

PRAIRIE DEVELOPMENT CORPORATION

COLORADO'S CENTRAL PLAINS



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PRAIRIE DEVELOPMENT CORPORATION BOARD MEETING MINUTES March 28, 2018

Call to Order

Due to the absences of Chairman Ed Rarick and Vice-Chairman Dorothy Stone, Secretary/Treasurer Jerry Allen called the March 28, 2018, Prairie Development Corporation Board meeting to order at 6:48PM held as a teleconference. Members attending, in addition to Jerry Allen, were: Steve Burgess, Rol Hudler, Robert Safranek, Niccie Tanner and Marilyn Ward. Candace Payne, PDC Administrator, also attended. Ed Rarick, Grant Thayer and Dorothy Stone were not able to attend.

Introductions

We dispensed with introductions as there were no guests in attendance.

Election of Officers

Due to the election held in March 2017, the decision was made to maintain the current officers for 2018.

Approval of Minutes of January 24, 2018

The Minutes of the January 24, 2018, meeting were reviewed. Rol Hudler made the motion to approve the Minutes as presented. Steve Burgess seconded the motion, which passed unanimously.

Financial Report

The January and February of 2018 Advanced Classified Balance Sheets Reports were provided to the board and subsequently reviewed. The January checks for \$60,866.93 and February checks for \$9,911.86 were reviewed. Candace further explained the January checks' purposes included loans made, typical monthly expenses, attorney fees and SBDC sponsorship while February checks were typical monthly expenses. After reviewing the checks and the account balances, Steve Burgess made a motion to ratify the bills and approve the financial reports for filing. Niccie Tanner seconded the motion, which passed unanimously.

Business Loan Recommendations

Administrator Payne reviewed the details of the Community Development Block Grant loan request presented and recommended for PDC Board approval by Loan Committee. The micro enterprise loan received staff approved and Business Loan Fund approval by Robert Todd, Colorado CDBG manager, in a letter of March 21, 2018. The loan is for a Kit Carson County business purchase of food delivery sales route in the amount of \$25,000 to be used for \$20,000 for inventory, equipment, a used delivery van, and an enclosed trailer; \$2,000 for handheld/laptop computer; and remaining \$3,000 for working capital for the eastern Colorado delivery route. The business owner is contributing \$17,000 of their own capital to the operation which will be secured with a UCC filing on accounts and equipment; a 2015 Harley Davidson motorcycle valued at \$20,000; and an enclosed trailer valued at \$2,000; with \$3,000 for working capital. The borrower has established a limited liability company for the operation. The borrower has a fair credit score and has enlisted a bookkeeper to keep books and has worked with the Small Business Development Center counselor to create a business plan and financial projections. The borrower has been training with the current route driver for two months to take on the business. Payments for Loan #20180330 are offered at \$438 for monthly ACH payments for 66 months at 5.25% fixed interest with a 1% origination fee to be assessed at closing. There will be one full-time job created at opening of the operation. Rol Hudler added his support to the business's application as he referred the applicant to PDC. Steve Burgess made a motion to ratify this loan as presented. Marilyn Ward seconded the motion. Motion passed unanimously. Closing is scheduled for March 30, 2018. Once this loan is made, the CDBG funds available to lend will be reduced to \$56,700 to be loaned by June 30, 2018.

Housing Loan Requests

There were no housing loan applications to approve or ratify at this meeting.

Harvest Heights Housing Project

The Stratton housing project is on track for construction completion in May 2018. Candace reported the Certificate of Occupancy is expected in May and applications for renters may be allowed soon. PDC can expect to expend loan funds in late April or early May to Stratton Area Foundation. SAF may then request the loan reimbursement funds from the DOLA /Division of Housing as planned to use the \$240,000 program income PDC returned to DOLA. The cashier's check to DOH has cleared our bank account and DOH intends to expedite Stratton Area Foundation's request for funds so PDC's loan is paid back quickly. The original holdback disclosed of \$12,000 includes \$11,000 until the Certificate of Occupancy is received in May and the final \$1,000 to be released when the project is closed out. PDC should be paid \$228,000 in April and final full payment is expected by July 2018 of the remaining \$12,000. Photos of the project's exterior have been shared on email with the board. Candace anticipates a tour of the facility is forthcoming as the builder is finalizing interior finishes.

Statewide Collaborative BLF

The statewide micro-enterprise loan fund has been replenished for 2018. Candace reported the funding for our region remains at approximately \$45,000 as regular allotment plus there are funds in the high demand category available if we lend out our regular allotment. As a reminder, these funds may be used for "character" loans which could include construction and higher risk clients for various purposes with terms of eight years or less carrying little to no collateral. The interest rate is fixed at Wall Street Journal Prime plus up to 2%. A partnership with local lenders is allowed but not required Candace stated.

Potential Loan Activity

Candace explained there are no loans in the pipeline as of today. For our new application for Community Development Block Grant (CDBG) funds, there are potential loans across the region in various opportunities like manufacturing, retail establishments, waste management operations, and other smaller loans. Candace reported information for the CDBG application has been gathered and she continues to seek applicants for other funds while traveling the region for meetings and meet-and-greets.

SBDC Update

Jennifer Negley of the Greeley SBDC held a workshop in Burlington on March 26th at 5:30PM. The Burlington Chamber co-sponsored the event and featured the session on the Chamber Facebook page which boosted attendance as there were 19 attendees. Candace explained the advertising was not wide spread and slightly delayed, so better widespread attendance next time may be expected, which has been discussed with SBDC staff. Candace and Jennifer created another session on marketing or e-commerce for April 23rd again in Burlington. Advertising will include Cheyenne County newspapers and flyers in businesses. The Board commented this was good activity for our investment.

Audit Presentation by Lori Hendrick of May Jackson Hendrick (7:00PM)

Lori Hendrick joined the call at 7:00PM to review the 2017 PDC Audit. Mrs. Hendrick thanked the board for allowing her to review the operation and funding. She explained we were reviewed under the new rules for non-profits using FASB Accounting Standards Update (ASU) No. 2016-14 which were adopted in 2017. Each board member followed along with the review with their copy of the audit report provided by Mrs. Hendrick. Attention was drawn to the new terminology of Cash – without donor restrictions or with donor restrictions which is a new term for non-profits such as PDC. Cash – without donor restrictions carries a balance of \$75,193 which may be used for any purpose while Cash – with donor restrictions (\$433,298) must be used for a designated time period as the donor directs such as forever Fed or temporarily restricted which occurs with revolved funds. Some housing funds are temporarily restricted while other funds may be less restricted. Mrs. Hendrick took the Board and PDC Administrator page by page through the audit report and answered questions as they arose. Lori explained some column titles on page 5 were changed to better identify the programs. She discussed Fair Value Measurement levels and how they are derived as shown on page 10, while reviewing the process and intent of the Stratton Area Foundation loan and subsequent transactions related to that program. Also mentioned were the certificates of deposits purchased with excess funds to avoid bank fees of balances exceeding FDIC insurance levels. Overall, Mrs. Hendrick gave the bookkeeper commendation for keeping accurate records and praised the board for their oversight and due diligence to run a healthy operation that helps people across the region. Mrs. Hendrick noted she had a correction to make and would resend the audit to Candace who would then email the final copy to the members. Candace and the board thanked Mrs. Hendrick for her time. A final audit report will be kept on file once the board approves the report which will allow May Jackson Hendrick to complete and file the required 990 on our behalf. Lori Hendrick disconnected from the call at 7:22PM.

After a brief discussion, it was suggested that an email vote be taken once the corrected audit report from May Jackson Hendrick is received. Candace will print each email showing an approval of the 2017 audit report. (That audit report has been subsequently approved and is on file in the permanent records.)

128 Colorado Ave Property Update

Candace stated a new lease agreement has been created and sent to the two renters for approval in April. The updated lease includes items such as marijuana rules and states clearly the use of the property and grounds.

Apprenticeship/Scholarship Program

Leading off the entrepreneurship/apprenticeship discussion, Candace reported the western slope hosts an economic development summit to provide businesses with opportunities to learn about human resources, special funding, board training, and various other informative topics. Candace also shared a recent Elbert County newspaper article that suggested businesses mentor students to grow their own staff through an adopt-a-school program, businesses may mentor students for college and career readiness, and offering work-based learning opportunities was noted in the article. Candace then mentioned Elizabeth middle school students are using the STEAM (science, technology, engineering, art, math) programs which could be supported by PDC and/or local businesses throughout the region. Marilyn Ward suggested a program like Junior Achievement had worked before in the area and could be considered. Rural Ameritowne was suggested by Niccie Tanner as Niccie has participated in this simulation of town operations for many years with her children through the Stratton school. Niccie and Candace both had experienced the process that fourth thru sixth graders go through preparing for their visit to Rural Ameritowne in Wray which includes applying for jobs, running a campaign to be mayor, operating a business, and seeing where the money goes and how it flows in a community. Duplicating this idea for our region was suggested so more schools could participate for a longer time period instead of one day in Wray.

Another idea suggested was PDC offering or sponsoring classes in partnership with local banks on credit scores and how to get one and maintain a good one. Candace was directed to contact local banks about such a program or need. Niccie Tanner also suggested a senior seminar day or series. More idea could be expected from the group as some members were absent, so it was decided to keep the discussion open.

Other

The Board approved in email prior to the meeting, a letter of support for Morgan Community College to apply for a mobile welding laboratory. When the request was received, Candace emailed the board for their agreeance to support the application which was unanimous to support MCC. This type of training would be beneficial for our region to help create opportunity and build sustainability for our economy was the board's premise. The support letter has been provided to MCC by their application deadline and a copy of the letter is on file.

Next meeting

The next meeting is scheduled for May 23, 2018 in Limon at 5:00PM beginning with Loan Committee at the TA Truck Stop – Country Pride Restaurant.

Adjournment

Secretary/Treasurer Jerry Allen adjourned the meeting at 7:44PM when nothing further was brought forth.