

Growth Fund Members:

Chairman,

Mark Weide

Vice Chairman,

Don Boehm

Dan Anderson

Jeremy Bauer

Jeff Erickson

Rick Horn

Curtis Patzell

Michael J.B. Schaff

Tim Spilman

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, 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

Tuesday, May 12, 2015

Noon

Veterans' Conference Room

Mandan City Hall

205 Second Avenue NW

1. Introductions

Chairman Mark Weide called the meeting to order. Members indicated with a were in attendance. Also in attendance were Program Coordinator Krista Harju; City Assessor Shirley Shaw; Lee Weisbeck, Starion Financial; Tracy Porter, NISC; Jeff Nelson, NISC; and Rachel Eggebrecht, NISC.

2. Consider for approval the following minutes:

a) April 7, 2015

Don Boehm moved to approve the minutes from April 7, 2015. Jeff Erickson seconded. Motion passed unanimously.

New Business

3. Consider request for an extension of the deadline for completion of a Storefront Improvement project at 112 Second Avenue NW

Dot Frank appeared before the committee to request an extension of the deadline for completion of a Storefront Improvement project at 112 Second Avenue NW.

Frank said it has been difficult to schedule contractors, as they are short on staff and time. Projects remaining to be completed include the storefront, windows on the main floor and painting. She is currently working with Indigo Signworks to get signage in place. At the time of the meeting, new doors had been installed and the windows on the second floor had been replaced. In addition to these components of the storefront improvement project, the roof has also been replaced.

Huber said the standard deadline is one year from the date of City Commission approval, which would be June 17, 2015, but there are no provisions in place regarding extensions. The Growth Fund Committee and City

Commission can determine the length of the extension. There is no reimbursement until the project is completed.

Erickson moved to approve the requested extension through December 31, 2015. Boehm seconded. The motion passed unanimously. The committee's recommendation will be presented to the City Commission on May 19.

4. Consider an application for Property Tax Incentives for a New and Expanding Business by National Information Solutions Cooperative (NISC) for expansion on Nygren Drive campus

National Information Solutions Cooperative, Inc. is seeking a 5-year property tax exemption for the addition of a new administrative building, which will be two stories and will include a café style lunch room, reception area, conference rooms, office space and amenities for employees. The estimated project cost is \$7.5 million. Construction of the building will cost about \$5.8 million, and infrastructure costs will total about \$1.7 million. The estimated completion date for the project is the fall of 2016.

NISC has been in Mandan since for more than 50 years. The cooperative provides 400 local jobs and pays more than \$25 million in payroll at its Mandan location. Over the years, it has demonstrated continued job growth. On average, 15 to 20 positions are added to Mandan every year. This is the fourth time the cooperative has appeared before the Growth Fund. They benefited from programs approved by the committee in 1996, 2002 and 2009. Computer World magazine has ranked NISC among the top 100 best IT companies to work for in the nation in 14 of the last 15 years.

Huber provided information on the application. NISC is applying for a Tier II property tax exemption. NISC meets all criteria for jobs creation and job quality. It is primary sector certified, as is required by legislation changed in 2013. The exemption comes in at 100 percent in each of the first two years, 75 percent in year three, 50 percent in year four and 25 percent in year 5. The property tax exemption will help offset the increased cost of construction.

Huber noted a difference in the amount listed on the application and within Porter's presentation. Page two of the application lists the cost of the newly constructed building at \$7.6 million. In his presentation, Porter said the building would cost about \$5.8 million. Only the building cost should be used to calculate the exemption amount. Parking lot improvements and infrastructure cannot be exempted. Huber calculated an estimate of what NISC's property taxes would be using the current mill levy of 314 mills. The total came to about \$91,060, as opposed to the previous calculation of \$119,334.21. Over the course of five years, it would be about \$318,710 in tax savings. Actual mill levies will be determined over the course of the exemption as the City and other taxing entities set the budget each year.

Notices of the Growth Fund meeting and the May 19 City Commission meeting were provided to Morton County, the school district and the park district, in case they want to participate in the consideration of the application.

Jeremy Bauer moved to approve a five year property tax exemption of 100 percent for the first two years, 75 percent for the third year, 50 percent for the fourth year and 25 percent for the fifth year. Tim Spilman seconded. The motion passed unanimously. The committee's recommendation will be presented to the City Commission on May 19.

5. Consider an application for the local match for a Bank of North Dakota PACE interest buy-down for NISC

NISC is also applying for the local match for a Bank of North Dakota PACE interest buy-down. To qualify for the PACE program, the applicant must have a primary sector certification. The program allows for a \$300,000 maximum buy-down amount from the Bank of North Dakota, requiring a 35 percent local match. The program is tied to jobs creation. At least one job must be created by the end of the first year for every \$100,000 in loan proceeds. NISC has submitted an application for buy-down on a principal amount of \$1.5 million, indicating they are comfortable growing at a rate of 15 employees per year. It comes out to a total buy-down amount of \$212,020.72 with a buy-down period of five years. The City of Mandan's portion would be \$74,207.24, with the Bank of North Dakota providing \$137,813.48.

The policy for the interest buy-down programs indicates that the Growth Fund Committee will consider a zero percent interest rate in providing the local match as a loan for primary sector projects. If the committee agrees to go with a zero percent interest rate, the Lewis and Clark Regional Development Council would like a \$1,500 upfront fee to cover origination and servicing for the period of the loan. No repayment will be due until the buy-down period is complete. Starion Financial has provided a letter of commitment to provide most of the financing.

Porter says the PACE program has been very good for NISC. It is geared towards jobs creation and that's what NISC has done. The first time the cooperative applied for the PACE program it had 100 employees in Mandan. Today, it has 400 employees.

Funding is available. The balance in the Growth Fund is \$465,605.51 of unencumbered funds for economic development projects.

Boehm moved to approve the application for a Bank of North Dakota PACE interest buy-down in the amount of \$74,207.24 at zero percent. Erickson seconded. Weide abstained because he is a voting member on PACE projects at the Bank of North Dakota. The motion passed unanimously. The committee's recommendation will be presented to the City Commission on May 19.

6. Other business

Huber was approached by a business that is looking to purchase a building just outside of the boundaries of the storefront improvement program. Three buildings in the area are on the market. The United Printed building and Weeda's building are advertised for sale, and the owners of Bonanza are looking to retire. Huber asked the committee for their thoughts on expanding the boundaries to allow these properties to qualify for the storefront improvement program. The committee agreed to discuss it at a future meeting.

7. **Adjourn**

Boehm moved to adjourn. Spilman seconded. Motion passed unanimously.