

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 June 25, 2024.

Roll Call:

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

EDA Board present at roll, President Josh Grinde, Board Members: Daniel Black, Dale Helms, Penny Stai, Justin Hecht, and Brian Larson.

Absent: Ben Horken

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

Also Present: Trent Peabody and Robert Peabody, Lumber Mart

1. **Roll Call:** President Grinde determined a quorum was present.

2. **Approval of Minutes**

a. May 28, 2024, Regular Meeting

A Motion was made to approve the April 16, 2024, Regular Meeting Minutes, by Board Member Hecht, seconded by Board Member Black. M/S/P- Hecht, Black; 6-0, mc.

3. **Notice to Competitors**

a. Northern Valley Machine

b. Lumber Mart

EDD Gorte stated the Notices were posted and copies were in the packet.

4. **Bills and Communications**

a. Review of Accounts Payable: June 4, 2024; June 18, 2024: No comments

4. **Reports**

a. Delinquencies – None

b. Director's Reports: May 2024- EDD Gorte stated that the report was in the packet. No questions

c. Financial Reports: FD Anderson stated that the reports were emailed, for May 2024. The cash balance sheets are in the packet. She stated that there were no findings in the audit. The Account Technician starts July 1st. The single audit is the Federal government, and it is not done every year; compliance is triggered by receipt of \$750,000 in federal assistance.

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5. Unfinished Business

a. New American Integration Center Loan Application: EDD Gorte explained that the loan was postponed at the previous meeting. They have not responded to him with the needed information.

6. New Business

a. Loan Request: The Spud Jr.

EDD Gorte explained that The Spud Jr. is seeking to refinance high-interest debt. The restaurant opened just prior to COVID and was eligible for only a few of the COVID relief programs. The restaurant now seeks to refinance its debt to facilitate future growth by the Spud Jr. Spud Jr. is seeking a loan of \$80,361.16. This amount is less than 1/3 of the sum of its bank loan (\$130,942.63), short-term loan (\$77,046.07), and investments in the restaurant (\$101,972.94). Bank financing is also involved. On June 12 the Loan Committee reviewed this request and recommended approval of an \$80,361.16 loan for 10 years at 4% annual interest.

A Motion was made that the EDA recommend that the City Council approve a loan of \$80,361.16 at 4% interest for a term of 10 years to Spud Jr by Board Member Helms, seconded by Board Member Hecht. M/S/P- Helms, Hecht; RCV: Larson-Y, Black -Y, Stai -Y, Grinde -Y, Hecht -Y, Helms -Y; 6-0, mc.

b. Use of Border Cities tax credits for Northern Valley Machine (2 years).

EDD Gorte stated that Northern Valley Machine is one of the primary businesses in East Grand Forks. The business is a target for other cities and states to recruit because it is an excellent business to have in a community. It is important for the City to allocate resources to retain the business and the jobs it provides. One of the ways to do that is to reduce the property tax burden. The Border Cities tax credits provide a possible means to do that. Northern Valley Machine has been seeking tax relief for two years. To provide that relief, the Director recommends that \$67,000 in tax credits be allocated to Northern Valley Machine for 2 years of relief. The City has a balance of \$580,037.65 in available tax credits. The City receives about \$106,000 in additional tax credits each year. The use of the tax credits would retain the business and its 68 high-paying jobs as well as provide steady job growth over the 2 years. The use of the tax credits will also provide resources for Northern Valley Machine to invest in the equipment it needs for its business.

A Motion was made to recommend that the City Council approve the request to use \$67,000 Border Cities tax credits for Northern Valley Machine for two years of property tax relief, by Board Member Black, seconded by Board Member Helms. M/S/P- Black, Helms; RCV: Larson-Y, Black -Y, Stai -Y, Grinde -Y, Hecht -Y, Helms -Y; 6-0, mc.

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c. Use of Border Cities tax credits for Lumber Mart (3 years)

Trent Peabody, Lumber Mart stated that they were requesting tax credits, the business has been investing significantly in its truss manufacturing operation in the form of a new saw, a stocker, electrical work to accommodate the new equipment, a new semi, and a new trailer with a Moffitt forklift.

EDD Gorte said the City has assisted businesses that are investing locally by providing property tax relief. The Border Cities tax credits provide a possible means to do that. Lumber Mart is seeking tax relief for 3 years. To provide that relief, he recommends that \$130,000 in Border Cities tax credits be allocated to Lumber Mart for 3 years of relief. The City has a balance of \$580,037.65 in available tax credits. The City receives about \$106,000 in additional tax credits each year. The use of the tax credits would retain the business and its high-paying jobs as well as provide for steady job growth over the 3 years. The use of the tax credits will also provide resources for Lumber Mart to continue to invest in the community.

A Motion was made to recommend that the City Council approve the request to use \$130,000 in Border Cities tax credits for Lumber Mart for 3 years of property tax relief, by Board Member Black, seconded by Board Member Hecht. M/S/P- Black, Hecht; RCV: Larson-Y, Black -Y, Stai -Y, Grinde -Y, Hecht -Y, Helms -Y; 6-0, mc.

Board President Grinde thanked the Peabody's for coming to the meeting. EDD Gorte thanked them for investing in the community.

d. Update on Director interviews/Use of Recruiter

EDD Gorte stated the City had self-advertised and received 5 applicants; 3 have since withdrawn because of other jobs or the salary offered was matched by their employer. He invited CA Huttunen to address the Board.

CA Huttunen replied that 2 applicants remain, but because a more diverse pool is desired for the job, the City is going to pause to generate more applicants. Two companies responded to his request for recruiters for assistance in obtaining qualified candidates. DDA Human Resources offered a bid of \$12,000, they do not have time or capacity to do this job fully now and there would be no guarantee.

The Next Move Group had a bid of \$20,750.00, for a full executive search, and they have a hiring guarantee. They will do a replacement search free of charge, if the hire leaves within 12 months of their start date.

The Board had many concerns about this process. They questioned how the City was advertising the position and expressed concerns about using a firm that would not offer a guarantee on the hire. Some discussion was had about options they could utilize as a filler position until a new hire was made. They decided that CA Huttunen should reach out to DDA Human Resources and inquire whether, if we waited for a couple weeks, if they could offer full services, and then the EDA could make a decision on the

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two companies. It was decided that the Board should hold a Special Meeting on July 9th, to go over the new information and make a decision at that time.

7. **Adjournment**

Motion to adjourn the meeting was made at 12:58 p.m. by Board Member Helms, was seconded by Board Member Black. M/S/P- Helms, Black; mc.

Special Meeting July 9, 2024

The next regular meeting is July 23, 2024.

Respectfully Submitted,

Brenda Ault, Executive Assistant