

Black Hills Council of Local Governments

Meeting Minutes - January 28, 2010

MEMBERS PRESENT: Alan Aker, Gary Brown, Karen Bulman, Anne Cassens, Eddie Clay, Al Dial, Stan Harms, Phil Lampert, David Schneider, Mike Stahl and Dean Wagner

MEMBERS ABSENT: Malcom Chapman, Deb Hadcock, Rex Harris, Terry Weisenberg, Rolf Kraft, Lloyd LaCroix, Joe Peterson, Doug Schmit, Sharon Scudder, James Turner and Cindy York

GUESTS PRESENT: Chuck Loomis, Black Hills Power and Pat McElgunn, Rapid City Area Chamber of Commerce

STAFF PRESENT: Blaise Emerson, Bill Lass, Denise Livingston and Lola Lincoln

Chairperson Wagner called the regular meeting of the Black Hills Council of Local Governments to order at 7:00 P.M. Roll call was taken with eleven (11) members in attendance; a quorum was declared present.

MINUTES

MEMBER BROWN MOVED FOR APPROVAL OF THE OCTOBER 22, 2009 MEETING MINUTES AS PRESENTED; MEMBER CASSENS SECONDED, AND THE MOTION PASSED UNANIMOUSLY.

REPORTS

Black Hills Power - Mr. Loomis advised that application for a 26.6 percent revenue increase had been filed with the South Dakota Public Utilities Commission (PUC) on September 30, 2009, and any increase authorized would not become effective until Wygen III is on line around April 1, 2010. He updated Board Members on what had happened since the filing and advised that the PUC would be holding a formal hearing February 23-26, 2010, saying, "*Black Hills Power expected an order to be issued around the end of March with a target date of April 1st for placing the power plant into service.*"

He addressed questions from Board Members concerning the amount and timing of the increase with Member Schneider saying "*...September 30th was the actual date municipalities in South Dakota had to have their budgets for 2010 certified,*" and that "*...the size of the increase was even bigger, tougher to swallow, and it was going to put municipalities into a banking situation.*" Member Dial questioned, "*...whether or not their demand fees were going to have the same impact because there are times right now when demand fees could be higher than their actual consumption bill.*" Mr. Loomis said, "*...the proposal was for an across-the-board increase in all ways.*" Chairman Wagner asked if rates could vary depending on whether it was industrial, etc., and if so, it was not a true across-the-board rate increase, to which Mr. Loomis said, "*...that was correct.*" He agreed that industrial energy could actually go higher than the 26.6 percent being requested.

In closing, Mr. Loomis said, "*...there's more that we can do and need to do in terms of educating communities and customers about what impact an investment like this will have on the customer.*"

Ports-to-Plains Corridor - Mr. McElgunn briefed Board Members regarding progress of the Ports-to-Plains effort, which started in south Texas, with a connector going to Limon, Colorado, at which point the Heartland Expressway progresses north through Nebraska to Rapid City, Belle Fourche and beyond where it is picked up by the Theodore Roosevelt Expressway effort through North Dakota into Canada. Mr. Emerson advised that Mr. McElgunn was working on a National Ports-to-Plains Convention that will be held in Rapid City in September. Details will be sent to the membership when available.

OLD BUSINESS

Move to Black Hills Business Development Center - Executive Director Emerson reviewed for Board Members his memorandum outlining reasons for a possible move to the Center, along with associated costs and potential savings. He recommended making the move whether or not a partnership was entered into with Black Hills Community Economic Development (BHCED) and asked for authorization to put together an agreement detailing specifics concerning the salient points discussed. Of particular concern to Board Members was a clear definition of the terms regarding rent, subleasing of existing Council Offices, moving costs, office renovations and/or furniture for the new location, etc.

MEMBER DIAL MOVED TO AUTHORIZE EXECUTIVE DIRECTOR EMERSON TO ENTER INTO NEGOTIATIONS FOR THE PREPARATION OF AN AGREEMENT WITH THE BLACK HILLS BUSINESS DEVELOPMENT CENTER AND/OR BLACK HILLS COMMUNITY ECONOMIC DEVELOPMENT DEFINING A CLEAR UNDERSTANDING OF TERMS AND CONDITIONS FOR A POSSIBLE MOVE INTO THE BLACK HILLS BUSINESS DEVELOPMENT CENTER; MEMBER. SCHNEIDER SECONDED, AND THE MOTION PASSED UNANIMOUSLY.

When an agreement is prepared, Mr. Emerson will forward it to Board Members for review prior to the April meeting or the scheduling of a special meeting if that is deemed necessary due to time constraints.

Update on Black Hills Community Economic Development Agreement - Mr. Emerson reviewed with Board Members the Proposed Partnership document between BHCED and Black Hills Council, which highlighted some of the major concerns that BHCED's Board expressed. He stressed the importance of establishing a joint executive committee/management committee comprised of people from both organizations as well as a "combined" executive director. He said detailed language had to be included in the agreement identifying how the two organizations would hire or replace an executive director and how the two organizations could separate if they so desired at sometime in the future. After considerable discussion about the pros and cons of a partnership, Mr. Emerson requested authorization to work on the partnership document for presentation to Board Members at their April meeting.

MEMBER BULMAN MOVED TO AUTHORIZE EXECUTIVE DIRECTOR EMERSON TO PROCEED WITH THE PREPARATION OF A DRAFT PARTNERSHIP AGREEMENT BETWEEN BLACK HILLS COMMUNITY ECONOMIC DEVELOPMENT AND THE BLACK HILLS COUNCIL OF LOCAL GOVERNMENTS BUT ASKED THAT A MODEL OF SUCH AN ARRANGEMENT FROM ANOTHER COUNCIL OF GOVERNMENT BE PROVIDED TO BOARD MEMBERS ON WHICH THEY COULD BASE THEIR DECISION.

Mr. Emerson said he would ask Ms. Lynn Keller Forbes from South Eastern Council of Governments in Sioux Falls to make a presentation at the April meeting.

MEMBER CLAY SECONDED, AND THE MOTION PASSED UNANIMOUSLY.

NEW BUSINESS

Retention of Executive Director for 2010 - After a brief Executive Session, Chairman Wagner announced that Mr. Emerson was hired for Calendar Year 2010. He then asked if this action could be taken in December instead of January each year. Inasmuch as the Board does not normally meet in December, Mr. Emerson suggested this matter be addressed during the October meeting at which time the Council's budget is set. Chairman Wagner said that would be the case unless someone objected.

Authorization for Audit for 2006 Through 2009 - Normally, the audit is done for a three-year period but during the transition, it was missed last year. Mr. Emerson asked for authorization to have an audit done for Calendar Years 2006 through 2009.

MEMBER BROWN MOVED TO AUTHORIZE AN AUDIT OF THE BLACK HILLS COUNCIL FOR CALENDAR YEARS 2006 THROUGH 2009; MEMBER SCHNEIDER SECONDED, AND THE MOTION PASSED UNANIMOUSLY.

Black Hills Vision Update - Board Members were given a summary of the combined responses/comments from the various town hall meetings. Mr. Emerson advised that 11 meetings had been conducted with an outstanding participation, noting Wall was the smallest turnout with about 15 people; whereas, meetings in Spearfish and Rapid City had between 40 and 50 attendees.

A Higher Education Town Hall Meeting was held, and Mr. Emerson advised "*...mention was made that it was probably the first time they had presidents and/or representatives from Black Hills State University, National American University, South Dakota School of Mines and Technology, Western Dakota Technical Institute and two regents at the table at one time discussing higher education issues.*" Input from these meetings will be used as a basis for Council Staff to prepare, as part of the agency's requirements for funding, an economic development strategies report for the Economic Development Administration.

Perkins County Request for Membership - After a presentation to the Perkins County Commission in December relative to the Council's services and benefits of membership, Mr. Emerson received a formal request from Commission Chairman Norman Miles for membership in our organization. Inasmuch as this will entail an overhauling of the Council's Joint Powers Agreement, he suggested offering them temporary membership, which will be formally finalized at the conclusion of that process, but, in the meantime, the County and its various communities will be treated as members.

MEMBER LAMPERT MOVED TO INVITE PERKINS COUNTY TO BECOME A MEMBER OF THE BLACK HILLS COUNCIL OF LOCAL GOVERNMENTS, WHICH WILL BE FORMALIZED AFTER COMPLETION OF AN UPDATING OF THE ORGANIZATION'S JOINT POWERS AGREEMENT LATER THIS YEAR; MEMBER AKERS SECONDED, AND THE MOTION PASSED UNANIMOUSLY.

Legislative Update - A number of items (Pennington County's proposed septic ordinance, an extra penny on the sales tax and fuel taxing for highways) were discussed briefly with no major items of interest to Board Members.

ADMINISTRATIVE ITEMS

Black Hills Council Financial Report - Mr. Emerson reviewed the financials with Board Members advising that at the end of 2009, the net revenue was \$22,970 and with expenses down, overall it was a very good

year. For 2010, the Council has a number of contracts with state agencies to administer various funding programs (state revolving loan funds, energy grants, etc.). Additionally, projects receiving stimulus monies have Davis-Bacon reporting requirements; Council Staff will do that reporting thus generating additional revenue.

Member Aker inquired about the reserve account and the reason for such a high balance. Mr. Emerson reported that in past years, it was the former Executive Director's goal to have about one year's operating capital in reserve as a cushion in case funding sources disappeared. This would give the agency time to dissolve operations in a responsible manner. After further discussion about ways of not adding to the reserve account much over its current balance, Chairman Wagner suggested reviewing the issue next year and possibly addressing a reduction in membership assessment fees.

Next Meeting Date of Council - The next meeting is scheduled for April 22, 2010.

ITEMS FROM CITIZENS AND COUNCIL MEMBERS NOT ON THE AGENDA

None

BILLS

Bills paid for the Months of October 2009 through January 2010 were presented to Board Members with no formal action being required.

ADJOURNMENT

MEMBER DIAL MOVED FOR ADJOURNMENT AT 8:45 P.M.; MEMBER SCHNEIDER SECONDED, AND THE MOTION PASSED UNANIMOUSLY.

Respectfully submitted,

Stan Harms
Secretary