



Economic Development
Foundation

P.O. Box 2057
Bismarck, ND 58502-2057
Phone (701) 328-5312
Fax (701) 328-5320
E-mail: jischwab@nd.gov

Meeting Minutes
ND Economic Development Foundation Meeting
Tuesday, May 31, 2016
Sabir's II
103 1st Avenue South
Jamestown, ND 58401

WELCOME AND CALL TO ORDER:

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

Members Present: Al Anderson, Chuck Hoge, Eric Trueblood, Jim Traynor, Jon Simmers, Kari Ness, Dr. Kelly Rusch, Mark Nisbet, Mike Seminary, Robert Hovland, Steve McNally.

Members Present Via Phone: Bruce Thom, Lyn James, Judi Paukert, Pamela Schmidt.

Members Absent: Bruce Smith, Craig Lambrecht, Daniel Traynor, Danita Bye, Randy Hatzenbuhler, Tim Hennessy.

Guests Present: Jill Schwab, Justin Dever, Katie Andersen, Connie Ova, Sandy McMerty, Sara Otte Coleman, Wayde Sick.

WELCOME & INTRODUCTIONS:

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

APPROVAL OF AGENDA:

Jim Traynor asked for a motion to approve the May 31, 2016, agenda.

Motion: Mike Seminary moved to approve the May 31, 2016, agenda. Dr. Kelly Rusch seconded the motion. Motion carried.

APPROVAL OF MINUTES:

Jim Traynor asked for a motion to approve the February 16, 2016, minutes.

Motion: Mark Nisbet moved to approve the February 16, 2016, minutes. Jon Simmers seconded the motion. Motion carried.

COMMITTEE REPORTS:

Finance Committee

Quarterly Financial Statements

Jill Schwab reported that the Profit & Loss Statement for January 1 – March 31, 2016, reflects a net income of \$-167,256.59. The reason for this amount when doing a year over year comparison is the Odney Advertising paid media push in February/March 2016 for the Find the Good Life initiative. The Balance Sheet as of March 31, 2016, is \$244,224.19. The Statement of Cash Flows from January 1, 2016 – March 31, 2016, reflects a total of \$244,224.19. Outstanding pledges through July 2017 are \$27,000 from the following companies: Minnkota Power and Schmidt Insurance Agency. The Foundation needs to obtain \$2,957 in contributions to meet the \$300,000 match requirement from the Legislature. Since July 1, 2015, \$271,043 has been deposited into the Find the Good Life account from donors.

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

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

DEPARTMENT OF COMMERCE UPDATE:

Commissioner Report/Comments

Al Anderson reported that Commerce is in budget discussions currently with the Office of the Governor. After the Governor's approval, the budget will move through the legislative process beginning in January 2017. Commerce's one-time budget during the last

biennium was \$19 million; therefore, the Commerce senior team is prioritizing one-time line items that are absolutely critical based on the Governor's request for a 10% general fund reduction. The senior team will undergo a prioritization exercise on June 13, 2016. The price of crude oil will impact the potential budget cuts moving forward. Continuing on diversifying the economy is a key factor when considering budget cuts. Value Added Agriculture, Tourism, Energy, Advanced Manufacturing, and Technology are North Dakota's five targeted industries with technology currently having the highest growth. North Dakota's unemployment rate is at 3.2% in May 2016. In Stutsman County the population was 21,203 in 2015. They have not seen the same growth as many oil producing counties; however, Stutsman County has recovered nicely since the population decline in 2008.

North Dakota's population continues to get younger. North Dakota had the highest percentage of its population in the 20 – 24 year old age group of any state. In 2014, nearly 1 in 10 residents (9.6%) of North Dakotans were between ages 20 and 24. That compares to 7.1% nationally. North Dakota was followed by Alaska (8.5%) and Utah (8.4%) for having the highest percentage of its population in this age range. As of May 2016, North Dakota had over 15,000 job openings. GDP through 3rd quarter 2015 is still performing well above 2012-2013 levels. North Dakota's continued economic growth stems from nearly every business sector and no single industry tells the whole story of North Dakota's progress.

The vast majority of reductions were in mining in the state during late fall 2015. The state's oil production fell 2.7% in January 2016. Manufacturers in North Dakota account for 5.77% of the total output in the state, employing 5.59% of the workforce. Total output from manufacturing was \$3.25 billion in 2014. In addition, there were 25,900 manufacturing employees in North Dakota in 2015, with an average annual compensation of \$55,754 in 2013.

Several new companies have located or expanded to North Dakota: Botlink, Northrop Grumman, Grand Sky, General Atomics, Altavian, Sharper Shape, and Evolution 1. There are many other existing companies which have located or expanded throughout North Dakota in all targeted industries over the past several years.

OLD BUSINESS:

Meeting Date/Location for Meeting

The third quarter board meeting will be held in Williston, ND on August 18, 2016.

Find the Good Life Initiative/Finance Update/Metrics

Sara Otte Coleman explained that the Finance Committee met a couple of months ago and decided that they would like to take a step back from Find the Good Life and transition the initiative into existing programs by keeping the image and branding alive; however, not continuing with significant contributions. The Find the Good Life subcommittee met and concurred with that determination in May 2016.

The main goal with transitioning the Find the Good Life initiative will be to continue to provide value to our existing investors. We will do this using our website and with targeted social media posts and public relations. All airport signage will discontinue today (May 31st). Billboard signs will continue with Newman Signs through November 2016. The Find the Good Life initiative will keep active the blog content, New to North Dakota videos, the website, digital content, and the Recruiter's Network. The intent is to re-tier the Recruiter's Network with the following contributions:

- \$1,000 Membership - Steering Committee or Governing Board for Recruiter's Network with decision making ability for the future direction of the Network
- \$500 Membership - EDC's or JDA participation
- \$250 Membership – Basic Membership

The goal of the initiative was to attract and retain the permanent workforce to meet the needs of the state's workforce into the future. The Find the Good Life initiative includes 20 companies, 33 Recruiter's Network members, it reached 4.3 million people, 105.4 million impressions (digital/out-of-home). We held 11 military and 19 university hiring events with a large social media audience presence (Facebook - 17,380, Twitter – 5,980, YouTube – 15,756). Delta Sky magazine was another highlight along with national media pitching efforts with over a dozen positive media placements showcasing the quality of life in ND.

The Foundation will have anywhere from \$130,000 - \$180,000 to use for another round of "Invite Your Friends and Family" in-state message in Fall 2016. The website has been revised/updated and Commerce staff will determine how we can best deliver the information to individual communities. The intent is to keep the brand wrapped up in Commerce and potentially ramp the initiative up again if the Legislature does provide another appropriation during the 2017 session.

Al Anderson reported that Sanford has gone through a focused medical effort for recruitment and the ND Department of Commerce continues to work with Sanford and the UAS industry to make sure we are utilizing the priorities outlined in the campaign.

The Josh Duhamel ND Tourism campaign launch in January 2016 will also further positive image enhancements for North Dakota.

NETWORKING LUNCH:

Mayor Katie Andersen reported that Spiritwood is where a majority of their economic development efforts are focused in Stutsman County. The city of Jamestown has approximately 16,000 people and the surrounding community population is around 50,000. The ideal population that the Mayor would like to see in the city of Jamestown would be 25,000. The city/county decided to partner with Great River Energy to build the Spiritwood Energy Park (\$7.5 million). These were the types of jobs Jamestown was looking to add (good paying that bring families to the community). The only obstacle they have faced has been limited options for water supply. They are looking at the option of moving water over from the Missouri River.

Sabir's II went through a major remodel for upscale dining in Jamestown along with adding three new hotels. A Menards was built recently in Jamestown which put down the groundwork for 4 additional lots (a sit-down style restaurant, fast-food restaurant, box stores/strip mall, and retail store). As far as housing is concerned, they are working on building affordable housing in large quantities to bring the costs down with contractors. A 24 unit multi-family affordable housing unit opened up recently in Jamestown. The Mayor believes the housing situation has currently stabilized; however, Jamestown would like to see their median household income (currently around \$43,000 - \$45,000) grow to catch up with some of the urban areas.

Jamestown offers a private university (University of Jamestown) which is a recruitment tool for the area and will now offer a mechanical engineering program in the near future. The Regional Medical Center in Jamestown has taken off and is currently growing in service options. They have had good success in physician recruitment. Jamestown has at least three agri-tourism projects and there is a growing interest in the area for potential visitors. There is currently a Sky West (United Airlines) flight to Denver from the Jamestown area which makes travel more convenient for area residents (approximately 8,000 boardings per year).

Connie Ova, the economic developer in Stutsman County reported that the image of North Dakota is improving statewide and locally. Great River Energy has been a fantastic partner for the Spiritwood Energy Park. Three prospects for value-added agricultural processing projects will bring new/more people to the area and will be great for the area since they are very agricultural dependent. They need fast-food workers, hotel workers, daycare workers, etc. They have not had any issues with finding workers for the Spiritwood Energy Park. The Jamestown/Stutsman Development Corporation is a member of the Recruiter's Network on behalf of the community. Connie Ova believes North Dakota needs to diversify when agriculture and energy prices are volatile; therefore,

Jamestown and Stutsman County would like to keep the incentives they currently have and being supported by ND state income tax (specifically New Jobs Training Funds). The area where the Foundation can assist is to be the voice of Jamestown going into the legislative session to preserve the current incentives and continue to try to keep growing the economy.

NEW BUSINESS:

Foundation Priorities:

Justin Dever reported that the Foundation has 5 Essential Goals and Strategies:

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.

Interim Committees

Political Subdivision Taxation Committee

- Primary Sector Bill Draft
- Angel Fund Tax Credit Bill Draft
- Others?

Energy Development & Transmission Committee

- EmPower ND Commission recommendations
 - i. Research Dollars: foundational research and commercialization
 - ii. Incentivize the use of man-made CO2

iii. Sales tax exemption for wind electrical generating facilities

The EDND Draft Legislative Agenda

- Workforce Availability and Development
- Business Development and Entrepreneurship
- Business Financing and Incentives
- Infrastructure Development
- Community Development
- Pro-Business Climate
- Economic Diversification

Workforce Availability and Development

- Funding for affordable housing (Housing Incentive Fund).
- Additional funding for Flex PACE to support affordable housing.
- Funding for sustaining and increasing childcare capacity programs.
- Additional funding and greater flexibility for the New Jobs Training Program, TrainND, Workforce 20/20, Operation Intern, Job Skills, and externships to better meet business needs.
- State funding to enhance private sector and local support for state image and workforce recruitment campaigns aimed at attracting a permanent private-sector workforce to meet the growing needs of North Dakota's economy.

Business Development and Entrepreneurship

- State funding increase for regional Small Business Development Centers and regional councils, InnovateND and entrepreneur centers.
- Gap financing program for large, targeted economic development projects.
- State policy that creates a favorable environment for the expansion of affordable broadband services.

Business Financing and Incentives

- Increase total and per project funding for Flex PACE and PACE.
- Maintenance of a strong Renaissance Zone program.

- Continuation of tax increment financing as a business incentive for building, renovation, and new construction, or to address site development hurdles.
- Reauthorization and enhancement of the automation tax credit.
- Creation of a flexible fund to complete projects with regional or statewide benefit.

Infrastructure Development

- Enhancements for large economic development infrastructure projects with a regional or statewide impact.
- Enhanced public financing options to support local infrastructure projects and growth.
- Incentives for future construction that is fiber ready.
- Incentives to expand natural gas to unserved or underserved communities.

Community Development

- Increase total and per project funding for Flex PACE to support community-identified development needs.
- Funding for state sponsored Main Street development or similar community development programs.

Pro-Business Climate

- Maintain reduced local property tax obligations through increased state funding of K-12 education.
- Maintain competitive corporate and personal income tax.

Economic Diversification

- Technology commercialization, such as funding for Research ND.
- Creation of a long-range planning group charged with diversifying the economy.

Workforce Development Council

- Quality of Life

- Improving higher education capacity for health care training
 - Supporting flexibility and streamlining clinical rotation capabilities
 - Supporting and recognizing the benefits K-12 STEM programs
 - Supporting the Department of Public Instruction efforts to address teacher shortage across North Dakota
 - Marketing of the State of North Dakota through Tourism and the Find the Good Life campaign emphasis on attracting families
- Expand Workforce and Support Diversification of Economy
 - Internship and apprenticeship promotion and expansion of non-traditional areas such as healthcare and information technology.
 - Retain and Expand Youth potential through –
 - Career awareness of employment opportunities in North Dakota
 - Support and expand Career and Technical Education
 - Develop existing potential labor pools to fill the workforce needs in the State (English Language Learners, Native Americans, Individuals with Disabilities, Youth)
- Expand Workforce and Support Diversification of Economy
 - Increase the number of out-of-state students enrolled in the North Dakota University System. Retention of out-of-state students increases the candidate pool necessary to meet the workforce needs in the state.
 - Support STEM initiatives
 - Invest in grant writing resources for a centralized coordinated effort to create proposals for the significant resources available through workforce related competitive funding opportunity announcements

The North Dakota Department of Commerce's One-Time funding items include the following:

One-Time Funding

	General Fund	Other Funds	Total
Tourism marketing campaign in Midwest markets	\$1,000,000		\$1,000,000
Tourism international	247,836		247,836
Tourism large infrastructure grants	750,000		750,000
Unmanned aircraft system	2,718,620		2,718,620
Research North Dakota	4,500,000		4,500,000
Childcare facility grant program	2,250,000		2,250,000
Educators and industry externships	50,000		50,000
Workforce enhancement grants	1,000,000		1,000,000
Workforce recruitment	300,000		300,000
Base realignment grants	1,500,000		1,500,000
Tribal college grants	2,000,000	\$1,000,000	3,000,000
Entrepreneurial grants and vouchers	1,750,000		1,750,000
Homeless shelter grants	1,500,000		1,500,000
Enhanced use lease grant (strategic investment and improvements fund)		7,500,000	7,500,000
Flood impact grants and loans (federal funding)		12,859,869	12,859,869
Total	\$19,566,456	\$21,359,869	\$40,926,325

ND Economic Development Foundation's Role

4. The foundation shall:
 - a. Provide the governor advice and counsel in selecting the commissioner.
 - b. Serve in an advisory role to the commissioner.
 - c. Develop a strategic plan for economic development in the state and set accountability standards, measurements, and benchmarks to evaluate the effectiveness of the department in implementing the strategic plan.
 - d. Monitor economic development activities and initiatives of the department.
 - e. Recommend state and federal legislation relating to strengthening the state's economy and increasing the state's population.
 - f. Monitor state and federal legislation and initiatives that may impact the state's economy and population.
 - g. Serve as a source of expertise for developing public and private initiatives to strengthen the state's economy and increase the state's population.

Regional ED 101 Meetings:

Commerce recently joined with the Bank of North Dakota to participate in community meetings in Williston, Dickinson, Minot, and Bismarck in April and May 2016. Al Anderson is also meeting with legislators on a one-on-one basis to help them understand the importance of economic development. Foundation members are strongly encouraged to attend the upcoming meetings in Fargo and Grand Forks on June 28, 2016, or meet one-on-one with their local legislator. Talking points can be provided to members by Commerce staff if needed.

MEMBER COMMENTS:

Chuck Hoge: Difficulty finding start-up funding, specifically angel funds. Met with BND about the possibility of getting into the realm of entrepreneurship funding. Chuck is currently meeting with a successful entrepreneur to cultivate new ideas for the NDSU Research & Technology Park. A Drone Focus conference is being held on June 1, 2016, in Fargo.

Robert Hovland: Good meeting, great to hear different stories from city officials.

Mike Seminary: ND is at a very unique time in our state and we need to keep up the momentum moving forward.

Jon Simmers: With any challenging economic times and pitfalls, we are still in a good place in our state and have many reasons to be optimistic. Enjoys going to the different communities.

Eric Trueblood: Connie Ova and Katie Andersen well spoken today, enthusiastic, and gratifying/motivating to see during today's luncheon.

Mark Nisbet: Great meeting, excellent lunch speakers. The Border Winds Energy Ribbon cutting will be held on July 19, 2016, through Xcel Energy. The Courtenay Wind project is scheduled for completion by December 2016.

Kari Ness: Thanks to everyone for coming to Jamestown. Great enthusiasm from Katie Andersen and Connie Ova on development efforts (specifically Menards) in the community.

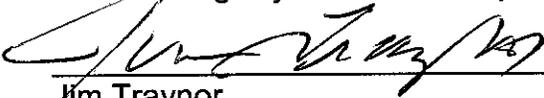
Dr. Kelly Rusch: Higher education and the business community coming together is critically important for this state to continue the momentum. We have great partnerships to showcase (particularly Research ND).

Jim Traynor: Currently working at a company called NetSuite in Fargo as the Regional Sales Manager with the hopes that the company will open an office in North Dakota.

ADJOURNMENT:

Being no further business, Jim Traynor adjourned the meeting.

The meeting adjourned at 3:33 p.m.



Jim Traynor
Chairperson

8/19/16

Date



Jill Schwab
Recorder

5/31/16

Date

FUTURE ACTION ITEMS:

- **Jill Schwab will coordinate the third quarter board meeting on August 18, 2016 in Williston, ND.**
- **Jill Schwab will schedule an Executive Committee meeting in June 2016.**

- **Executive Committee and any other interested Foundation members to meet and prepare a prioritization list for presentation to the full board at the August 18, 2016, Foundation meeting.**
- **Foundation members are strongly encouraged to attend the upcoming ED 101 meetings in Fargo and Grand Forks on June 28, 2016, or meet one-on-one with their local legislator. If members would like to volunteer to meet with the future Governor after the June 14, 2016, primary and prior to the legislative session, please let Jill Schwab know.**