WELCOME AND CALL TO ORDER:

The meeting was called to order at 10:00 a.m. by Jim Traynor, Chairperson.

Members Present: Chuck Hoge, Craig Lambrecht, Danita Bye, Eric Trueblood, Jim Traynor, Jon Simmers, Kari Ness, Kelly Rusch, Kyle Blanchfield, Lyn James, Mark Nisbet, Mike Seminary, Pamela Schmidt, Tim Hennessy

Members Present Via Phone: Bruce Thom

Members Absent: Robert Hovland

Guests Present: Bonnie Malo, Justin Dever, John Schneider, Rachael Flagstad, Sara Otte Coleman, Sandy McMerty, Wayde Sick, Mark Vaux

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 February 9, 2017 agenda.
Motion: Mike Seminary moved to approve the February 9, 2017 agenda. Kelly Rusch seconded the motion. Motion carried.

APPROVAL OF MINUTES:

Jim Traynor asked for a motion to approve the November 30, 2016 minutes.

Motion: Craig Lambrecht moved to approve the November 30, 2016 minutes. Eric Trucblood seconded the motion. Motion carried.

COMMITTEE REPORTS:

Finance Committee

Quarterly Financial Statements

Rachael Flagstad reported that the Profit & Loss Statement for October 1, 2016 – December 31, 2016 reflects a net income of $4,850.00. The Balance Sheet as of December 31, 2016 is $282,308.11. The Workforce Development Division’s Restricted Assets balance as of December 31, 2016 is $66,889.77. The current Workforce Development Division’s Restricted Assets balance is $60,639.77. The Statement of Cash Flows from October 1, 2016 – December 31, 2016 reflects a total of $282,308.11. The Foundation’s current balance is $221,589.43 with $122,900.00 remaining to spend on the Find the Good Life initiative through June 30, 2017, leaving a cash balance of $98,689.43. There are no outstanding pledges for the Recruiter’s Network. Eventide submitted their payment on December 8, 2016. Noridian Mutual Insurance Company / BCBSND submitted their payment on January 30, 2017 and Tecton Products’ payment was received on February 1, 2017. Anne Carlson Center reported they have decided to not renew their membership on January 17, 2017.

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

Motion: Lyn James moved to approve the financial statements as presented. Kelly Rusch seconded the motion. Motion carried.

DEPARTMENT OF COMMERCE UPDATE:

Commerce Report/Comments

Sandy McMerry gave updates regarding the Department of Commerce. Jay Schuler has been announced as the new Commissioner for the Dept. of Commerce. Jay is one of the investing founders for GIANT Snacks in Wahpeton. Jay visited the Dept. of Commerce a few weeks ago. He will begin as Commissioner on February 27th.

The Federal Government has reauthorized Test Sites. The FAA UAS Test Site in Grand Forks has been re-signed through September, 2019. They have begun some additional contracts with NASA, which involves four North Dakota companies – SkySkopes, IPB Insights, UAI, and Botlink.
Minnesota Soybean Processors announced this week a plant in Spiritwood, ND. They asked for APUC funds for feasibility study. This will use steam from the Spiritwood Station.

Dept. of Commerce has been asked by Governor Burgum's administration to provide assistance regarding the DAPL effort. Commerce is involved with the NDresponse.gov state website and social media. Commerce is also assisting with phone calls.

Talking Points regarding economy and industry sectors have been prepared for the Legislative Social this evening.

Jim Traynor gave an update regarding the testimony he provided to a Joint Committee of the House and Senate Industry, Business, and Labor committees in January.

**GUEST PRESENTATION:**

**Main Street Initiative**

Lt. Governor Brent Sanford and Jodi Uecker joined the meeting. Introductions were made around the room and on the phone. Lt. Governor Sanford provided a presentation regarding the Main Street Initiative. The Main Street Initiative is not only redeveloping Main Avenue, it's more holistic and often metaphorical. The number one point of the Main Street Initiative and the Burgum administration is to create a 21st Century Economy for ND, including technological innovation and entrepreneurship. The second point is attracting and retaining a skilled workforce, which includes a world class education system from Pre-K to Higher Ed, millennials recruitment, and retirees retention. The third point is to develop healthy, vibrant communities. This last point includes healthy, productive citizens and efficient infrastructure.

Challenge Grant Funding is the only area that received more funding in Governor Burgum’s budget compared to former Governor Dalrymple's.

The Main Street Initiative is built on respect for the past, gratitude for the present, and inspiration for the future. Utilizing the area's natural strengths is a strategy to build workforce and create vibrant communities. Opportunities may be "Off Main Street" or outside of the community, such as Frost Fire, Theodore Roosevelt National Park, Lakes, Hunting or Fishing, Air Force Bases, UAS, Universities, Oil/Coal/Wind/Ag Activity, Shopping or Mixed Use Districts.

In addition to the Dept. of Commerce, the Main Street Initiative will include work from Job Service, WSI, Health Dept., Dept. of Human Services, Corrections, Education, Bank of ND, ND Housing Finance, Dept. of Transportation, Water Commission, and Ag Dept.

A vibrant community is walkable, mixed-use, has historic renovation and new infill, and has daytime and evening utilization. Vibrant main streets are an essential workforce recruiting tool. According to the Bismarck-Mandan Economic Outlook Survey in 2016, the number one factor expected to adversely impact business in 2013, 2014, 2015, and 2016 is difficulty attracting and retaining qualified employees.
Mixed-use infill and the common good helps with economics. In Fargo, there are 242,220 parking stalls in the city, equaling $1.2 billion in asphalt. In square miles, Fargo is similar in size to Boston and San Francisco.

Walkable neighborhoods create healthy, vibrant communities. Design elements for walkability are useful, safe, comfortable, and interesting. Walkability scores show the availability of walking from any address.

There is a balance between the private free market and public commons for the dialogue and solutions. The Renaissance Zone is a proven success. In ND, there are 56 cities with Renaissance Zones. There have been 1,355 projects through 2014, and 545 projects are in towns with fewer than 2,500 in population.

The Loretta building in Fargo is an example of the economic power of mixed-use infill. The Loretta building has gone from one floor with 9,000 square feet being utilized, with 2 business and 5 employees to five floors with 48,113 square feet being utilized, with 20 businesses and 120 employees.

The Lt. Governor also took time for a Q&A session. He answered questions related to things he is watching in this Legislative Session or future sessions and the role of the ND Economic Development Foundation working with the Governor’s office. Regarding the Legislative Session, the Lt. Governor is watching the Renaissance Zone, Sales Tax, and Angel Tax incentives. In regards to the roll of the Foundation working with Governor’s office, he suggests the Foundation meet with Jay Schuler when he begins as Commissioner to discuss how the Dept. of Commerce will be leaders for the Main Street Initiative and the Governor’s plans.

The Governor’s office would like input from the Foundation in regards to adding members to the Foundation.

Finally, Foundation members can assist the Governor’s office by contacting legislators, watching bills during session, and providing testimony at hearings.

LUNCH AND DEPT. OF COMMERCE UPDATE CONTINUED:

Legislative Update

Justin Dever provided a Legislative Update. The Dept. of Commerce is tracking 230 bills this Legislative Session. Commerce’s appropriations bill is SB 2018. The bill has an overall appropriation of $94,715,744 to Commerce, of which $31,451,913 is from the general fund. The previous approved budget was $131,373,174, of which $56,203,701 was from the general fund. SB 2018 authorizes 66.40 FTEs, a decrease of 3.0 FTEs. It has $3 million from the Strategic Investment and Improvements Fund and also removes some “one-time” items. Some of these items have been funded since 2005. Some of these items are:

- Research ND – was $4.5 million
- Tribal College Grants – was $3.0 million
- Entrepreneurship Funding of $1.75 million ($1.35 million ongoing remains)
• Child Care Facility Grants – was $2.25 million
• Tourism Marketing Funding of $1.0 million
• Workforce Enhancement Grants – was $1.0 million
• Tourism Infrastructure Grants – was $750,000

SB 2018 also has $5,185,332 in reductions to ongoing general fund items.

Justin also discussed bills directly relating to Commerce and Tax Incentive Bills.

Commerce staff will email the weekly Legislative Update to the Foundation Members each week.

OLD BUSINESS:

Next Meeting Date/Location

The next meeting date and location will be determined via email and online poll.

Foundation Legislative Social/Reception – February 9, 2017

Pamela Schmidt gave a briefing regarding the Foundation Legislative Reception. The Reception will be held at Bank of ND with the Foundation and EDND partnering to sponsor it.

Image Enhancement Campaign/Finances Update/Metrics

Sara Otte Coleman updated the Foundation regarding the Find the Good Life Campaign. Direct mail opt-in and the native advertising programs are in place. Results show 1,800 total visits to the website with 1,507 total unique visitors. The Retouch is deploying February 16. The additional marketing committed for 2017 is $216,579.

NEW BUSINESS:

Tourism Research

Sara Otte Coleman presented the Economic Impact of Tourism in ND. This is called a TSA, Tourism Satellite Account, and measures the entire travel and tourism piece. This research measures the industry’s contribution to North Dakota’s economy- it does not specifically measure the tourism divisions activities. We also do ad effectiveness research (our ROI) which will be available soon, which identifies how many trips our advertising motivated to the state. The ROI from 2014 showed that for every dollar spent on tourism, seven dollars comes back to the state through taxes paid. If the Legislature is looking at a cut of $2.5 million, that would be a $16.8 million dollar reduced revenue number. The new TSA shows visitors spent $3.1 billion in the state in 2015. The visitor spending declined 9.6% in 2015. Despite the losses in 2015, visitor spending is still nearly $500 million higher than in 2011. In 2015, travel in ND generated $327 million in state and local taxes and $323 million in Federal taxes. Despite the decline, visitor spending growth has averaged 4.9% per annum over the past four years. Visitor spending by sector is:

• Food and beverage – 29.3%
• Retail – 21.6%
• Recreation and entertainment – 12.7%
• Local transportation – 18.3%
• Air transportation – 1.3%
• Lodging – 16.3%

The tourism economy, including direct, indirect, and induced impacts, supported 42,614 jobs, directly supporting 30,088 jobs in ND in 2015.

Election of Secretary to Fulfill Remaining Term

Due to Steve McNally’s departure, there is a vacancy for the Secretary position. This is to fulfill the position until the next election in Fall 2017. Danita Bye volunteered to fill the position. Craig Lambrecht moved to approve Danita Bye to fulfill the secretary position. Mike Seminary seconded the motion. Motion carried.

Jim Traynor gave appreciation to Steve McNally and Randy Hatzenbuhler for their work on the Foundation.

MISC.:

Board members reviewed talking points and examples to discuss during the Legislative Reception this evening.

BOARD MEMBER COMMENTS:

The board members went around the room to share comments.

Jim Traynor: Today is Giving Hearts Day. Encourages members to make a donation.

Kyle Blanchfield: Great meeting, great input, an eye-opener. We’re tough North Dakotans and we’ll live through the day. We have to continue to move forward, we can’t let us lose the gains we’ve made in the last 11 years. Tell your friends and colleagues about what is happening.

Chuck Hoge: Stay positive.

Eric Trueblood: 21,000 students competed to participate in Fargo in a regional robotics competition and this is being cut. All of the manufacturing for airplane parts is moving towards mechanized robotics and this is what students are learning. If we want students interested in STEAM and we want them exposed to ND, this is a unique thing to come to ND and compete in competitions like this. One of the big pushes in Grand Forks at Grand Sky was to have a data center. Edge Data announced they are going to put in a $10 million site as a data center at Grand Sky to optimize UAS information.

Kelly Rusch: There are tax incentive bills and other bills that are targeted toward higher education demographics. Some bills are targeted toward who can come to our schools. This impacts our ability to attract our workforce. NDSU’s data shows over 50% of students stay, and that is our workforce.
There are other bills to pay attention to that do not impact the budget, but impact the ability of our state to grow.

**Lyn James:** Our store in Bowman was a site for Giving Hearts event today. Bowman is breaking ground on an industrial park this spring, with the conversations we’ve had today this makes it a bit scary. They’ll keep working ahead. She is unable to attend event this evening.

**Kari Ness:** Excited about the Soybean Processing plant; they’ll break ground in fall 2017 and open in spring 2019. Commitment she’s made to herself is she will not come back to the next meeting until she understands TIF and Renaissance Zones more than she does now.

**Mike Seminary:** The reason he runs for public office is that he loves the people he serves.

**Craig Lambrecht:** Good meeting. Context for healthcare: we’re the number one industry in the State. There are about 4,000 employees and volunteers in Sanford Bismarck. Today, Sanford does not have enough beds to take care of all patients. Sanford Bismarck has 400 openings, needing 60-70 additional nurses. Sanford Bismarck is about half the size of Sanford in Fargo. Mixed messages about budget, jobs, and needs a block apart in healthcare are consuming. Healthcare and education drive the economy at the base. We need to keep driving. We should not be shy in our compassion. Public servants and legislators are trying to do their jobs, but they need to get information and they need a push.

**Tim Hennessy:** Good meeting, most of his time with the Board is spent with the Centers of Excellence. Without what we have done in that regard in the last 12 years, how far along would UAS be in Grand Forks? We need to do those things to have a long vision.

**Jon Simmers:** Likes hearing good news about Spiritwood. Trying to stay positive. Some of the challenge is the disconnect. Discussed how far we’ve come in the past 12 years, and we’re going to throw it away in one session. Choose to not think it’s that doom and gloom, but it does sound like it. Part of the disconnect is the education piece. Most of the people in society don’t connect the dots. People worry about themselves instead of the health of their city. Affect one person at a time to care about something besides themselves.

**Danita Bye:** Great meeting and great to see so many people here; hopes it will grow. The Main Street Initiative is fascinating, especially millennials and what is attractive to them. She has three children who are engineers in Minneapolis. How do we attract them to ND? She is working on a book called “Leading Millennials.” The book is focused on building sales teams to help build companies.

**Pamela Schmidt:** It’s been a good meeting. Would like to add to the commentary tonight to give some compassion to the legislators; it is difficult for them now, also.
ADJOURNMENT:

Being no further business, Jim Traynor adjourned the meeting.

The meeting adjourned at 2:15 p.m.

Jim Traynor  
Chairperson

Rachael Flagstad  
Recorder

FUTURE ACTION ITEMS:

- Rachael Flagstad will contact Foundation Members to determine the date and location of the next meeting. Rachael will coordinate the meeting.