

PRAIRIE DEVELOPMENT CORPORATION

COLORADO'S CENTRAL PLAINS



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PRAIRIE DEVELOPMENT CORPORATION BOARD MEETING MINUTES June 24, 2015

Call to Order

Chairman Siekman called to order the June 24 2015, meeting of the Prairie Development Corporation at 7:00 PM held at Safranek Law Office, 202 E Avenue in Limon, CO. Members participating were: Steve Burgess, Ed Rarick, Robert Safranek, Dana Siekman, Dorothy Stone and Marilyn Ward. Maryjo Downey, PDC Administrator and Candace Payne, Special Projects Director, also attended. Jerry Allen, Rol Hudler, and Robert Rowland were unable to attend. Auditor Lori Hendrick of May Jackson Hendrick also attended.

Introductions

Introductions were made as the auditor attended.

Approval of Minutes of February 18, 2015

The Minutes of the meetings of February 18, 2015, were presented for approval. Steve Burges made a motion to approve the Minutes. Marilyn Ward seconded the motion, which passed unanimously.

Financial Report

The financial reports for the months of January, February, March, April and May were distributed at the meeting. Jo explained that PDC's fiscal officer has just completed in data input on the new program and apologized for the abundance of information presented today. Even though the format had changed, the information is consistent with the previous program. After reviewing the checks and the account balances, a motion was made by Dorothy Stone to ratify the bills and approve the financial reports for filing. Ed Rarick seconded the motion, which passed unanimously.

2014 Audit Presentation

Lori Hendrick of May Jackson Hendrick reviewed the 2014 audit with the Board. PDC received an unqualified opinion for this audit which is the highest rating given. Suggestions for procedural improvements as shown in the audit report were discussed and the Board will take the suggestions under advisement. No further action was required by the auditor or Board. Mrs. Hendrick will make a grammatical correction in her report and send the final audit to PDC. Steve Burgess moved to accept the audit report and allow the 990 Filing to be made. Ed Rarick seconded the motion which passed unanimously. Mrs. Hendrick left the meeting with praise for the Board and staff.

Ed Rarick suggested an RFP for audit services may be needed in the future to bring fresh eyes to the operation. Jo said that there are few non-profit audit firms which might prove to be a challenge and reminded all present that both ECCOG and PDC would need to RFP for their respective audits which ideally should be completed by the same firm. Though separate firms could undertake each audit, the cost to do so would increase the total cost of the two audits. Candace suggested changing auditors too soon after obtaining a new software accounting program may be challenging as well. The Board agreed to revisit this discussion in 2016 after the 2015 audit was complete. Jo said she would present the information and PDC's suggestion to the ECCOG Board at an upcoming meeting.

Business Loan Recommendations

There were no loan applications to approve at this time. The borrowers are paying as agreed.

Housing Recommendations

There were no loan applications to approve at this time. Only loans exceeding \$25,000 must come before the Board as all lower amounts are approved by staff and ratified by the Board in the Loan Committee meeting.

Housing Project Income Discussion

Jo explained that the HOME project income account balance is currently \$226,346 while the CDBG project income balance remains at \$75,000 as of May 31, 2015. As discussed at the last meeting, PDC finally has an opportunity to utilize these funds within the region. Jo said that the original open grants for the two sources of funds were almost seventeen years old, but the dollars that revolved back to PDC from original loans or home purchases were and would always be considered “forever Fed”...that is the regulations and guidelines that governed the expenditures when the original funds were granted would continue in perpetuity. This has made expenditure of the funds difficult. Semi-annual reports are filed with the Colorado Division of Housing for each of the funds but no administrative costs can be charged to either. The Colorado Division of Housing has reviewed in detail the Stratton work force housing project (six rental duplexes) and the Kit Carson project (construction of one single family home for low-moderate occupation either as a rental or as owner-occupied) in general. DOH has given their “go-ahead” contingent upon the PDC Boards decision. While no decision has been received from Kit Carson Rural Development on their project, the Stratton Harvest Heights project is progressing. The Kit Carson project cannot utilize the CDBG project income but Jo said that she is recommending that \$75,000 of the HOME funds be set aside for Kit Carson for a few more months. She further recommended that the remainder of the HOME funds and all of the CDBG project income dollars be granted to the Stratton Harvest Heights project. Discussion then took place as to more details on the Stratton project. The project is being development by the Stratton Community Foundation. Total cost is estimated at \$2,947,137. A loan/grant combination from USDA Rural Development (United States Department of Agriculture) would be the principal source of funding and the Town of Stratton is contributing the land and tap fees. The USDA funds have been approved contingent upon the balance needed being firmly committed. The six duplexes would be three and four bedroom units. The PDC Board then recommended that they set a deadline for a decision from the Kit Carson project which would then help establish a final amount to be considered for the Stratton housing project. A motion was then made by Steve Burgess and seconded by Ed Rarick that Kit Carson must make a decision by October 15, 2015 as to whether they will apply to PDC for \$75,000 in HOME project income. Motion passed unanimously. After additional questions and brief discussion, a motion was made by Robert Safranek and seconded by Marilyn Ward, to grant up to \$240,000 maximum to the Stratton Harvest Heights Project to include the entire amount in the CDBG project income account at the time of the grant with the balance of the grant coming from the HOME project income account. Motion passed unanimously. Jo reminded the Board that should Kit Carson apply for the \$75,000 and assuming it would be awarded, the total amount to the Stratton Project would be approximately \$227,000. If Kit Carson did not apply, then the entire \$240,000 could be granted to Stratton. There would still be a balance in the HOME project income account, but there will always be a small balance even if the Kit Carson project is funded since there are 18 housing loans that were made from HOME and pay small monthly principal and interest amounts.

SBDC Counseling Update

Candace Payne reported client activity has increased for Lincoln County as Troy McCue is working hard to improve the counseling previously offered. Craig Curl is active in Elbert, Adams, and Arapahoe counties. Candace explained counselors annually receive training on ethics, privacy and confidentiality, and new resources available to the clients. All three counselors attended the staff training day in Greeley last week. *Strategies for Success* is planned at Island Grove for October. Candace reported one client opened their business in Kit Carson County in May. Troy, Craig and Candace have interest in sponsoring events in our region but find most business owners can attend only during evenings or weekend sessions. Counselors here recognize the population is much smaller than the Greeley area so those constraints have been expressed again to the Greeley staff. Payne explained that finding presenters willing to present on our schedule has proven to be an issue.

Office Rent Increase to COG for 2016

Jo provided the Board with details on the current rent rates for COG office space, the Home Agency, and the three apartments. Since rent had not been increased during the past decade for COG and those offices occupy the greater majority of the square footage, it was determined the rent should be increased. Ed Rarick moved to increase rent in 2016 from \$1,060 to \$1,200 per month, 2017 to \$1,300/month; and increase rent to \$1,400 per month in 2018 for ECCOG. Steve Burgess seconded the motion, which passed unanimously.

CEDS/Blueprint Recommendation to ECCOG Board

The draft of the 2015-2020 Comprehensive Economic Development Strategy (CEDS) for the four-county region was completed and is currently now being circulated for comments and suggestions during the required 30-day comment period which ends tomorrow. All suggestions/comments received have been implemented or addressed in the online edition at

www.eccog.com. After a brief discussion on the new CEDS, Marilyn Ward made a motion to recommend the CEDS for approval by the ECCOG Board. Robert Safranek seconded this motion. Motion passed.

Drought Impacted Business and Agri-Business Entrepreneur Loan Programs

There are 33 loans carrying a balance of \$234,567. There are no new applications for either program however Candace will be out in July to promote the programs.

Administrative Funds/Match Transfer

Jo Downey summarized how PDC is staffed through a professional services agreement with ECCOG. ECCOG staff members are paid by COG and the portion of their time and expenses that is assigned to PDC loan and economic development activities is reimbursed or partially funded by PDC. She briefly summarized the various ECCOG fund accounts that assist with PDC activities. Without the two agencies working together and sharing costs and staff, neither agency could be adequately funded to exist independently. Last year PDC allocated \$25,500 from administrative dollars to help match the ECCOG Economic Development Administration Grant which pays much of Candi's salary as well as Jo's and a portion of ECCOG fiscal officer who also does all of the accounting work for the PDC accounts. Jo also said that overall PDC operating fund account that assisted with equipment, supplies, travel, etc. needed additional capital as its only current source of revenue was the rent from the three apartments...and then that account paid out all of the building maintenance and improvement expenses. PDC has owned the building for almost twenty years and expenses are ongoing. After additional discussion, a motion was made by Steve Burgess and seconded by Dorothy Stone to grant ECCOG \$28,000 from the Business Revolved Administration Account of which \$15,000 to be applied by COG towards EDA Match; \$10,000 to be applied towards the match for the Enterprise Zone Administration Grant and \$3,000 to be applied towards match for the Broadband Study grant. Marilyn Ward made a motion to make an internal transfer within PDC accounts to move \$20,000 from Business Revolved Administration to the PDC Operating Account. Ed Rarick seconded that motion, which passed unanimously. Robert Safranek made a motion to move \$20,000 from the CDBG Business Grant Administration to the PDC Operating Account. Ed Rarick seconded the motion, which passed unanimously.

Future Potential Loan Activity

Candace and Jo have recently discussed a potential loan application and have referred that party to their bank in hopes of partnering on the loan. No response has been received at this time.

Regional Economic Development Update

Jo shared the CEDS application will be submitted on June 29th and the Enterprise Zone application is due July 16th. Good coverage of the summer tourism activities continued to be provided by Danielle Dascalos. Danielle got the Our Journey mentioned in a Denver Post paper which spurred over 60 of calls for packets within just a few hours. Work continues on the bus tours, Off the Beaten Trail sites, and websites. Improvements have been implemented for the Carousel, PDC, and Our Journey websites this year.

Next Meeting Date/Location

Our next meeting was scheduled for Sept 23, 2015 in Limon...tentatively at the Senior Center.

Other

Steve Burgess asked that Joe Kiely be invited to attend the next PDC meeting to enlighten the Board on the recently approved Foreign trade Zone. Jo Downey said she would contact Joe.

Adjournment

There being no other business to come before the Board, Chairman Siekman adjourned the meeting at 8:41 PM.