

APPROVED MINUTES OF THE REGULAR MEETING OF THE BOARD MEMBERS OF THE EAST GRAND FORKS ECONOMIC DEVELOPMENT AUTHORITY (EDA)

A regular meeting of the Board Members of the East Grand Forks Economic Development Authority was held at Noon on August 15, 2023.

Roll Call:

Meeting was called to order by Vice President Black at 12:00 pm.

EDA Board present at roll, Vice President Daniel Black, Board Members: Dale Helms, Ben Horken, Justin Hecht, Diane Blair and Brian Larson

Absent: Josh Grinde

Staff present: Paul Gorte (EDD), Economic Development Director; Brenda Ault (EA), Executive Assistant; Ron Galstad (CA) City Attorney, Karla Anderson (FD) Finance Director and Reid Huttunen (CA) City Administrator.

Also Present: Barry Wilfahrt, CEO Chamber of Commerce

1. Roll Call: Vice President Black determined a quorum was present.

2. Approval of Minutes

a. July 18, 2023, Regular Meeting

A Motion was made to approve the July 18, 2023, Regular Meeting Minutes, by Board Member Hecht, seconded by Board Member Blair. M/S/P- Hecht, Blair; 6-0, mc.

3. Bills and Communications

a. Review of Accounts Payable August 1, 2023

No questions

b. Approval of Accounts Payable, August 15, 2023

A Motion was made to approve the August 15, 2023 Accounts Payable, by Board Member Blair, seconded by Board Member Horken. M/S/P- Blair, Horken; RCV: Larson -Y, Blair-Y, Black-Y, Hecht-Y, Horken-Y, Helms-Y; 6-0, mc.

4. Reports

a. Delinquencies – None

b. Financial Reports: June-July, 2023; FD Anderson stated that the reports were emailed out by EA Ault and the cash balance sheet is in the packet. She pointed out that the EDA General Fund 620, gets a transfer from the General Fund at year end and has a -104,529.62, but is under budget amount. The Town Square Fund, a transfer was missed in 2015, those funds were used to re-roof Sunshine Terrace and are not available for the \$100,000 Builder's program.

c. Director's Reports: July 2023- EDD Gorte stated that the reports were in the packet. He has also been working on ways to pay for street improvements in the Industrial Park, with a 50% match for some programs.

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FD Anderson stated that the area is tied to a disaster area because of the flooding last year and it's possible the funding will go to 80%. She has contacted the NWMN and they have received only 1 application, the program is available until all the funds have been allocated.

CA Huttunen stated that they are working on getting a project cost before getting an application in, the Federal level application is intense and an updated project cost for the project is needed. The engineers estimate for this will come in late this week or early next week. Then what the matching fund looks like and what the City's share would be.

5. Public Hearing; Hawkes Computer Loan

Motion to open a public meeting was made by Board Member Hecht, was seconded by Board Member Larson. M/S/P-Hecht, Larson;6-0, mc.

Vice President Black asked for any comments. EDD Gorte stated that Hawkes Manufacturing needs to purchase new computer equipment to run its operations and inventory. The total purchase price is \$147,000. Hawkes is seeking a City loan of \$49,000, which is 1/3 of the cost.

The Loan Committee scheduled a meeting for August 2. The members in attendance recommended approval of the loan request at 1% interest for 10 years.

Motion to close the public meeting was made by Board Member Blair, was seconded by Board Member Larson. M/S/P-Blair, Larson;6-0, mc.

6. Unfinished Business:

a. \$100,000 Builder Incentive Program Status

EDD Gorte stated that there is not enough funds in the 280 fund to continue the program and he is recommending that the program be suspended until such time as it has adequate funding.

After discussion, the Board felt this was a needed program to get the lots sold and more homes built.

A Motion was made request the City Council put \$300,000 in a revolving fund, dedicated to this program, by Board Member Blair, seconded by Board Member Hecht. M/S/P- Blair, Hecht; RCV: Larson -Y, Blair-Y, Black-Y, Hecht-Y, Horken-Y, Helms-Y; 6-0, mc.

A Motion was made to suspend the current program, by Board Member Blair, seconded by Board Member Horken. M/S/P- Blair, Horken; RCV: Larson -Y, Blair-Y, Black-Y, Hecht-Y, Horken-Y, Helms-Y; 6-0, mc.

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- b. Succession Plan for Director Retirement with 2024 EDA Administration Budget: EDD Gorte stated he has a Succession Planning Summary of Options and stated he had reduced commodities by 1/3, about \$20,000. This reduction is effective for all options, he asked for thoughts, comments and ranking of the options.

There are 5 options:

1. Identify an employee to serve as the economic development point person
 - a. Hire an assistant to perform the routine tasks
 - b. Estimated savings \$60,000
 - c. Risk: medium high because of the lack of experience and expertise on staff
2. Hire a consultant to serve as the economic development point person
 - a. Hire an assistant to perform the routine tasks
 - b. Estimated savings \$0
 - c. Risk: medium because of the lack of specific EGF knowledge and lack of knowledge about specific EGF programs such as Border Cities Enterprise/Development Zone and disparity tax credits
3. Do nothing; let the position stay vacant
 - a. Estimated savings \$150,000
4. Hire a replacement Economic Development Director at the Department Head level
 - a. Estimated savings \$10,000 (starts at lower end of pay scale)
 - b. Low; there would be a learning curve, but a small overlap could help with some of the things unique to EGF
5. Hire a replacement Economic Development Administrator at a sub-department head level, reporting to a department head, such as the Community Development Director
 - a. Estimated savings \$40,000
 - b. Requires a new job description for the responsibilities
 - c. Low; there would be a learning curve and probably less experience, but a small overlap could help with some of the things unique to EGF

The Board asked Chamber President, Wilfahrt, to give his opinion on the options. Wilfahrt stated that another variable, is that the EDA will need to work with retention concerns about the MN business climate and would need a point person to keep reaching out. We should also consider some of the large employers, expand on that, we as a community need to have those conversations with those companies, time to double down and work on this. East Grand Forks needs to strategically grow the tax base and you need to know what you will have the new person focus on.

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After an in-depth discussion, the Board was concerned that we needed a director at the department head level, to handle the day to day, as well as new businesses, tax credits, etc.

The Board also asked CA Huttunen to give his opinion on the matter. Huttunen stated that the ad hoc committee has had numerous discussions, and a list of cost savings. Every department or organization they have gone to needs to take this one step further. What would things look like, possibly move programs, raise fees for programs. He felt the Board needed to have further discussion on Option 1 or some form of that option, that could consolidate existing city job descriptions and possibly save half of the \$60,000 of the savings listed on option 1.

The EDA followed up by reiterating its concerns and the importance of the position and the activities. The EDA suggested that perhaps additional duties could be added to the EDA Director position to support other city work. When asked, Mr. Huttunen said that the position of the EDA was clear that their 1st choice is Option 4, and that they can see themselves supporting some form of Option 1 that still placed priority on an EDA Director type position.

CA Galstad stated that before the Board did anything, he needed to look at the by-laws, put forward a process, possibly a different resolution will be needed.

Galstad left the meeting at 1:15 pm.

7. New Business

a. Hawkes Manufacturing Computer Loan

EDD Gorte stated that Hawkes Manufacturing is putting in a new computer system, at a cost of \$147,000, they are asking for a third of that, \$49,000. The loan terms would be 1%, for 10-years.

A Motion was made to approve the loan terms and amount, as stated above, by Board Member Blair, seconded by Board Member Horken. M/S/P- Blair, Horken; RCV: Larson-Y, Blair-Y, Black-Y, Hecht-Y, Horken-Y, Helms-Y; 6-0, mc.

8. Adjournment

Motion to adjourn the meeting was made at 1:21 by Board Member Hecht, was seconded by Board Member Blair. M/S/P- Hecht, Blair; mc.

The next regular meeting is September 12, 2023.

Respectfully Submitted,
Brenda Ault, Executive Assistant