Minutes

Rugby Job Development Authority

Special Meeting: July 23, 2026 at 12 PM

JDA Office/Teams

Members Present: Neil Lotvedt, Rob St Michel, Duane O'Marro, Danielle Jacobson

Teams: Mathias Follman

Others Present: Brian Hoffart

Meeting called to order by Follman at 12 PM. Roll Call, O'Marro, Lotvedt, St Michel, Jacobson, and Follman present.

Agenda is the 2027 budget.

Lotvedt motioned to approve agenda, Jacobson seconded. All voting in favor. M/C

Hoffart presented the 2027 budget, that for the most part shadows the 2026 budget. He explained that he adjusted the income based on what City Auditor Stewart had given me projections for income for next year, stating that we're going to be up just slightly. He then proceeds to go through how he adjusted expenses based on past history from QuickBooks and previous budget. There is an adjustment to the Chalmers maintenance because there are fewer lots, so it dropped $3,000 from $10,000 to $7,000. Property taxes are held across the board. Contracted services is the same. Insurance is the same. The assessments for Chalmers is adjusted down based on the lots we figured would be in our position next year. Adjusted the software and computer expenses up to budget for a new main office printer, adding $3,500. Office rent stays the same. And utilities increased slightly based on what was reported in QuickBooks. Conferences dropped a little bit because we're not doing as many trade shows and conferences. Marketing held the same. And then the JDA director's position salary and benefits are based on that off of what Jennifer Stewart provided as input. The subscriptions, based on QuickBooks, increased slightly to $1200. The community development was broken out to sow where money is actually going versus just having one big lump sum. Hoffart explained that he broke that into the 50-50 sign program, the childcare grant, the employer new hire program that was just instituted, and the LMF, the loan program and the grant match program. The old allocation amount of $35,000, was reallocated back into these. And the flex pace program was allocated based on current levels plus adding in an additional buffer for new additions to the program for next year. Current commitment of about $52,000 for the year with an addition of $10,000, which overall gives us about $20,000 or $25,000 in new capacity for next year on top of where we're at currently. The small business development, for the SBA membership and affiliation stayed the same. Physicians' recruitment was reduced from $20,000 to $10,00 because we're not utilizing it, but didn't want to eliminate it completely. The student loans, we'll have $12,500 that will be obligated for next year. And we are adding in about the same amount for applications for next year budgeting $23,000. For the 50-50 sign program budget is $15,000. It averages out to $3,000 to $5,000 per sign. Childcare grants is $5,000, 5 grants at $1,000 each for next year. And then the loan match fund is $133,756, which is from two accounts we combined, a money market and the CD over at Old National. Chalmers loss, is held the same. We have a budget for 2027 of $559,097 and we end up with a deficit of $195,132. On the balance sheet handed out is shows $796,656 in cash reserves and that includes our checking account plus all the CDs and other accounts. With that and with the $196,000 deficit, we'll still have about $500,000 to $600,000 in reserves to cover everything. We can cover the match fund and also cover at least 2 years' worth of expenses. Typically, we run between $200,000 and $250,000 a year in expenses, which has been consistent for the last three to five years. Unless we have a big cash outlay, we'll maintain most, if not all of our expenses through our checking account which usually has around a $300,000 to $350,000 balance. We're positioned strong enough to be able to absorb this, to get some new programs going and then reassess next year again and see where we're standing. With the loan fund, we will be looking at grants to help cover the cost. The total amount would be offset by whatever additional money we get from the grant itself.

St Michel asked if any grant would go into our income and show on a profit and loss statement, and would that offset the expense part of it. Hoffart Replied: Any grant that would be journaled to offset that would be earmarked o be used specifically for certain programs. He stated that we maintain on a cash flow basis, a budget of about $200,000 to $250,000 and the reserves keep building very nicely from year to year to year. He also mentioned that we're going to start implementing the initiative of being require payback of the flex pace portions on some of the loans to bring that money come back to us.

Follman asked for clarification that the $133,000 is money that would be pulled out of our checking account to set up a separate account for this. Hoffart responded that yes it would with the intention of keeping the new reserve account a liquid reserve account.

Follman inquired about whether the $133,000 set aside as a loan match fund would cover flex base too? Hoffart answered that some of it would come out of that but for now we are allocating money in both areas and that we'll try work with money allocated out of flex space that is currently budgeted.

St Michel inquired if the $193,000 loss is a maximum, and that we would be covering it if we don't get any grants and would be worst case scenario. Hoffart responded that it would give us the money to work with and that the idea is to try to leverage that as much as possible. The grant money would have to be journaled under whatever that money was allocated for originally, such as business micro loans, flex pace type of loan, or programs to help fix up blighted homes. They need to be designated the same as what the loan funds are originally set up to do.

No further discussion.

Lotvedt motioned to approve.

Jacobson seconded motion.

Roll call vote with all members approving, M/C unanimously.

Lotvedt motion to adjourn.

Jacobson second.

Meeting Adjourned.