

**North Dakota Development Fund
Strategic Planning Session
Location: WSI Board Room
1600 East Century Avenue Bismarck, ND 58503
July 21 – July 22, 2021**

Board Members Present:

Gary Goplen
Jim Albrecht, Chairman
Shawn Kessel
Rob Lindberg
Erik Barner

Board Members Present via Microsoft Teams

James Leiman, Commissioner

Development Fund Staff Present:

Hannah Lange
Jessica Nygaard

Other Attendees:

Joshua Teigen
Shayden Akason
Matt Dunlevy
Tanya Forderrer

Day 1: July 21, 2020

Call to Order

The meeting was called to order by Chairman, Jim Albrecht at 9:02 A.M.

Introductions

The board and staff introduced themselves. The board agreed that the members whose terms have expired will remain on the board until the Governor has made an appointment. The bylaws shall be updated to reflect the change. Terri Zimmerman has decided not to renew her term. Matt Dunlevy has stated he is willing to reup his term. The board is also still in need of a Tribal member. Voting on officers will be postponed to a later date once all board seats are filled.

Review Agenda

Head of Investment and Innovation Shayden Akason provided an overview of the agenda.

Commerce – Current State of Play

Department of Commerce Commissioner James Leiman discussed the objectives of Commerce entering the new biennium.

Deputy Commissioner/COO Shawn Kessel provided an overview of the organization charts for Commerce. The board discussed possible ways to provide businesses an overview of how all state incentives are connected.

ED&F Director, Joshua Teigen presented a sample incentives package that is provided to a company considering a location in North Dakota. Discussion ensued on a potential resource that should be developed that gives a high overview of the capital access landscape.

Review NDDF Governing Documents

Head of Investment and Innovation Shayden Akason, read the century code aloud to the board. Discussion ensued on the definition of Primary Sector and the NDDF's ability to lend to tourism companies. Based on Century Code, the NDDF can fund a tourism company if they receive Primary Sector Certification from Commerce. Discussion ensued on the board's insurance coverage. The staff will continue to work on finding coverage for the members. Further discussion included the topic of confidentiality and what documents are open records. The board concluded that there should be consistency among NDA agreements. The staff will work with the AG's office to determine what things must remain confidential based on current language in the bylaws and century code.

The NDDF staff has taken the Small Business Technology Investment Program off the website at this time as there are currently no certified angel funds in the state.

Mr. Akason read the bylaws aloud to the board. Discussion ensued on voting rights of absent members, notification of intent to continue to serve, and the requirement of the Chairman to be a board member. Additionally, discussion ensued on the term of appointment. It was determined that the newly appointed board member would assume the term of the seat they filled. The board also discussed the duties of the Secretary/Treasurer. The board determined the officer should have the ability to manage the duties listed in the bylaws and delegate the tasks to a staff member.

Motion: Rob Lindberg motioned to close the meeting for lunch. Shawn Kessel seconded the motion. The motion carried unanimously.

Call to Order

The meeting was called to order by Chairman Albrecht at 12:24 pm.

Review NDDF Governing Documents

Discussion ensued on the definition of a North Dakota business.

Review Rural Fund Governing Documents

Venture Financing Manager Hannah Lange read the century code for the rural fund. There was no discussion.

Review Executive Summary, Mission Statement, and Philosophy

CEO Jessica Nygaard, Mr. Akason, and Ms. Lange read the Loan and Investment Policy aloud to the board. Discussion ensued on the document. Changes were made to the document and an updated copy will be provided after the meeting.

The board agreed to eliminate the job requirement that determined the amount of funds a company could access through the NDDF programs. The board decided the overall economic impact of the company to North Dakota should be considered. A formal vote will be held at the next meeting.

The board discussed increasing the funding limit to \$3,000,000 and removing the specification of terms of investments/loans based on use. A formal vote will be held at the next meeting.

Discussion ensued on requiring the applicants to cover the cost of legal fees in addition to the 1% fee charged at closing.

Discussion ensued on personal guarantees. The NDDF staff will study how this had been done in the past and the discussion will resume at a later date.

Discussion ensued on the sources and uses of funds.

The meeting was moved into executive session pursuant to North Dakota Century Code 10-30.5-07 at 4:31 P.M.

The meeting was moved out of executive session at 4:36 P.M.

Adjourn

The board meeting was adjourned at 5:21 P.M.

Day 2: July 22, 2020

Call to Order

The meeting was called to order by Chairman, Jim Albrecht at 8:18 A.M.

SSBCI Discussion

Mr. Akason gave an overview of the State Small Business Credit Initiative (SSBCI). Discussion ensued on the program guidelines, how the funds were utilized in SSBCI 1.0, and the plan for the new funds that will be allocated to ND.

Due Diligence, Charge Off Process, Reporting Metrics

Ms. Lange presented a document listing the information requested from an applicant and the things the NDDF will verify of each applicant. The staff plan to add this document to the website. Discussion ensued on where the applicant should be able to spend the funds awarded by the NDDF.

Ms. Lange presented the NDDF's divesture strategy. Discussion ensued on the volume of NDDF investments who have not paid on their loans.

Ms. Nygaard explained that there currently is no process for charging off an investment/loan. Discussion ensued on the volume of charge offs. The board discussed a procedure for charging off investments/loans going forward.

Ms. Lange informed the board that the NDDF has the ability to generate dynamic reports using the fund's new software system. Discussion ensued on the most important reporting metrics to the board.

Ms. Lange presented a way to assign a risk rating to a loan. Discussion ensued on the metrics used to assign the risk rating. The method will be revisited at a later date.

The meeting was closed by Chairman Albrecht at 10:00 A.M for purposes of entering into the NDDF board meeting.

The meeting was called to order at 12:10 P.M by Chairman Jim Albrecht.

CDBG Overview

(Tanya Forderrer entered the meeting at 12:10 P.M.)

Tanya Forderrer provided an overview of CDBG. Discussion ensued on the topic.

(Tanya Forderrer left the meeting at 12:30 P.M.)

Review Commerce KPI's

The staff presented a video of Josh explaining the KPIs of the Department of Commerce.

Visioning - V/TO

The board utilized the Vision Tracker Organizer to build the vision of the fund.

The board discussed the core values of the fund. The board chose the core values of sustainability, integrity, credibility, proactivity, and collaboration.

Discussion ensued on the core focus of the board. The board concluded that the core focus of the board should be the mission statement.

Discussion ensued on the 10-year target for the fund. Discussion focused on the appropriate metrics to measure success. The staff will compile information to help the board formulate a goal.

The discussion on the vision of the fund will be resumed at next quarter's in-person meeting.

Adjourn

With no further business, the board meeting was adjourned at 2:45 P.M.

Respectfully submitted,

Hannah Lange

Venture and Financing Manager