

Growth Fund Members:

Chairman,
 Tim Spilman

Vice Chairman,
 Mark Weide

Annette Behm-Caldwell
 Don Boehm
 Jeff Erickson
 Dennis Friesz
 Rick Horn
 Michael J.B. Schaff
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Liaisons:

City Commissioner, City of Mandan
 Mike Braun

City Attorney, City of Mandan
 Malcolm Brown

City Administrator, City of Mandan
 Jim Neubauer

Chief Building Official/Assessor, City of Mandan
 Douglas Lalim

Finance Director, City of Mandan
 Greg Welch

Business Development Director, City of Mandan
 Ellen Huber

Bismarck-Mandan Development Association
 Russ Staiger
 Brian Ritter

Lewis & Clark Regional Development Council
 Brent Ekstrom

***Mandan Growth Fund
Wednesday, April 24, 2013
Noon***

***Mandan City Hall
205 Second Avenue NW
Former Morton County Library Room***

1. Introductions

MGF members and liaisons were in attendance as indicated with an .

2. Consider the following minutes:

- a) January 28, 2013

Dennis Friesz moved to approve the January 28, 2013 minutes. Don Boehm seconded the motion. The motion passed unanimously.

3. Consider application for property tax incentive for new or expanding business:

- a) Prairie View Properties, LLC (Little Caesar's), 310 6th Avenue SE

Randy & Lisa Rhone, with Prairie View Properties, LLC (Little Caesar's), were present to answer any questions on the project.

Ellen Huber gave an overview of the project. The original application was approved a few years ago, (in 2011) but the project was delayed due to their opening a store in Dickinson and also the flood concerns at the Mandan location.

Ms. Huber also provided an overview on the exemption policy criteria as it related to the project.

Randy Rhone, Managing Partner of Prairie View Properties LLP, explained that Little Caesar's is different than other pizza places. They are strictly carry-out. He provided a handout detailing the reasons for the tax exemption request.

They will also offer wings & ribs and other food products. They currently have over 100 employees between their western N.D. stores. They have built 1 new store in Dickinson; 2 in Bismarck; and 1 they are

going to build in Minot. Randy Rhone indicated that they would like to establish their headquarters for bookkeeping and other central functions in Mandan since they own the site and live in Mandan.

Most employees are part-time at approximately 25-37 hours. With an estimated three full-time employees and 17 part-time employees, they would meet the Tier II jobs creation requirement, which in this case would be nine, which includes the three base employees plus an additional employee for each \$100,000 in structural value subject to exemption. The building value is estimated at \$600,000, necessitating 6 additional employees for the tier 2 exemption, or a total of 9. The part-time positions should have an FTE equivalent of 8-9 putting the total at 11-12.

Don Boehm inquired whether their direct competition was Domino's Pizza? Randy explained that Domino's business is 75% home delivery and Little Caesar's has 6 menu items hot and ready all the time. Other places you need to order and they prepare.

Huber stated that the policy reads if you meet 1 of the Tier II criteria then the project qualifies. This project meets Tier II for both jobs creation and for the amount of restaurant and lodging tax to be generated.

Jeff Erickson asked whether there has been a public notice in the paper? Richard Barta mentioned that 2 public notices have been in the paper. The Assessing Office has not received any objections as of today.

Randy Rhone brought up that they are building for the possibility of two additional tenants. Jim Neubauer indicated that any savings through the tax break must be passed to the tenant. Randy Rhone stated that they are asking \$16-\$20 lease rate which is very tentative.

Tim Spilman replied that they are due to meet 2 qualifications of the Tier II exemption.

Ellen Huber said that they would need to supply copies of their tax returns to verify sales tax. She also mentioned verification of jobs for meeting the Tier II qualification.

September is the estimated start of operations.

Jeff Erickson moved to recommend approval of Prairie View Properties, LLC (Little Caesar's) for a Tier II property tax exemption at 100% for years 1-2, 75% year 3, 50% year 4, and 25% year 5. Dennis Friesz seconded the motion. The motion passed unanimously.

b) Bayside, LLC, 2721 46th Avenue SE

Property owner/contractor Tory Otto and Mike Staudinger of DJ's Tesoro in Dickinson were in attendance to answer any questions regarding the Bayside, LLC request.

Huber gave an overview of the project and how it compares to the exemption policy. She indicated that it should surely meet Tier I on the basis of 10 full time employees. They need 12 FTEs to meet Tier II requirements (3 base and 9 with a \$945,000 building). They would qualify for Tier I on the basis of wages & benefits. The projected annual sales would be over \$6M, but gasoline isn't subject to city sales tax. They would need to find out what will be subject to the local sales tax. There are only 2 retail categories in Mandan/Morton County where a market gap does not exist. Gasoline is one of them where more is sold in the county than the level of demand originating from within the county.

Otto and Staudinger further explained the project. They presented a tentative floor plan and indicated that the location is across from Raging Rivers Water Park. There are a large percentage of people in the SE section of Mandan that shop in Bismarck. They wanted to build two years ago but due to flooding the project was put on hold. Their projected in-store sales on non-gas items subject to sales tax are \$675,000. Bayside, LLC is looking at additional in-store sales of coffee or sandwiches, or they may lease out the area. Their plans are to include a drive-through coffee shop.

The reason that they are looking for a tax incentive is due to construction costs. They are seeking the exemption for both the car wash and C-Store. The total construction cost is \$2.5 M. It will be a neighborhood-driven store. There will be 6 part-time employees at 20-32 hours/week, so this should equate to 3 additional FTEs based on 6 employees @20/wk for a total of 13.

Ellen Huber indicated that Bayside LLC would meet the Tier II requirements but they would still have to verify jobs creation and actual sales.

Jeff Erickson questioned whether a liquor store was included in the project? Tory Otto responded that no, but they would be making application for one.

Mike Staudinger thinks inside sales could exceed \$1M.

Don Boehm inquired what the approximate date to completion would be. Tory Otto replied fall of 2013. It would be a 4-month construction period.

Jeff Erickson moved to recommend Tier II exemption for the Bayside LLC project. Michael Schaff seconded the motion with the stipulation that if they don't meet Tier II, then it drops to Tier I. The motion passed unanimously.

Ellen Huber added that the direct competition would be the 2.0 miles to gas on the strip, as would be the 2.0 miles to Bismarck.

Jeff Erickson agreed stating that the competition would be Bismarck not Mandan.

4. Legislative update

Ellen Huber provided an update on the Senate Bill 2314. The bill has passed. Therefore, effective Jan. 1, 2015 in order to grant exemptions, the project must be certified as primary sector by the State of North Dakota. If a political subdivision wants to incentivize retail and the population is under 40,000, then the city or county needs to take it to a vote of the people. Thus, the Mandan Growth Fund may want to weigh in on whether to take it to a vote. Also, service sector businesses are not eligible after the effective date of the legislation.

Tim Spilman asked that clawback agreements clarify what happens if a project applies and does not meet requirements. Malcolm Brown indicated that the agreements will be written to clarify what happens if the business does not pan out.

5. Other Business

Tim Spilman indicated that they will bring back the issue of staggering terms at another meeting. He questioned the members as to whether the new policy was workable.

6. Adjourn

Mark Weide moved to adjourn. Rick Horn seconded the motion. The motion passed unanimously. The meeting adjourned at 1:05 p.m.