

Growth Fund Members:

Chairman,

Tim Spilman

Vice Chairman,

Mark Weide

Jeremy Bauer

Annette Behm-Caldwell

Don Boehm

Jeff Erickson

Rick Horn

Curtis Patzell

Michael J.B. Schaff

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

Brian Ritter

Nathan Schneider

Lewis & Clark Regional
Development Council

Brent Ekstrom

Mandan Growth Fund

July 10, 2014

Mandan City Hall

205 Second Avenue NW

Former Morton County Library Room

1. Introductions

Vice Chairman Mark Weide called the meeting to order at 12:05 p.m. Those members indicated with were in attendance. Dave Albrecht and Eve Kostecky were also in attendance as a storefront improvement program applicant.

2. Consider the following minutes:

a) June 11, 2014

Jeff Erickson moved to approve the minutes, Don Boehm seconded. Motion passed unanimously.

3. Consider Storefront Improvement Application for 306 W Main Street by Eve Kostecky/BREA.

Ellen Huber summarized the project. Eve Kostecky and her husband David Albrecht recently purchased the building at 306 W Main Street for operation of BREA boutique, which they've successfully operated for two years at 906 Second Street NW. Huber mentioned that incidentally the Second Street building had been a storefront improvement project by a prior owner, Stepping Stones Children's Academy.

Exterior improvements in the Storefront Improvement application for 306 W Main include staining of the brick to a red or maroon color, new storefront and transom glass with uniform trim and a black metal transition between windows, recessed lights above the front door and painting of the ceiling and wood above and around the door, replacement of storefront tile with metal/wood paneling, stamped concrete at the main entry, a new lighted business sign, replacement of the back doors with the addition of a dusk to dawn light, replacement of three rear windows and painting or new siding for rear, closed window spaces.

The exterior upgrades received approval by the Mandan Architectural Review Commission at its meeting on July 8, 2014.

The estimated investment in the exterior improvements to street facing sides of the building is \$41,424 to \$43,424 depending upon the sign selected. Because of the possibility for unanticipated costs such as if the front door needs to be replaced to accommodate an automatic door opener, the applicant has asked to be approved for up to \$30,000 in matching funds not to exceed 50% of actual expenditures.

The applicant is also planning to replace the building's roof and to make some interior improvements and thus plans to submit a Renaissance Zone application at a future date. A Retail and Restaurant Incentive application is also expected for the expanded square footage from Brea's existing location at 906 Second Street NW to this new location.

Curtis Patzell asked about the idea of staining the brick. Eve explained that the mock-up of the building provided by the sign company makes the color look orange, but said she is seeking a natural looking color with a maroon tint. Dave explained that painting traps moisture. They had also looked an overlay of a thin brick, but found that Hertz Masonry is back up 2 months. They are seeking a stain color that would make the building look similar to the Simes Graphic Design building on the 400 block of West Main.

They noted that they plan to be open for 3 days per week in the new location, Thursdays, Fridays and Saturdays. The store is currently open Thursdays and Saturdays.

Erickson moved to recommend approval of the project for up to \$30,000 in matching funds, not to exceed 50 percent of actual expenses. Rick Horn seconded. Motion carried unanimously.

Committee members applauded the efforts of Eve and Dave to expand their store and improve the building. They noted they'll consider being open more days if the traffic and customer demand warrants it.

4. Update on Mandan IRP I & II revolving loan funds by Lewis and Clark Regional Development Council.

Huber explained the background behind the programs. LCRDC staff identified an opportunity, twice asking and recommending that the City of Mandan provide matching funds for USDA Intermediary Relending Program (IRP) applications. USDA provided a long-term, low interest loan of \$750,000 with the City providing a match of \$250,000 from its sales tax fund. The result is two \$1 million revolving loan pools established in 2007 and 2009 respectively. Businesses in Mandan and a 10-mile radius in Morton County are eligible. The agreement for the matching funds names the LCRDC as administrator of the program. Loan applications are submitted directly to the LCRDC and its loan committee makes the decisions.

Brent Ekstrom provided a report listing projects that have received loans through the IRP funds. He noted that the original \$1 million in both funds has been loaned out and is now revolving. Nearly \$500,000 is currently available for lending from the funds. A total of 37 projects have been approved for loans with total project costs at slightly more than \$15 million. The cost per job created or retained has been approximately \$11,000. Administrative expenses have totaled approximately \$120,000 or about 6 percent. All earnings through interest and closing and origination fees go back into the pool to help pay for write-offs and for additional lending. A few business projects have not succeeded, but most have still been able to repay their loans with the sale of real estate or other means. Write-offs have totaled about \$93,000. It was noted that a purpose of the fund is for higher risk lending, so some defaults are to be expected.

Weide noted that a typical default rate for a private lending institution would be 1 to 2%. Ekstrom said the rate for the Lewis and Clark Regional Development programs is more in the range of 5% and that the Economic Development Administration actually suggests that the rate should be as high as 15% for lending programs geared toward economic development. Erickson noted the funds have also helped with expansion of several existing businesses with proven cash flows.

The LCRDC does need to repay the \$1.5 million that was provided by USDA. It's a 30-year loan. The balance on the loan is currently \$1,358,033.

Weide suggested that a semi-annual report on the Mandan IRP fund may be helpful.

As time on future agendas allows, information can also be provided about the status of business lending through the N.D. Opportunity Fund created with the \$9.7 million allocation from the U.S. Treasury State Small Business Credit Initiative. Mandan is the lead municipality for a consortium of 38 communities.

5. Other Business

Committee members queried Huber on the status of a number of development projects, including several outside of the scope of the Growth Fund Committee.

6. Adjourn

There being no further business, the meeting adjourned.