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Meeting Minutes
ND Economic Development Foundation Meeting
Friday, September 20, 2013
Microsoft Commons
Fargo, ND 58104

WELCOME AND CALL TO ORDER:

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

Members Present: Robert Hovland, Eric Trueblood, Chuck Hoge, Bruce Thom, J. Bruce Rafert, Pamela Schmidt, Jim Traynor, Al Anderson, Wally Goulet, Bruce Smith, Randy Hatzenbuehler, Mark Nisbet, and Jon Simmers.

Members Present Via Phone: Daniel Traynor

Members Absent: Bill Shalhoob, Frank Keogh, Gary Miller, Harold Newman, John Q. Paulsen, Judi Paukert, Lyn James, Steve McNally, Tim Hennessy.

Guests Present: Jill Schwab, Sara Otte Coleman, Tracy Finneman, Justin Dever, Jared Stober, Paul Lucy, Mary Scherling, Mark Vaux, Jim Gartin, and Don Morton.

WELCOME & INTRODUCTIONS:

Wally Goulet provided a welcome to members and guests and introductions were made around the room and on the phone.

APPROVAL OF AGENDA:

Wally Goulet asked for a motion to approve the September 20, 2013, agenda.

Motion: Pamela Schmidt moved to approve the September 20, 2013, agenda. J. Bruce Rafert seconded the motion. Motion carried.

APPROVAL OF MINUTES:

Wally Goulet asked for a motion to approve the May 9, 2013, minutes.

Motion: Pamela Schmidt moved to approve the May 9, 2013, minutes. J. Bruce Rafert seconded the motion. Motion carried.

COMMITTEE REPORTS:

Finance Committee

Quarterly Financial Statements

Jill Schwab reported that the Profit & Loss Statement for April 1, 2013, – June 30, 2013, reflects a net income of \$-64.70. The Balance Sheet as of June 30, 2013, is \$120,728.54. The Statement of Cash Flows from April 1, 2013 – June 30, 2013, is \$120,228.54. Outstanding pledges through June 30, 2014, are \$500.00 from the BSC Foundation.

Wally Goulet asked for a motion to approve the financial statements as presented.

Motion: Bruce Smith moved to approve the financial statements as presented. Bruce Thom seconded the motion. Motion carried.

Client Relations Trips

Two client relations hunts are planned for October and November/December 2013. The October Hunt would involve Marvin Windows and Cardinal Glass with a total cost projection of \$6,500. The second hunt involves more companies across the state such as John Deere, Caterpillar, Summers Manufacturing, etc...) with a projected cost of \$8,400. The hunts are typically held in the Scranton/Regent, ND area each year. Strong business relationships have been built since the hunts began in 2006.

Review and Approve 2013-2014 Budget

Wally Goulet reported that if the Foundation includes the Image Enhancement Campaign in the budgeting process for 2013-2014, the expectation is to raise \$400,000 by June 2014. The total expected income through 2014 is \$400,500. Total expenses are \$16,600, for a net income of \$383,900.

Motion: Eric Trueblood moved to approve the 2013-2014 Foundation budget. J. Bruce Rafert seconded the motion. Motion carried.

DEPARTMENT OF COMMERCE UPDATE:

Commissioner Report/Comments/Review and Update Foundation's Strategic Plan

Al Anderson outlined the Foundation's 5 Essential Strategies for Continued Growth:

1. Maintain a positive business climate that supports private sector investment, growth and job creation.
2. Continue investing in university-based research and development conducted with the private sector that engages North Dakota in emerging industries such as life sciences and advanced technology.
3. Embrace entrepreneurship and foster a culture of entrepreneurship where innovative, tech-savvy companies can thrive.
4. Continue investing in statewide talent strategies that address education, training recruitment and retention to provide a steady supply of skilled workers needed to fuel long-term business growth.
5. Promote export trade by linking North Dakota businesses with foreign buyers and markets.

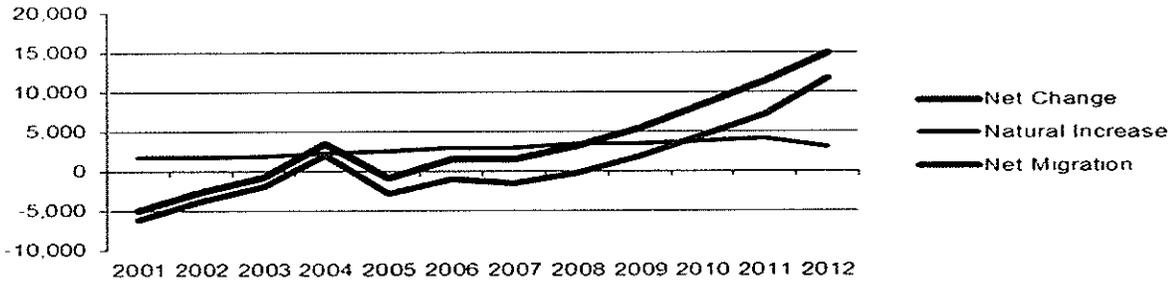
North Dakota's Target Industries are:

- 1) Advanced Manufacturing
- 2) Technology-Based Business
- 3) Value-Added Agriculture
- 4) Tourism
- 5) Energy

The six goals of the Foundation are:

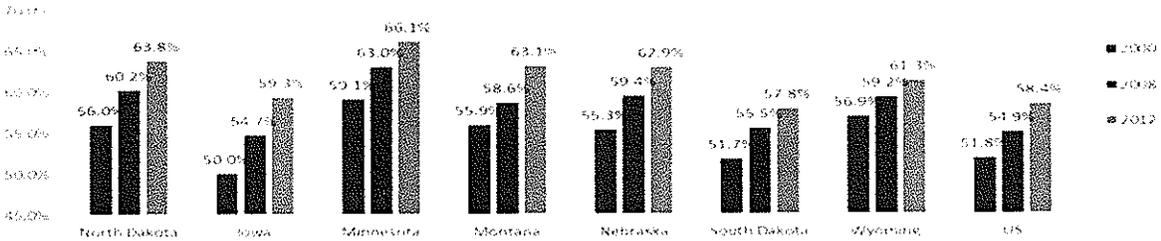
1. Create, attract, and retain quality jobs and workforce in targeted industries and high-demand occupations.
2. Strengthen North Dakota's business climate and image to increase national and global competitiveness.
3. Accelerate innovation and entrepreneurship in targeted industries and emerging technologies.
4. Enhance the state education and training system's ability to meet business and workforce needs of the future.
5. Continue to enhance a unified front for North Dakota that supports community, economic and workforce development.
6. Enhance North Dakota's image.

North Dakota Population Growth, 2001-2012



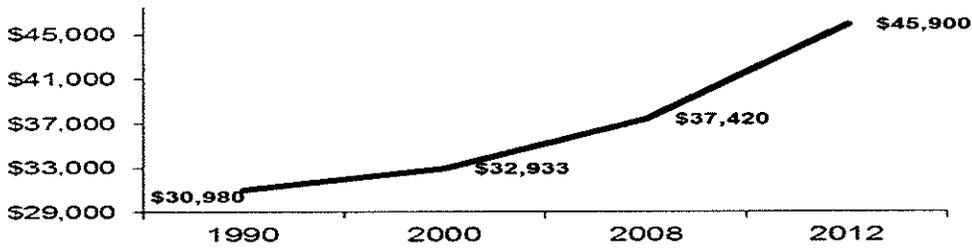
Source: US Census Bureau

Share of Adults with Some College or Greater Comparison, 2000, 2008 & 2012 25+ years of age



Source: US Census Bureau ---2008 ACS-3 year estimates ---2012 ACS-1 year estimate

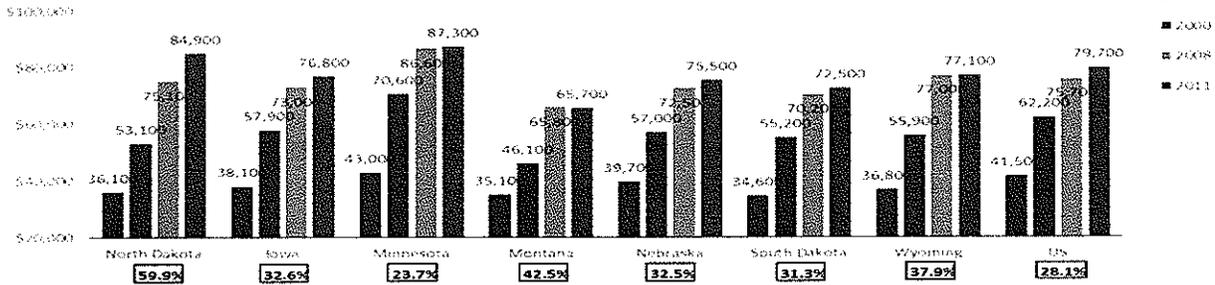
North Dakota Average Wage, 1990 to 2012 (Adjusted for inflation)



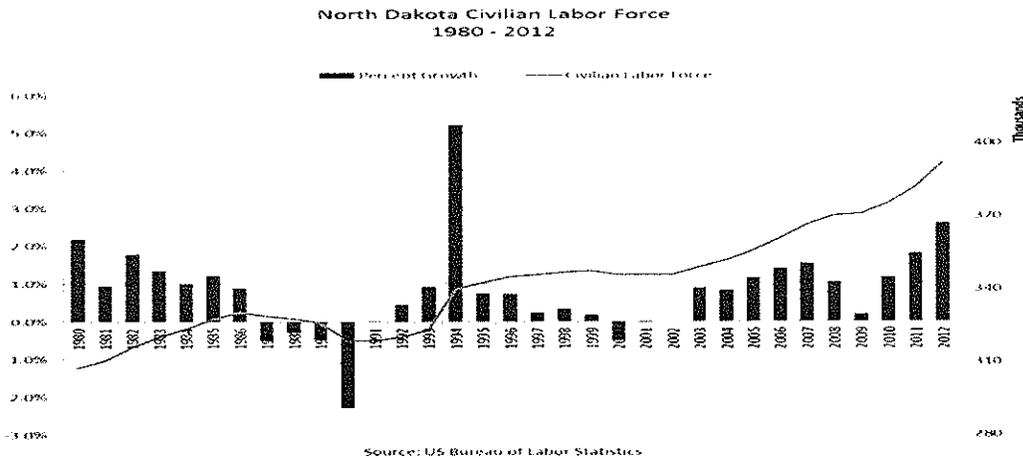
Source: US Bureau of Economic Analysis

Median Income for 4-Person Families, 1990, 2000, 2008 & 2011

Growth Rate Comparison (Rounded to hundreds)



Percentage increase by state 2000 to 2011
Source: US Census Bureau



Bruce Smith would like to see UAS addressed in the future Foundation Strategic Plan (Years 2020-2030). J. Bruce Rafert also suggested that the Plan include a goal of becoming the #1 state nationwide in higher education.

TBEG Update

Jared Stober reported that the Technology-Based Entrepreneurship Grant (TBEG) program began in 2009 and awards are \$1 million per biennium geared toward technology-based entrepreneurial activity. TBEG provides 1) Access to Capital 2) Marketing Assistance 3) Entrepreneurial Infrastructure 4) Entrepreneurial Talent. Applicants must work with the five entrepreneurial centers statewide and can be an existing company. Program grants help multiple entrepreneurs (i.e. Marketplace for Kids). Project grants are tied to an individual company. \$1.6 million has been spent to date on projects and program grants. There have been 22 programs and 27 projects supported with technology-based funds. Funds are limited to \$10,000 per project. Programs do not have a dollar limit. There has only been 18% of funding spent on projects. To address that percentage, Phase II was implemented on September 1, 2013, to include another \$14,000 in funding for projects.

The ND Angel Development Fund currently has 8 active angel funds which have invested over \$16 million in 30+ firms. SSTI recently awarded the Center for Innovation as one of the leading entrepreneurial centers in the nation. Marketplace for Kids had 8,000+ attendees at last year's event. The EB-5 program has had success as well at the Center for Innovation in Grand Forks. TBEG would like to see an increase in funding in the future.

Annual Benchmark Status Report

Justin Dever reviewed the updated performance measures as of June 17, 2013:

ND Economic Development Strategic Plan

Performance Measures Updated on June 17, 2013



GOAL 1 Create, attract, and retain quality jobs and workforce in targeted industries and high-demand occupations.

- 1-1. **Net Job Growth (2020 Target: 426,100 jobs)**
2010: 376,100 2012: 429,800 Increase: 53,700 jobs
2013 figures will be available in February 2014.
- 1-2. **Average Annual Wage (2020 Target: \$50,000)**
2010: \$38,127 2012: \$45,909 Increase: \$7,782 in ave. annual wage
2013 figures will be available in June 2014.
- 1-3. **Per Capita Personal Income (2020 Target: \$60,000)**
2010: \$42,462 2012: \$51,893 Increase: \$9,431 (122% of nat'l. ave.)
Initial estimates for 2013 will be available in April 2014.
- 1-4. **Population (2020 Target: Population of 800,000)**
2010: 674,363 2012: 699,628 Increase: 25,265
Population estimates for July 1, 2013 will be available in December 2013.

GOAL 2 Strengthen North Dakota's business climate and image to increase national and global competitiveness.

- 2-1. **Gross Domestic Product (2020 Target: \$50 billion)**
2010: \$35.654 billion 2012: \$46.016 billion Increase: \$10.362 billion
Advanced estimates for 2013 will be available in June 2014.
- 2-2. **Merchandise Export Value (2020 Target: \$4 billion)**
2010: \$2.54 billion 2012: \$4.29 billion Increase: \$1.75 billion
2013 figures will be available in February 2014.
- 2-3. **Small Business & Entrepreneurship Council's U.S. Business Policy Index (2020 Target: Ranked among the top 10 states)**
2010: #18 2012: #16
The next release of the index is anticipated in December 2013.

GOAL 3 Accelerate innovation and entrepreneurship in targeted industries and emerging technologies.

- 3-1. **Number of Private Sector Businesses (2020 Target: 29,000)**
2010: 25,741 2012: 29,669 Increase: 3,928
2013 figures will be available in June 2014.
- 3-2. **Number of business activities as a result of Innovate ND. (2020 Target: 200)**
2010: 100 2012: 135 Increase: 35
2013 figures will be available in July 2013.
- 3-3. **Aggregate use of Seed Capital Tax Credits and Angel Fund Tax Credits. (2020 Target: \$5 million)**
2010: \$4,081,909 2011: \$4,292,452 Increase: \$210,543
2012 figures will be available in October 2013.

Reportable data:

Academic research and development expenditures - In 2010, North Dakota had an estimated \$204 million in academic R&D expenditures.

Industry research and development expenditures - In 2010, North Dakota had an estimated \$236 million in industry R&D.

GOAL 4 Enhance the state education and training system's ability to meet business and workforce needs of the future.

- 4-1. **Number of students taking skilled trade and technical education programs. (2020 Target: 33,600 students)**
2009-10: 30,753 2011-12: 30,784 Increase: 31
- 4-2. **Retention of post-secondary program completers. (2020 Target: 65 percent)**
2009: 64.2 percent 2010: 67.7 percent Increase: 3.5 percent

GOAL 5 Continue to enhance a unified front for North Dakota that supports community, economic and workforce development.

- 5-1. **Number of local development and tourism stakeholders participating in Commerce-sponsored marketing, tourism, workforce, business development and community development activities. (2020 Target: 3,100 - maintain high participation)**
2011: 3,082
Next survey will be conducted in first quarter 2014. 2013 figures will be available then.
- 5-2. **Stakeholder perceptions of a unified front for economic development in the state. (2020 Target: 85 percent)**
2011: 83.6 percent
Next survey will be conducted in first quarter 2014. 2013 figures will be available then.

GOAL 6 Enhance North Dakota's image.

- 6-1. **Ratio of positive to negative tone in earned media placements. (2020 Target: Ratio of 13 positive earned media stories for every 1 negative)**
2010: 18:1 2011: 11:1
- 6-2. **Number of visits as a result of paid advertising. (2020 Target: 2.4 million trips)**
2010: 1.0 million visits 2012: 1.4 million visits
- 6-3. **Expenditures by out-of-state visitors. (2020 Target: \$5.4 billion)**
2010: \$4.6 billion 2011: \$4.8 billion Increase: \$.2 billion
- 6-4. **Number of workforce relocators as a result of image enhancement efforts. (2020 Target: 1,000 workforce relocators)**
2010: 346 households 2012: 593 households Increase: 247 households
2014 numbers will be available in August 2014.
- 6-5. **Tourism advertising impact on image. (2020 Target: 50 percent of respondents who say they strongly agree that "North Dakota is a place I would really enjoy visiting.")**
2010: 32 percent 2012: 50 percent Increase: 18 percent
- 6-6. **Number of active social media influencers who contribute to depicting a fun, friendly North Dakota. (2020 Target: 1,000 social media influencers)**
2010: 42 2012: 170 Increase: 128 influencers
- 6-7. **International advertising equivalency for positive North Dakota stories. (2020 Target: \$5 million in international advertising equivalency since 2010)**
2011: \$1.23 million

2020 & Beyond Initiatives

Motion: Robert Hovland moved that Bill Shalhoob and Ryan Rauschenberger oversee the 2020 & Beyond Initiatives process and bring forth recommendations to the Foundation prior to presenting to the Interim Economic Impact Committee in summer 2014. Pamela Schmidt seconded the motion. Motion carried.

2020 & Beyond Committee Members would be: **Mark Nisbet, J. Bruce Rafert, and Jim Traynor**. Areas of focus in 2020 & Beyond are: Technology, Daycare, Image, Education, and Workforce.

NETWORKING LUNCH:

Mary Scherling, Cass County Commissioner, explained that the diversion project looks promising for the city of Fargo. Education and promotion about technology opportunities for young people to bring them home if they have left the state is a desirable option for the community.

Jim Gartin is the Director of the Fargo-Moorhead Economic Development Corporation. The three areas the EDC focuses on in their organization are:

- 1) Work with Private Sector Businesses to Develop the Economic Base
- 2) Entrepreneurial Development
- 3) Workforce Development

When conducting surveys in the community, companies and community partners stated that there was a lack of highly trained people to fit the job market, so the Fargo-Moorhead EDC is working to build a collaborative community to address these concerns. They work with the University System and Alumni Center to recruit workforce back to the state.

Mark Vaux reported that they hold "Smart Connections" sessions (six students at a time) by showcasing companies to students at tech schools or graduate schools to get young people engaged in the workforce. Mark would like to see the continued dialogue and open communication from the state and the Foundation to address the labor situation from a quality and quantity standpoint.

Don Morton gave a welcome to members and provided members with an overview of their facility along with a tour of the Microsoft campus.

OLD BUSINESS:

Meeting Date/Location for Quarterly Meeting

The November 2013 meeting will be held on either November 1 or 15 in Dickinson/Bowman, Bismarck, or Washburn, ND. Jill Schwab will send out an email request to members to identify which date works best.

Fundraising in 2013/Image Enhancement Campaign

Tracy Finneman outlined the process for an image enhancement campaign. Those on the Image Enhancement Subcommittee are: **Jon Simmers, Randy Hatzenbuhler, Lyn James, Wally Goulet, Jim Traynor, and Steve McNally**. Commerce has \$400,000 to contribute to the Image Enhancement Campaign during the next biennium.

A Request for Proposal was issued in September 2013 by Commerce and the Foundation to hire a full-service marketing agency. The plan is to have a contract in place by mid October 2013. The Foundation's Image Enhancement subcommittee members agree to serve as the Request for Proposal Review Committee to review and score the proposals. The full Foundation board will then meet to vote on the recommendations of the Review Committee in November 2013.

The Foundation also issued a Request for Qualifications to select a fundraiser for the Image Enhancement Campaign. The deadline for proposals is October 9, 2013, with a contract start date of October 21, 2013, (date could be moved back if needed). The contract end date for the RFP and RFQ is June 30, 2015, with an option to renew through June 30, 2017.

NEW BUSINESS:

Policy & Procedure Revisions

The Foundation's Policy Committee met on August 19, 2013, to revise the following policy language: "Pursuant to NDCC 54-60-04, The Board shall elect an executive committee with a minimum of five and a maximum of seven. The Board shall elect a Chair, Vice-Chair, Secretary, and Treasurer and up to three members at large. The executive committee members shall serve 2-year terms. The executive committee shall exercise all authority of the Board between meetings of the Board. Such action(s) shall be brought before the Board for review and/or ratification at its next regular meeting."

Motion: Bruce Smith moved to approve the proposed language change for Executive Committee members to serve 2-year terms instead of 1-year terms. Jon Simmers seconded the motion. Motion carried.

Election of 2013-2014 Officers/Executive Committee/Sub-Committees

2013-2014 Officers:

Chair: Wally Goulet

Vice Chair: Jim Traynor

Secretary: Robert Hovland

Treasurer: Bill Shalhoob

Executive Committee: (no less than 5, no more than 7 members allowed)

Bill Shalhoob*
Daniel Traynor
Eric Trueblood
J. Bruce Rafert
Jim Traynor*
Robert Hovland*
Wally Goulet*

Motion: Bruce Thom moved to approve the presented 2013-2014 Officers. Mark Nisbet seconded the motion. Motion carried.

Motion: Bruce Thom moved to approve the Executive Committee for 2013-2014 to include J. Bruce Rafert. Jon Simmers seconded the motion. Motion carried.

Elaine Fremling will be removed from the Policy Committee membership since she is no longer a Foundation member. No replacement will be made at this time.

Motion: Bruce Thom moved to approve the Resolution of Appreciation for Elaine Fremling as a Charter member of the Foundation. Bruce Smith seconded the motion. Motion carried.

Motion: Mark Nisbet moved to re-appoint Jim Traynor to the Centers of Excellence Commission. Robert Hovland seconded the motion. Motion carried.

Motion: Robert Hovland moved to approve the reappointment of the Technology-Based Entrepreneurship Screening Committee. Bruce Thom seconded the motion. Motion carried.

Board Member Comments:

Mark Nisbet gave an Xcel Energy tour recently and announced a new Wind Project in the state which is moving ND in the right direction.

Pamela Schmidt enjoyed the Microsoft tour.

Bruce Thom said the Foundation has changed for the better since its inception in 2001.

Chuck Hoge said the change to the business climate is evident.

Eric Trueblood looks forward to the ND spirit of Bison Football and the image it brings to the state.

Robert Hovland likes the ability to tour places like Microsoft and takes away best practices to use in his own business.

Jim Traynor believes we all have to keep inspiring to do better and move forward and the Foundation is a great way to build that momentum.

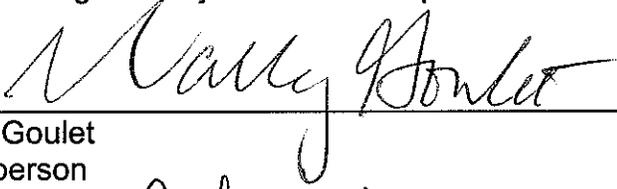
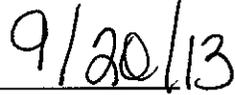
Randy Hatzenbuhler said they had a great year in Medora due to more customers and the growing population in ND.

Wally Goulet stated that ten years has made a huge difference in North Dakota with net migration vs. outmigration.

ADJOURNMENT:

Being no further business, Wally Goulet adjourned the meeting.

The meeting was adjourned at 3:45 p.m.

	
Wally Goulet Chairperson	Date
	
Jill Schwab Recorder	Date

FUTURE ACTION ITEMS:

- **Jill Schwab will take a poll of Foundation members to determine the next meeting date and location in November 2013 and make arrangements for that meeting.**
- **Justin Dever will present revised Goals for the Foundation's Performance Measures at the November meeting.**
- **2020 & Beyond Committee members along with Bill Shalhoob and Ryan Rauschenberger will meet on the five identified topics to provide recommendations to the Economic Impact Committee in Summer 2014.**