to approve the February 9, 2017 minutes.

Motion: Tim Hennessy moved to approve the February 9, 2017 minutes. Jon Simmers seconded the motion. Motion carried.

COMMITTEE REPORTS:

Finance Committee

Quarterly Financial Statements

Rachael Flagstad reported that the Profit & Loss Statement for January 1, 2017 – March 31, 2017 reflects a net income of negative $24,357.45. The Balance Sheet as of March 31, 2017 shows a balance of $251,700.66. The Workforce Development Division’s Restricted Assets balance as of March 31, 2017 is $60,639.77. The current Workforce Development Division’s Restricted Assets balance is $60,639.77. The Statement of Cash Flows from January 1, 2017 – March 31, 2017 reflects a total of $251,700.66. The Foundation’s current balance is $166,687.67 with $71,037.00 remaining to spend on the Find the Good Life initiative, leaving a cash balance of $95,650.67. There are no outstanding pledges for the Recruiter’s Network.

Tim Hennessy asked if the Odney contract for the Find the Good Life initiative is coming up for renewal. Sara Otte Coleman responded that the actual contract expires on June 30, 2017, and there is not an option to renew. An RFP would be needed if the Foundation wanted to continue work. There is an existing contract with Odney to do consumer marketing and Commerce has another agency under contract, so unless the Foundation were to go ahead with a major campaign or fundraiser, the staff in the existing contracts can be used. Odney hosts the website so there will be small monthly fees, along with approximately $10,000 left for the Foundation to pay to Odney.

Jim Traynor asked for a motion to approve the financial statements as presented.

Motion: Kyle Blanchfield moved to approve the financial statements as presented. Mark Nisbet seconded the motion. Motion carried.

Expenditure Request Report

Sara Otte Coleman reported on the expenditure request that was earlier approved by the Finance Committee. ND Tourism hosted the Rocky Mountain International Round-up. The request was for the Foundation to fund the welcome dinner on May 1, 2017 at the Toasted Frog in Bismarck. The dinner included staff from Rocky Mountain International, State Tourism Directors and State International Tourism Directors from Wyoming, South Dakota, Montana, and overseas office representatives. The final cost of the dinner was $823.01.
DEPARTMENT OF COMMERCE UPDATE:

Commerce Report/Comments

Jay Schuler introduced himself. Jay has been an entrepreneur for his adult life. He started his first business during college at NDSU. He has started 15 businesses, two of them have failed and five of them were sold to publicly traded companies. In the businesses, Jay has been between 25 and 100 percent ownership, and four of the businesses continue today. Jay was the Entrepreneur in Residence at UND, where he worked with students on their business plans and taught classes. Jay was moving towards retirement, when Governor Burgum’s staff asked him to be Commerce Commissioner. Jay also has experience with international business.

Sandy McMerty gave an update on North Dakota rankings. Last week, Wallethub named North Dakota #4 Most Fun State. Additional rankings include: #1 Best Run State from Wall St. 24/7, #1 Housing Growth Per Capita from the U.S. Census, #1 Growth Performing State from U.S. Chamber, Best State for Young Adults, Best State for Entrepreneurs, Best State for Millennials, and the Best Place to Raise a Family.

Jay Schuler added that the state is going in the right direction and Commerce wants to continue that.

Legislative Update

Justin Dever presented the Legislative Review. He began with impacts to North Dakota’s five targeted industries – Advanced Manufacturing, Technology-Based Businesses, Value-Added Agriculture, Tourism, and Energy.

One bill introduced that affects Advanced Manufacturing was HB 1047. The Automation Tax Credit was one of the incentives that was reviewed during the last interim. HB 1047 failed. The Automation Tax Credit was a tax credit for manufactures to purchase equipment for the automation process. There is one year left in the credit. Manufacturers have until December 31, 2017 to purchase equipment and receive a tax credit. It is prorated.

On the Technology-Based Business side, internet connectivity is importation in the state. One of the means that the Legislature put in place to encourage the connectivity was a sales Tax Exemption for Telecommunications Infrastructure. A bill was introduced to extend the tax exemption. HB 1046 failed.

One of the main programs to promote value-added agriculture is the Agricultural Product Utilization Commission (APUC); this is part of the Dept. of Commerce. Last biennium they received approximately $1.2 million in general funds. Now they will receive $0 for the next biennium. They will receive 5% of the profits from the State Mill and Elevator. Based on projections, that is approximately $900,000.

Tourism funding received a significant decrease of $2.4 million. North Dakota was previously behind the neighboring states of South Dakota, Montana, Minnesota, and now the state is further behind.
Relating to energy, one of the bills introduced was HB 1028, which would have removed the sunset on the Wind Energy Sales Tax Exemption. The bill failed, so the sales tax exemption has ended as of January 1, 2017. Mark Nisbet added this was a nice incentive and kept North Dakota on par with Minnesota.

Also on the energy side, lignite received an increased focus on advanced energy technology development. The Lignite Research Fund received $3 million from the Strategic Investment and Improvements Fund (SIIF) in SB 2014 and an ongoing $3 million per biennium from the Oil & Gas Taxes in HB 1152. These dollars are an addition to the $8 million they receive on an ongoing basis.

Justin Dever also reported on the impacts of the Legislative Session on the state's Business Climate, Economic Diversification, Workforce, and the North Dakota Trade Office.

Included in the Economic Diversification, Research ND was anticipating approximately $8 million in carry-over. The Legislature decided to repurpose $7.5 million of those dollars, with $4 million going to the general fund, $1.5 million to entrepreneurship grants, $1 million for discretionary funds, $500,000 for Tourism, and a $500,000 grant to the EERC, leaving approximately $500,000 for Research ND. There is another funding round with the due date of May 19, 2017. It is possible that this round could end the funding for Research ND.

In response to a question from Kelly Rusch, Justin Dever explained Research ND was not eliminated, and it could be refunded in two years. Jim Traynor suggested that the Foundation could write a high-level review of the session as a Letter to the Editor.

Regarding workforce, the overall state workforce training funding was reduced by $8,179,836 or 58%.

Overall, Commerce appropriation was $99,478,338. This is the first time it has been under $100 million in about a decade. Approximately $31 million of the appropriation is from the general fund. The appropriation includes an FTE decrease of 3.0. "One-time" items were removed, including Research ND, Child Care Facility Grants, Workforce Enhancement Grants, and Tourism Infrastructure Grants. Commerce's base budget is $30.3 million of general funds and $55 million of other funds, for a total of $86 million. Included in the base budget are salary and wages, operating expenses, partner programs, ND Trade Office, and Innovate ND. The ongoing general fund base budget has a net decrease of $6,294,565.

OLD BUSINESS:

Next Meeting Date/Location for Quarterly Meeting

The third quarter board meeting will be held in Stanley, ND. A date will be finalized by poll emailed to the members.
Image Enhancement Campaign/Finances Update/Metrics

Sara Otte Coleman provided an update to the Foundation. The budget is included in the meeting materials. There is approximately $9,600 that has been committed to Odney in addition to the budget shown, that is for continuation of their work throughout the current biennium. Internally, the Dept. of Commerce is working on an alumni target group, including a possible video to send to alumni groups that would include the Governor. This would be an additional $1,300-$1,500.

Sara Otte Coleman also presented the Digital Campaign Report that is currently ongoing for the Find the Good Life Initiative. Rocketfuel is a company used to deliver some of the online advertising. This campaign is running through the end of May. Total impressions for the campaign so far are 16 million, along with a good click-through rate. The Nativo campaign is an editorial type campaign; it’s on news sites and looks like the viewer is reading an article. This ran January-March 2017. The article click-through rate was 3.03%, which far exceeds that national average for that category. The total impressions were 2.4 million. The headline that received the highest click-through rate was, “Do You Know Which State Was Ranked Number One for Millennials?” Finally, Wave Direct was emails sent to target entrepreneur, healthcare, and military lists. The open rate was 12.92%, the final click-through rate was 0.49%, which is strong. The open rate was 10 times the national average.

Jim Traynor asked how much of the campaigns/marketing will continue given the budget situation. Sara Otte Coleman answered the website will continue to be serviced. The current thought is the brand will be maintained and co-brand it with some of the other Commerce sites to keep the brand equity alive. Also, attempt to keep the social channels active.

NEW BUSINESS:

COE Commission Appointment

Jim Traynor explained the COE Commission. It is made up of three people from the Foundation and three people from the State Board of Higher Education. The meetings are held once every couple of months to review presentations for Research ND. Mark Nisbet has been part of the COE Commission since the beginning of the Commission, and his term is up in June. Mark will not continue to serve on the Commission. Jim Traynor thanked Mark Nisbet for his leadership. There is one alternate, who is Danita Bye. The Foundation would like to nominate and approve a member to be part of the Commission and add one or two alternates.

Justin Dever added the Foundation needs to appoint someone to the position with a start date of July 1, 2017. If Danita Bye were to be appointed, the Foundation would need to select an alternate. At least one alternate needs to be assigned and there have been up to two alternates in the past. The next meeting is May 19, 2017 in Fargo. Justin Dever also thanked Mark Nisbet for his service.

Tommy Kenville mentioned he is interested in serving. His business has been the recipient of Centers of Excellence funding.
Tim Hennessy made a motion to nominate Danita Bye as a full member to the Centers of Excellence Commission. Bruce Thom seconded the motion. Motion carried.

Kyle Blanchfield made a motion to nominate Tommy Kenville as the first alternate or primary commissioner, depending on Danita Bye's reply to the original nomination. Mark Nisbet seconded the motion. Motion carried.

Jim Traynor asked if there is a person interested in being the second alternate. This was tabled for the next meeting. Justin Dever added the next meeting is the election meeting – a good opportunity for members to decide what role they would like to hold for the next two years.

Strategic Plan Discussion

Jim Traynor opened the strategic plan discussion. The current plan is from 2010-2020. The Executive Committee met by phone last week to discuss the plan. The strategic plan is the key initiative of the Foundation, starting now. Jim Traynor suggested having an over-arching goal, with small teams working towards the goal. The Foundation is responsible for giving guidance to the Governor and Dept. of Commerce. The Foundation may need to hire a project manager. The plan may be Main Street related, partnering with others, and focused on doing more, spending less.

Justin Dever presented background information regarding the past strategic plans. There have been three large initiatives with the strategic plan. The first strategic plan was initiated in 2001. In creating that plan, a task force was formed. The task force included members of the Foundation, Division Directors from the Dept. of Commerce, and three legislators. The task force put together an RFP. Angelou Economics was the consultant that was hired to assist with the development of the strategic plan. Starting in 2008 and completed in 2010, was the update to the strategic plan that the department is currently operating under. This was more of an internal process. Some assistance was provided from Covenant Consulting. The third piece is the 2020 & Beyond initiative, which started in 2011. A committee was formed, there were town hall meetings across the state, and information was gathered online. In the end, over 1,700 ideas were submitted. The ideas were categorized into 13 different categorizes.

During the last strategic plan update, the Foundation had 11 meetings throughout the state, heard from 28 economic development directors, and held round table discussion with 121 community leaders. This took about two years.

Jim Traynor mentioned he expects the Foundation will be asked to shorten the timeframe during this process. This is a time to modify the goals. The number of goals could change.

Chuck Hoge added that he understands the charter from the Legislature is for the Foundation to develop a strategic plan for the Governor. He realizes the Governor has a strong initiative, but does not want to make only this initiative fit in the plan. Could there be other things that should be included in the plan? The business community should be driving the strategic plan.
Jim Traynor mentioned there could be one group in the planning process who pokes holes at other group's plans, to challenge the ideas in order to make the ideas solid. If the Foundation will hire a consultant, it is more of a project manager.

Lyn James asked if the Foundation has a budget for a consultant. Justin Dever explained for the original strategic plan, the Legislature appropriate $100,000. For the 2008-2010 plan update, most of the work was done by the Foundation and the amount paid was much smaller. The Dept. of Commerce paid the smaller amount through an existing contract the department had with Covenant Consulting. For 2020 & Beyond, the Legislature provided $50,000. Flint Communications was the contractor for that. 2020 & Beyond was a partnership between the Foundation and the Greater North Dakota Chamber.

Robert Hovland asked if the purpose of hiring the consultant is to give the Foundation some guidance on creating the new plan. At this point, the Foundation may be in a position to make the decisions without a consultant. Robert Hovland is not opposed to a consultant, but the Foundation is in a different stage than it was in the 2000’s.

Chuck Hoge added there are changes in the state from the last time the Foundation sat down in 2009 – the advent of oil and decline, ag prices, and the way students are educated. He recommended a session where people are together for some point of time to discuss the key issues from the business community for the state. They may be the same ones that have been heard before, but a one-time session with the entire Foundation would be valuable.

Sandy McMerty suggested the Foundation could consider asking the Dept. of Commerce to research and provide information before a meeting, if the Foundation wants specific information. The Foundation may consider a facilitator and the Dept. of Commerce could assist in identifying a person. The facilitator would assist with the fact that the Foundation is setting guidelines that Commerce delivers, in order to remove the level of Commerce influencing the process. This gives the Foundation the ability to provide direction to the Dept. of Commerce.

Bruce Thom asked what the purpose is. Jim Traynor answered this is an opportunity to check-in and validate the plan that is currently in place.

Jay Schuler mentioned there is still a workforce shortage in the state. Wayde Sick added the Workforce Development Council, a Governor appointed board, is also going through a strategic planning session.

**LUNCH and GUEST PRESENTATION:**

Mark Nisbet shared an update from Xcel Energy regarding drone technology. The information will be presented at the Drone Focus Conference on May 31, 2017 in Fargo.

**Strategic Plan Discussion Continued**

Jim Traynor continued the strategic planning discussion over lunch.
Robert Hovland reiterated asking what the facilitator will do. Jim Traynor replied the person would facilitate a meeting where there are 20-25 people in the room to work on the strategic plan, and come away with some objectives on how to go forward. The facilitator would need to do some prep work and manage the meeting.

Chuck Hoge suggested the first part of the meeting could be receiving more information regarding the focused industries and the Main Street Initiative. From a business stand community stand point, what are the top five to six issues that the Foundation feels needs to be addressed in the next five years? Chuck Hoge also mentioned he feels that the Foundation is missing representation from large employers in the state.

Sandy McMerty reminded the Foundation that their job is to advise the Governor and create strategies that improve the state’s competitiveness and increase economic growth.

Jim Traynor polled the members to ask if they agree to the additional meeting. Bruce Thom added he agrees to the meeting, but the timing of the meeting needs to be determined.

**Governor Doug Burgum Presentation**

Governor Burgum provided a presentation titled, “Urban Development and the Common Good.”

One of the things keeping the state from realizing its full potential is workforce development and workforce retention and recruiting. There are an estimated 13,000-15,000 jobs available in the state today.

Main Street Initiative is for every sized community in the state. It is not only about downtowns and larger metros, but it is also about what is the differentiated economic center of every community and what needs to happen to create differentiation and attract people.

The budgets of the state of North Dakota are often driven by the design decisions that are made locally. Smart, efficient infrastructure helps the common good.

If the state wants more money for other areas, such as higher education or addiction services, it is necessary to build more efficient cities. It is estimated that the debt at the city level is over $2 billion.

The U.S. spends about $4 trillion per year on health care out of a $17 trillion economy. In America, we built most of our expansions during the automobile era, and the automobile is the design driver for many of our communities. This is related to the health piece.

The definition of vibrant is walkable, mixed-use density, historic renovation and new infill, and daytime and evening utilization. Mixed-use density relates to multiple uses on the same set of infrastructure, like parking and retail or retail and residential. Historic renovation and new infill can be in large and small communities.

The depth of the building matters because retailers do not want to pay for as large of space as they did in the past because there is not the need to keep inventory on hand. In the current era, it is
necessary to activate the alleys to use the back-half of the buildings. The alleys become walkable, with retail openings to the alley.

In Fargo, on a Friday or Saturday night, the number one most trafficked street for pedestrians is Broadway, the number two is Roberts Alley. Humans like being in spaces that are big, but not too big.

Everything related to designing a city is changed and driven by technology. The biggest one is the smartphone. Technology is changing cities, for example Uber. In places where Uber has been in place, they are starting to see significant drops in car ownership.

The off-street parking in the U.S. is the size of Connecticut. In Fargo, it is estimated there are 242,220 parking stalls, off-street, estimated at $1.2 billion in asphalt, with no income coming from it. If the city builds a ramp downtown, it is one asset the city has that might appreciate, and pay for itself.

Workforce is about attracting and retaining a 21st century workforce. Differentiation is important to this.

When a school is built on the edge of a town, there is a high cost of sprawl. Fargo has 1,900 lane miles of roads. Houses, sewer, and lights are built and school buses are used. In 2015, 12,877 hours were spent snowplowing in Bismarck. There are 169 police officers in Fargo.

The city of Fargo has more square miles than the cities of Boston and San Francisco, and also more than Boulder and Ann Arbor.

Walkscore.com is a website that gives a walk score from 0-100 for any location. A higher walk score is a more walkable location. For the first time since World War II, the majority of Americans are willing to forego larger yards to be within walking distance of amenities.

Xcel Energy sold more power in downtown Fargo in 1965 than it does today, partly because of the number of current parking lots.

Infill can be in any neighborhood with existing infrastructure.

The Governor suggests we want to build solvent cities and reach our full potential. The way we are going to do that is by being smart about that – building smart, efficient infrastructure, which relates to walkability, which relates to health and vibrancy, and comes back around to lower property taxes.

Main Street Initiative is all about workforce development and recruiting, with the underlying pieces of it including health and economics.

Kyle Blanchfield asked if empty spots are more valuable as fill-in spots or is there a certain percentage that should be green space. Governor Burgum responded that both are valuable. A pocket park can be useful.
Jay Schuler added that Commerce has less money and the Bank of North Dakota is going to work more closely with the department. What other agencies can Commerce do a better job of partnering with? The Governor responded that NDDOT is one of them, along with DPI, Health Dept., Department of Human Services, Parks & Recreation, and the Historical Society.

Chuck Hoge mentioned the purpose of the Foundation. He asked if the Governor believes this group is necessary, and if so, how can the Foundation help the Governor be more effective, and can he give the Foundation direction on how time should be spent. The Governor answered he appreciates the service of the members. Core items in the state, dating back to Vision 2000, aren’t going to change. In the past, if you had jobs people would move. However, that is not necessarily true any longer. We need to be recruiting people to North Dakota. Higher education plays a role in this also, bringing students to the state. The Foundation needs to decide if they’re going to refresh the strategic plan. One thing that is different from the last strategic plan is technology. The Governor suggested reading the book “Tactical Urbanism.”

The Governor also suggested hosting work groups for sister size cities, and to take geography into consideration. He also suggested interviewing people who have moved here recently and people who decide to not move here, or have recently moved out of state, to gather more data.

NEW BUSINESS CONTINUED:

Strategic Plan Discussion Continued

Jim Traynor asked for the Foundation members to resolve if another meeting should be held and the timeframe of it. The members agreed another meeting should be held, and it was decided to have a meeting prior to the next Quarterly Foundation meeting. Members suggested a facilitator be used. Jim Traynor asked for a motion.

The process will be for the facilitator to go through RFP and the Executive Committee will review and approve. Devils Lake was suggested as the location.

Lyn James made a motion to approve $2,500 to pay for a facilitator for the Foundation’s special meeting. Mike Seminary seconded the motion. Motion carried.

The Foundation discussed it would be a one-day meeting; earlier in the week works better and the first and third Tuesdays of the week are difficult. A Doodle poll will be used to determine the meeting date. The Executive Committee will meet prior to the large group to draft the agenda.

Jay Schuler also mentioned the Foundation could use more members from western North Dakota.

BOARD MEMBER COMMENTS:

The board members went around the room to share comments.

Mike Seminary – He embraces the importance of the Main Street Initiative, and he believes it may be the most important game changing opportunity. Main Street Initiative could be the most important
communities’ conversations of our time. Maybe one of the most important things the Foundation can do as a group is to find a way to have a state-wide meeting that involves young people, and they will share what will keep them in the state.

Mark Nisbet – He’s excited for the May 31, 2017 Drone Focus Event. The UAS Test center in the state is drawing people and places together.

Lyn James – Bowman just started a mobile app for Bowman with their entertainment. They’re also re-doing the oldest water line in Bowman.

Chuck Hoge – At a time with lower dollars, he encourages everyone to focus on the strategic plan. For many years, Vision 2000 was talked about as something to set the stage for changes in higher education and helped form the Foundation. He stated we’re at a similar threshold to make a difference like that did.

Kari Ness – She enjoyed listening to the Governor’s presentation. She hopes he is patient and she should be talking to her children about this. It’s important work, a new and different way of thinking.

Robert Hovland – This is going to be the toughest couple of years for the board. He looks forward to the challenge.

Bruce Thom – He thinks this was a great meeting with a lot of substance to it. He’s looking forward to adding to the goals.

Tim Hennessy – This was a good meeting. He enjoyed the Governor’s presentation. It makes him think about what is trying to take place in Bismarck with the 5 South project, and it is an uphill battle. They did have input from the community and the younger folks on that project and there is a demand for it.

Kyle Blanchfield – He is looking forward to what the Foundation will do with the strategic planning meeting. The board doesn’t need to reinvent the wheel, but needs to look for new opportunities. He was blown away by the Governor’s presentation and it’s a great new direction. The Devils Lake downtown is hurting. The future is bright and there is a lot of great opportunity out there.

Kelly Rusch – New partnerships and expanding partnerships become even more valuable. They provide an opportunity to expand.

Jon Simmers – He stated it is hard not to get enthusiastic about the passion the Governor brings. He is looking forward to strategic planning. On May 10, in Bismarck, he will have 900 5th graders through the facility talking about aviation careers.

Jay Schuler – He is two months into the job and glad to meet everyone. He is happy to be working with the people at Commerce. Jay likes a challenge.
ADJOURNMENT:

There being no further business, Jon Simmers made a motion to adjourn the meeting. Kelly Rusch seconded the motion. Jim Traynor adjourned the meeting.

The meeting adjourned at 3:11 p.m.

[Signature] 9-11-2017
Jim Traynor
Chairperson

[Signature] 9-11-2017
Rachael Flagstad
Recorder

FUTURE ACTION ITEMS:

- Rachael Flagstad will send a Doodle poll for the next quarterly meeting date, and will plan the meeting in Stanley.

- The Dept. of Commerce will submit the RFP for the facilitator for the special meeting.

- Rachael Flagstad will schedule an Executive Committee meeting prior to the special meeting.

- Rachael Flagstad will send a Doodle poll for the special meeting, and will plan the meeting.