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Meeting Minutes
ND Economic Development Foundation Meeting
Thursday, May 9, 2013
Roughrider's Hotel & Conference Center
Medora, ND 58645

WELCOME AND CALL TO ORDER:

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

Members Present: Al Anderson, Gary Miller, Jon Simmers, Lyn James, Mark Nisbet, Randy Hatzenbuehler, Steve McNally, and Wally Goulet.

Members Present Via Phone: Bruce Thom, Chuck Hoge, Daniel Traynor, Elaine Fremling, J. Bruce Rafert, Jim Traynor, Judi Paukert, and Pamela Schmidt.

Members Absent: Bill Shalhoob, Bruce Smith, Duaine Espegard, Eric Trueblood, Frank Keogh, Harold Newman, John Q. Paulsen, Robert Hovland, and Tim Hennessy.

Guests Present: Jill Schwab, Sara Otte Coleman, Tracy Finneman, and Paul Lucy (via phone).

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 May 9, 2013, agenda.

Motion: Mark Nisbet moved to approve the May 9, 2013, agenda. Gary Miller seconded the motion. Motion carried.

APPROVAL OF MINUTES:

Wally Goulet asked for a motion to approve the February 6, 2013, minutes.

Motion: Gary Miller moved to approve the February 6, 2013, minutes. Jon Simmers seconded the motion. Motion carried.

DEPARTMENT OF COMMERCE UPDATE:

Commissioner Report/Comments:

Al Anderson stated that the session went well. Commerce received funds above and beyond the Governor's executive recommendations. There were a total of 215 bills tracked by Commerce and 107 bills were passed throughout the session.

Legislative Update

Al Anderson reported that Commerce funding bills are:

- SB 2018 – Commerce Appropriations
- SB 2014 – Industrial Commission Appropriations
- HB 1211 – Rural health care workforce needs (\$400,000)
- SB 2218 – Tribal Colleges Workforce Development (\$5 million)
- HB 1358 – Oil & Gas Impact Funding, including \$2 million to Commerce for nursing homes, etc.

Some other Commerce related bills include:

- HB 1113 – Agency Bill
- HB 1166 – Renaissance Zone changes (\$500,000 annual limitation)
- SB 2129 – Relating to the state building codes and accessibility standards
- SB 2314 – Requires primary sector certification for property tax exemptions
- SB 2339 – Inventory of programs providing residential and commercial development assistance

SB 2018, Commerce's Appropriation's Bill includes an overall appropriation of \$127,320,082 to Commerce; of which \$53,957,060 is from the general fund. Including other bills, Commerce's total appropriation is \$139,820,081; of which \$64,457,060 is in the general fund. It authorizes 69.25 FTEs, an increase of 1 FTE and includes a 2020 & Beyond report requirement by

September 1, 2014, to legislative management regarding economic progress made toward the recommendations by the Foundation.

SB 2014 (Industrial Commission Appropriations Bill) includes the following appropriations to Commerce:

- \$2 million for Homeless Shelter Grants
- \$2.6 million for Child Care Facility Grants
- \$500,000 for a Value-added Energy Market Opportunities Study (EmPower ND)

The bill also has ongoing funding for programs managed by the Office of Renewable Energy & Energy Efficiency.

- \$3 million for the Renewable Energy Program
- \$1.2 million for the Energy Conservation Grant Program

Commerce received \$48,555,636 in one-time funding items, including:

- \$2,000,000 for Workforce Enhancement Grants
- \$18,358,866 for Flood Impact Grants/Loans
- \$12,000,000 for Research North Dakota
- \$5,000,000 for Unmanned Aircraft Systems Test Site
- \$1,500,000 for Base Retention Grants
- \$750,000 for Tourism Large Infrastructure Grants
- \$250,000 for Visual North Dakota
- \$300,000 for Innovation Grants
- \$796,770 for Federal Fiscal Stimulus
- \$2,500,000 for Enhanced Use Lease at GFAFB
- \$2,000,000 for Oil Impact Nursing Homes
- \$500,000 for a value-added energy study
- \$2,600,000 for Child Care Facility Grants

Major increases to the base budget (ongoing programs) include:

- \$1,500,000 for Tourism Marketing & Research
- \$600,000 for Operation Intern
- \$50,000 for Innovate ND
- \$193,215 for the HOME Program
- 1 new FTE and \$400,000 for the North Dakota Census Office
- \$2,000,000 for homeless shelter grants
- \$5,000,000 for workforce development grants to tribal colleges

“2020 and Beyond” Initiatives

Al Anderson requested that members start looking at initiatives that the Foundation can participate and play a role in when developing the Legislative report requested prior to the 2015 session. The 2020 & Beyond recommendations addressed in legislation are:

Arts & Culture

It is the mission of the North Dakota Council on the Arts (NDCA) to promote, preserve and perpetuate the arts in North Dakota. The legislature provided \$3.3 million in funding for the NDCA including \$2.1 million for grants (SB 2010).

Business

Daycare

SB 2014 contains \$2.6 million for Childcare Facilities Grants to political subdivisions to assist in the development of new and expanding childcare facilities in the state.

HB 1422 increases income eligibility for child care service payments to 85% of the median family income and provides a contingent \$2.5 million appropriation for costs not covered by federal funds.

A total of \$750,000 is appropriated to the Department of Human Services for early childhood services inclusion support services and grants (HB 1012, HB 1422, & SB 2018).

HB 1113 removes the sunset on the North Dakota Development Fund’s Child Care Loan Program.

Planning

The legislature did not fund the proposed \$1 million for a North Dakota Planning Initiative which will include planning assistance to communities related to the Renaissance Zone Program. However, it did provide \$250,000 for Visual North Dakota which will provide some GIS mapping tools to assist local leaders.

Taxes

The legislature approved a tax relief package totaling over \$1.1 billion. This is comprised of \$850 million in property tax relief (HB 1013 & SB 2036), \$20 million expansion of the homestead tax credit (HB 1006), \$200 million in individual income tax relief, and corporate income tax relief of \$50 million (SB 2156).

Technology Commercialization

The legislature established the Research North Dakota Program and provided \$12 million in funding (SB 2018). This is comprised of \$6 million available for competitive grants; \$4 million for grants with a specific biotechnology focus; and \$2 million for a Research North Dakota Venture Grant program to commercialize university developed technologies.

Conservation & Environment

The legislature created a Conservation Fund from oil production taxes with a biannual cap of \$30 million (HB 1278).

The legislature established an Energy Conservation Fund that will be used to provide energy conservation and efficiency grants to political subdivisions with a biannual cap of \$1.2 million (SB 2014).

Education

The legislature established a new, integrated formula to deliver both property tax relief and strong funding for K-12 schools so that all students receive the educational resources they need to succeed. The legislature approved \$1.7 billion to fund schools, which represents an increase of \$477 million compared to 2011-2013 funding.

The legislature approved a new funding model for North Dakota's colleges and universities, based on student credit hours completed. With the new funding formula in place, the legislature appropriated \$902.3 million to fund the state's colleges and universities.

The legislature approved an additional \$600,000 for a total of \$1.5 million for Operation Intern for matching grants to incentivize businesses to provide internship opportunities and for administration of the program, including the development of an improved website to match interested students and internship opportunities (SB 2018).

Early Childhood Development Programs

SB 2229 allows a school district to establish an early childhood education program and directs the Superintendent of Public Instruction to study the development, delivery, and administration of comprehensive early childhood care and early childhood education. \$200,000 is provided in HB 1013 for this study.

Science, Technology, Engineering, and Math (STEM)

\$300,000 is appropriated to the Department of Career & Technical Education for the purpose of providing a grant to the STEM Network (HB 1228 & SB 2019).

SB 2019 appropriates \$150,000 to the Department of Career & Technical Education for STEM programs.

SCR 4015 directs the Department of Career & Technical Education to “utilize its staff and contacts throughout the state to serve public and private sector participants by identifying meritorious programs and initiatives in the fields of science, technology, engineering, and mathematics, identifying opportunities for integrated activities and increased access, encouraging sustainable partnerships, and recommending policies and approaches to ensure that the state's resources and assets are utilized sagaciously.”

Energy & Agriculture

The legislature provided additional funding for agricultural research including \$5.9 million for agronomy laboratories at the Carrington, Central Grasslands, Hettinger and Langdon Research Extension Centers (SB 2020).

The legislature provided \$3.0 million in funding for the Renewable Energy Program (SB 2014).

EmPower ND

The legislature supported the EmPower North Dakota Commission’s recommendations. These include:

- Continuation of the Housing Incentive Fund to address affordable housing needs across the state. A total of \$35.4 million was provided for this program including \$20 million in tax credits and \$15.4 million in general funds (HB 1029 & SB 2014). The Housing Incentive Fund is now focused on both essential government workers and low & moderate individuals.
- The legislature provided a permanent funding source for the Renewable Energy Program at a \$3 million per biennium level (SB 2014).
- The legislature increased the Oil & Gas Research Program funding from \$4 million to \$10 million per biennium (SB 2014).
- The legislature appropriated \$500,000 to the Department of Commerce for a study of opportunities related to value-added energy using renewable energy resources and oil & gas resources.
- HB 1358 appropriated \$120,000 to Job Service North Dakota to compile data on oil & gas related employment.
- The legislature extended the sunset date on the sales tax exemption for wind power generating facilities (HB 1382).

Health

The approved budget includes items related to health, but none are directly related to the recommendations contained in 2020 & Beyond.

HB 1020 provides for a Legislative Management Study of the state's health care system. No funding is provided.

HB 1211 provides \$400,000 in funding to address health care workforce needs in rural areas of the state.

SB 2187 establishes a Medical Facility Infrastructure Loan Program within the Bank of North Dakota with \$50 million from the Strategic Investment and Improvements Fund.

The legislature appropriated \$9.6 million the Department of Human Services for the purpose of administering a grant program for critical access hospitals in oil-producing counties and in counties contiguous to an oil-producing county to address the effects of oil and gas and related economic development activities (HB 1358).

Housing

The legislature expanded the Housing Incentive Fund to a total of \$35.4 million, from the current level of \$15 million. Of this amount, \$15.4 million is from the general fund and \$20 million is in the form of available tax credits (SB 2014 & HB 1029).

The legislature provided \$12 million in interest buy-downs for affordable housing projects from the Flex PACE program (SB 2014).

The legislature removed the sunset on the Bank of North Dakota's Rural Mortgage Loan Program and provided the bank with additional flexibility in administering the program (SB 2064).

The legislature expands available Energy Impact Grants to \$240 million from the current level of \$135 million. These funds can be used by communities to extend infrastructure necessary for housing developments (SB 2013).

Image

The legislature provided an additional \$1.5 million for Tourism Marketing & Research including a focus on enhancing the state's image (SB 2018).

Recreation

The approved budget includes items related to recreation, but none are directly related to the recommendations contained in 2020 & Beyond.

Safety & Transportation

The approved budget provides about \$2.3 billion for transportation infrastructure improvements across the state. This includes about \$1.64 billion for highway improvements throughout the state (SB 2012, HB 1358, & SB 2176)

The approved budget includes \$3.8 million for 15 additional Highway Patrol troopers (SB 2011).

The approved budget funds a pilot community paramedic/healthcare worker project at \$276,600 in an attempt to help with the shortage of volunteers to ambulance services (SB 2004).

The approved budget provides \$7.34 million for grants for Rural Emergency Medical Services (SB 2004).

HB 1358 includes \$9.6 million to the Attorney General for grants to law enforcement agencies in oil producing counties.

HB 1358 directs a portion of Oil Impact Grants to sheriff departments (\$7 million); emergency medical services (\$7 million); and fire protection districts (\$3.5 million) in oil producing counties.

The approved budget provides an additional \$1.25 million to the Upper Great Plains Transportation Institute (SB 2020).

Statewide Planning

The legislature provided \$400,000 and a state demographer position in the North Dakota Census Office (SB 2018).

Technology

The approved budget includes items related to technology, but none are directly related to the recommendations contained in 2020 & Beyond.

SB 2142 extended the sales and use tax exemption for equipment used in telecommunications infrastructure until June 30, 2017.

Workforce Development

The legislature provided a total of \$6 million for workforce training. This includes \$3 million in ongoing support for Train ND, \$1 million in matching grants for equipment (SB 2019), and \$2 million for Workforce Enhancement Grants (SB 2018).

SB 2218 appropriates \$5 million to the Department of Commerce to provide workforce development grants to tribally controlled community colleges.

NETWORKING LUNCH:

Doug Ellison joined members for lunch to talk about some opportunities for growth in Medora. These could include housing, land development, motor-cross trails, and zip-lining.

NEW BUSINESS:

Fundraising in 2013/Image Enhancement Campaign

Randy Hatzenbuehler and Tracy Finneman explained their task of strategizing ideas for image enhancement and fundraising for the Foundation. Tracy and Randy are tasked with establishing

a clear picture of how the Foundation would like to positively impact North Dakota's business climate through its fundraising efforts (what do we want to raise funds for and how much are we willing to raise?)

The following ideas were nominated and voted on by members:

- 1) * Financial assistance for business attraction
- 2) * Financial assistance for business retention activities and events
- 3) Support recreation-based startups
- 4) Grant program for local new event creation
- 5) Inject white collar images of progressive business, healthcare, and innovation opportunities
- 6) Educate internal and external population on opportunities for fun
- 7) "Dakota Dream" ~ education, careers, safe communities, selectivity
- 8) Major editorial placements once per year

The top two ideas receiving the most votes by present Foundation members were:

- 1) **Educate internal and external population on opportunities for fun**
- 2) **"Dakota Dream" ~ education, careers, safe communities, selectivity**

Motion: Steve McNally moved that the Foundation have a goal of raising \$400,000 in the next fiscal year. Lyn James seconded the motion. Steve McNally will work with Ron Ness to identify statewide energy companies to request sponsorships during the first phase of the fundraising campaign. Motion carried.

Motion: Lyn James moved that Commerce staff and Foundation members (Tracy Finneman, Sara Otte Coleman, Steve McNally, Randy Hatzenbuhler, Wally Goulet, Jim Traynor, Lyn James, and Jon Simmers) will hold a conference call prior to June 15, 2013, with Odney Advertising to identify what can be done with the above two issues in relation to fundraising options/ideas. Members agree that meeting packets should go out prior to July 1, 2013, to all companies identified with a letter from the Governor asking them to budget for Foundation fundraising during their next fiscal year. Randy Hatzenbuhler seconded the motion. Motion carried.

OLD BUSINESS:

Meeting Date/Location for Quarterly Meeting

The third quarter meeting will be held in Fargo on September 20, 2013, at Microsoft along with a tour of their campus. The meeting will be held in conjunction with the Governor's Workforce Summit 2013 in Fargo at the Holiday Inn on September 18-20, 2013.

The November 2013 meeting is scheduled to be held in Bowman, ND; however, if participation numbers are low due to location, the venue can be changed to another city.

Member Expense Reimbursements

Wally Goulet reported that the Foundation is able to claim expenses, but it must be paid out of the Foundation's finances according to a memo from the state attorney general's office staff.

Motion: Steve McNally moved that members be allowed a daily per diem and mileage rate equivalent to the per diem of North Dakota legislators. This issue will be visited on a yearly basis to determine appropriateness. Randy Hatzenbuhler seconded the motion. Motion carried.

COMMITTEE REPORTS:

Finance Committee

Quarterly Financial Statements

Wally Goulet reported that the Profit & Loss Statement for January 1, 2013, – March 31, 2013, reflects a net income of \$0.00. The Balance Sheet as of March 31, 2013, is \$121,293.24. The Statement of Cash Flows from January 1, 2013 – March 31, 2013, is \$120,293.24. Outstanding pledges through March 31, 2013, are \$1,000.00 for the BSC Foundation.

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

Motion: Randy Hatzenbuhler moved to approve the financial statements as presented. Jon Simmers seconded the motion. Motion carried.

Board Member Comments:

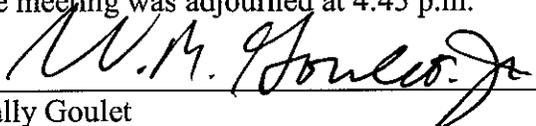
Jon Simmers is excited about moving forward with Foundation next steps.

Steve McNally believes the group is flexible and likes their open mindedness and willingness to adopt ideas.

ADJOURNMENT:

Being no further business, Wally Goulet adjourned the meeting.

The meeting was adjourned at 4:45 p.m.

	9/20/13
Wally Goulet	Date
Chairperson	
	9/20/13
Jill Schwab	Date
Recorder	

FUTURE ACTION ITEMS:

- **Members should continue to think about initiatives that they can participate in when developing their legislative report prior to September 1, 2014.**
- **Steve McNally will work with Ron Ness to identify statewide energy companies to request sponsorships during the first phase of the fundraising campaign. The goal of Foundation members is to raise \$400,000.**
- **Commerce staff and Foundation members will meet with Odney Advertising prior to June 15, 2013, to move forward the image enhancement campaign.**
- **Jill Schwab will organize the next Foundation meeting in Fargo on September 20, 2013, at Microsoft.**