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JSDC approves request: Goodrich asks to extend its current lease agreement

The economic slump in the airline industry brought Goodrich Corp. officials to the Jamestown/Stutsman Development Corp. Board meeting Monday to request no increase to its upcoming five-year lease agreement. The JSDC Board unanimously agreed to the request.

By: [Toni Pirkle](#), The Jamestown Sun

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The lease and option agreement on Goodrich Building II was due for reconsideration between the two at an increased rate starting March 1. The aerospace company also had the option to purchase the building for \$350,000. Jack Clay, vice president and general manager of Goodrich Cargo Systems in Jamestown, said the downturn has affected Goodrich for the last year and a half and the company needs to renew the lease at the current rate to keep its costs down.

“In late 2008 and 2009, the bottom fell out of the aerospace business,” Clay said. “It’s starting to go up again, but the aftermarket business, which is the majority of our profitability, hasn’t bottomed out yet.”

Clay, who recently replaced Van Halfacre, said Goodrich Jamestown produces cargo handling systems for freight and passenger airplanes. He noted the business is 100 percent commercial, but the company is going after three military contracts to broaden its base.

Meanwhile, the company initiated a reduction in its work force in 2009 along with shortened work weeks to offset the slumping market, he said. Goodrich Jamestown presently has 522 employees. He said the company will continue to look for cost-cutting measures.

“We anticipate more reductions in the work force in 2010 and more cost containment,” he said. “Cargo Systems is a very small part of Goodrich. We’re not in a situation where Goodrich can carry us. We must have profitability.”

The original lease and option agreement between Goodrich and the JSDC was approved in 2004. JSDC CEO Connie Ova said the building is owned by JSDC, but economic development isn't about owning buildings. The intent all along has been to sell the former Dynamics building to Goodrich and a 2006 amendment to the agreement said that. However, with the present economic situation, she said, that idea has to be shelved.

"We have to allow some breaks without any penalties for our companies," she said. "The economic downturn has not missed Jamestown and the county and we have had companies forced to downsize to keep their doors open."

Goodrich pays no rent to the JSDC for the building. Instead, the company pays rent on the land to the Jamestown Regional Airport Authority and property taxes on the building. It has extensively remodeled the building at its own expense and owns the attached warehouse outright.

"Basically, there's no out-of-pocket expense for JSDC," said Ken Schulz, JSDC Board member.

The board also unanimously approved releasing any lien on Precision Results' accounts receivables. Owner Kent Paulson told board members Toro, his biggest customer, changed its payment schedule from 15 days to 75 days.

"That puts me in a cash flow bind," Paulson said.

However, Toro, which has been an anchor customer for Precision Results for 20 years, has made arrangements to offset the problem for its suppliers.

"Toro has offered PrimeRevenue as a resource," Paulson said. "You still get your money but it's through PrimeRevenue. We've always given them (Toro) a 1 percent discount for net 15 and this works out the same way."

The other accounts receivables would retain any bank or JSDC liens. The JSDC has \$75,000 stock in the company and \$30,000 in New Jobs Training funds.

"The other banks have agreed to release the liens on Toro accounts receivables," said Denny Ellefson, JSDC Board past president.

Both the Goodrich and Precision Results requests go to the City Council and County Commission for final approval.

In other business, the board elected Gary Riffe to finish the late Stu Higginbotham's term on the board. JSDC Board member Joan Morris said she believed he would bring another dimension of health care to the table. Riffe is a nursing home administrator.

JSDC Board President Jim Boyd presented the updated five-year strategic plan. The plan includes four strategic projects — Spirit Energy Park Development, Creating a local

Venture Capitalist Group, Development of an Entrepreneurship Incubator and a continued development of a training center.

“We had seven last year and that was too many,” Boyd said.

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