

PRAIRIE DEVELOPMENT CORPORATION

COLORADO'S CENTRAL PLAINS



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PRAIRIE DEVELOPMENT CORPORATION BOARD MEETING MINUTES May 22, 2013

Call to Order

Due to a lack of quorum, Chairman Siekman led discussion of the agenda items. The May 22, 2013, meeting of the Prairie Development Corporation at 7:02 PM held at the Turkey Crossing Cafe, 325 4th Avenue in Hugo. Members attending were: Ed Rarick, Robert Safranek and Dana Siekman. Other participants included Maryjo Downey, PDC Administrator and Candace Payne, Special Projects Director. Jerry Allen, Steve Burgess, Rol Hudler, Robert Rowland, Mark Snyder, and Dorothy Stone were unable to attend.

Minutes

Minutes of the meeting held February 27, 2013, were presented. It was the consensus of those present to ask the full Board for approval of the minutes via a mail-in "ballot".

Financial Report

The Board reviewed a list of bills for February totaling \$17,368.11; March totaling \$45,735.59; and April totaling \$45,024.65. Financial reports for February, March, and April were also reviewed. It was the consensus of those present to ask the full Board for approval of the financial reports via a mail-in "ballot".

Audit Report

Lori Hendrick of May Jackson Hendrick, LLC was in attendance to present the 2012 PDC Audit report to the board. Mrs. Hendrick drew attention to the Assets Held for Sale, namely Prairie View Apartments in Kit Carson which were sold to Kit Carson Rural Development before year end of 2012. As of the report date, Kit Carson Rural Development had not closed on the subsequent sales transaction of the apartments as noted in the audit report.

Hendrick also commented that the Prairie Development Corporation had no significant audit findings and the audit opinion given was the highest possible. The annual IRS 990 Report filing date has been extended to allow the board time to approve the report. Hendrick explained that the 5% Bad Debt Allowance was a percentage chosen by the auditor for the PDC Drought Impacted Business Loans.

MJH will provide one electronic and one bound hard copy of the 2012 Audit report and IRS 990. Hendrick was thanked for presenting the audit report and left the meeting. It was the consensus of those present to ask the full Board for approval of the audit report via a mail-in "ballot".

Business Loan Recommendations

There was one loan guarantee to approve for Kit Carson County.

Housing Recommendations

There were no housing loan requests above \$25,000 to approve above. Loans below that amount are reviewed and approved or disapproved by staff and do not need Board approval.

Limon “D” Avenue House Status

Candace reported the Limon “D” Avenue house is under contract with income qualified buyers. Closing is scheduled for May 29th with the loan made internally at PDC. This sale will also carry a five-year affordability agreement as stipulated by Division of Housing since PDC initially used HOME funds to purchase and rehabilitate the home prior to sale.

Kit Carson Apartments

Kit Carson Rural Development closed with a subsequent buyer for the three apartments and PDC received a check for \$42,745.06 for half of the proceeds.

CDBG 2012 Contract Extension/2014 Application Time Frame

Jo Downey explained the current CDBG contract with Lincoln County has been extended to January 31, 2014...bringing the total contract period to sixty months. Downey stated that there was over \$440,000 of the \$1,000,000 granted loan funds still to be lent out. As administrative costs are tied to performance (a percentage of the loans)...no admin costs are currently being charged to the CDBG grant. Because the time period is much longer than originally projected, additional admin dollars could be requested from the State at such time loan activity increases and such additional dollars could be justified. Jo said that support costs for the loan program were not a problem as those costs were being charged to revolved funds or general operating funds. If the contract is not fully expended before it expires next January, the funds will be de-obligated. Due to Federal funding cuts, an additional CDBG grant may not be available, but OEDIT (Office of Economic Development and International Trade) staff is strongly encouraging the region to apply for additional funds even though the funds still available in the current open contract may not be able to be spent. As conditions and needs can change within a few weeks, OEDIT felt it important that every effort be given to having another open contract in place. Therefore, Downey will meet with the Lincoln County Commissioners in the coming months to determine whether to once again apply. Jo stated that such approval would likely be given, but the changes of receiving additional funds would not only be dependent on their availability but the ability to demonstrate need for loan activity for the first few months of any new grant period. This would also be augmented by the loan numbers and amounts from the current funds within the next six months.

Operating Agreement

Jo presented the current PDC Operating Agreement and the proposed agreement with the change being the removal of Kerr, Brosseau, Bartlett, O’Brien, LLC as approved legal counsel. This counsel has not been used in years and is therefore no longer needed on the list. The agreement presented included the email approved change to the title of the personnel allowed to sign various loan and CD paperwork. Jo Downey pointed out that Candi’s official title was different than that of Terry Blevins who retired at the end of 2010. It was the consensus of those present that the full Board be asked for approval of the Operating Agreement via a mail-in “ballot”.

SBDC Counseling Update

Candace Payne reported the Small Business Development Center (SBDC) hosted “Business in Action Forum” in Greeley on May 15 with 90 business owners attending. On June 5th, Candace and a Greeley SBDC staff member Amie Benson will provide one-on-one appointments in Flagler for establishing a business Facebook page. The five one-hour appointments are booked and if another session is needed later this summer, SBDC will schedule more sessions in other communities. Craig Curl is offering similar appointments the next day to Elbert County clients. SBDC client activity is steady in our covered areas.

Drought Impacted Business Loan Program

Candace reported twenty-one “mini-drought” loans throughout the service area have been funded. The loans total \$266,590 for various purposes including feed, seed, inventory, equipment, and working capital. Loans can be up to \$15,000 and up to five years at 5% fixed interest. Credit score must be above 650 and only existing businesses qualify. These loans are not collateralized. All are current. Candace continues to visit with area bankers to promote the drought loan program as well as the other PDC loan programs.

Potential Loan Activity

There have been a few recent inquiries on the various loan programs but no applications are pending at this time. One opportunity was shared for Lincoln County during the meeting. Many inquiries continue to be for grants. Once a staff member explains that there are no grant funds for private businesses, the staff person then explains the availability of the loan programs administered by PDC and that good credit and some equity is a basic requirement.

2013 Our Journey Marketing/PR 2013

Jo Downey discussed the proposed direction and planned materials for the Our Journey marketing campaign for 2013. A major emphasis will again be placed on conveying that the four counties and towns are not that far away from the Front Range and on marketing special events as well as the various regional Heritage Tourism sites. Regional Tourism marketing funds (granted by the Office of Economic Development and International Trade through its Colorado Tourism Office) have been used to assist in printing a 2013 Events Guide and updating the antique shop/historical site information. A new “ticket” allowing free admission to all of the area museums has also been produced. A new ticket or touring card (as it was called in 2012) is necessary each year as there are always museum that change hours or the day that they are open and current information is critical). The www.ourjourney.info website will also be updated weekly to feature special events, photography opportunities, etc. The eight *Off the Beaten Trail* sites will also continue to be promoted and ECCOG (the grantee for the Regional Tourism marketing funds) will again be using Danielle Dascalos to obtain media coverage in the Denver and Colorado Springs area. Danielle will also be working on promoting the area for youth group tours (Tours ‘R Us). These tours will be cross-marketed in the Events Guide as a regional guide is given to each elementary and high school student in each of the four counties.

Enterprise Zone Legislation/Credit changes

Those present were briefed on the changes that will impact the East Central Enterprise Zone tax credit program as a result of recently passed legislation including:

House Bill 13-1142

effective January 1, 2014

Places a limit on the amount that can be claimed for the EZ Investment Tax Credits at \$750,000 per year and increases Jobs Credit from \$500 to \$1,000. 13-1142 also:

- Increases Health Insurance Credit from \$200 to \$1,000
- Increases Job Training Tax Credit from 10% to 12%

- Moves the statewide boundary review from 2016 to 2014

House Bill 13-1265

effective January 1, 2014

Eliminates New Business Facility requirements on the 3 NBF credits and makes it if you are in the EZ you can earn the credit.

Senate Bill 13-286

effective with HB 13-1142

extends the carry forward provision for the EZ Investment Tax Credit for renewable energy companies from 12 years to 20 years.

Office Building Improvements

Jo explained that the office space housing the PDC and ECCOG programs was first finished by a local businessman and rented to the two agencies in 1991. A few years later, PDC purchased the building and now receives monthly rents from ECCOG, two insurance offices and three apartments. Since the building was first occupied, almost no interior improvements have been made and after 22 years, the carpet and paint were sorely in need of replacement. PDC has previously upgraded the roofing, sewer system and replaced the furnaces. To offset the costs of the deferred maintenance issues, staff donated their time to paint most of the interior and a new front window has been installed to replace the large cracked broken plate glass picture window. The new window has three panes and can be opened for air flow. The exterior of the other windows on the first floor will be painted to match the new window. The upper windows (three apartments) trim will be left as is. New carpet and vinyl have been bid out locally and the project is scheduled to start around June 1. The final costs are anticipated to be around \$13,000. Jo stated that a rental increase for COG may be in order since it has not been changed in many years. Downey said she would look at both the ECCOG budget requirements for 2014 as well as the PDC budget for next year before making any recommendation. Budgets for 2013 are already in place and individual funds/grants rent allocations would be difficult to adjust “mid-stream”.

Next Meeting Date/Location

The next meeting to be held in Hugo at Turkey Crossing Café at date to be determined in two or three months. Staff will confirm the details as the time gets closer..

Chairman Siekman dismissed the board meeting at 8:04 p.m.