

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
Thursday, May 28, 2015***

Noon

Veterans' Conference Room

Mandan City Hall

205 Second Avenue NW

1. Introductions

Vice Chairman Don Boehm called the meeting to order. Members indicated with a were in attendance. Also in attendance were Program Coordinator Krista Harju and Chris Houwman, Malloy Electric.

2. Consider for approval the following minutes:

a) May 12, 2015

Tim Spilman moved to approve the minutes. Dan Anderson seconded. The motion passed unanimously.

New Business

3. Consider an application for the local match for a Bank of North Dakota Flex PACE interest buy-down for Malloy Electric

Ellen Huber provided a background on the application. Malloy Electric is seeking the maximum buy-down amount of \$153,846. The Bank of North Dakota will provide 65 percent or \$100,000 of the amount, with the local community required to provide 35 percent or \$53,846. The buy-down is on a principal amount of \$1.6 million. The total project investment is estimated at \$2 million.

Houwman provided a background on Malloy Electric. Malloy Electric provides sales and service of electrical equipment, electric motors, variable frequency drives, and mechanical equipment. Markets include agriculture, general industry and utility industries. The independent, family-owned company is based in Sioux Falls, S.D.

Malloy Electric plans to sell, service and distribute its products from the Mandan location. Other locations considered included Dickinson and Bismarck. The company expects to initially employ 7 people at the Mandan location with plans of reaching 10 to 14 within

three years and a projecting employment of 15 to 20 people by 2020. The staff includes degreed engineers.

The company plans to build a new 21,350 square-foot building to accommodate sales, service and warehousing of inventory. The project will be broken into two phases. The first phase is expected to begin in June 2015. It includes a large warehouse to inventory products, a lunch room, break room, sales office and shop area. A purchase agreement for the land has been drafted with Pletan Properties. The company plans to open in the fall of 2015.

U.S. Bank, the primary lender, provided a letter of commitment. The City will benefit from the project through property tax and sales tax dollars, as well as its employment opportunities.

The Growth Fund unencumbered balance is \$391,398. If this application for \$53,846 is approved, the new balance would be \$337,552.

Huber recommended structuring the local match as a loan, with an interest rate of 3 to 4 percent to begin accruing after the 43-month buy-down period ends, and repayable within an equal time thereafter, for a total maximum loan length of 7 years. The LCRDC will administer and service the loan for the City of Mandan for a 1 percent origination fee and all hard costs to be paid by the borrower and a 1 percent servicing fee on payments collected after the buy-down period ends. A separate agreement will be proposed with the Lewis and Clark Regional Development Council for administration and servicing of interest buy-downs structured as loans.

The applicant will need to enter into a business incentive agreement with the Bank of North Dakota and City of Mandan and will need to submit an annual jobs verification report for five years after receipt of the interest buy-down. An automatic door will also be required.

Spilman moved to recommend approval of the interest buy-down for Malloy Electric with a local match of \$53,846 to be structured as a loan repayable within 43 months after the 43-month buy-down period with a 3 percent interest rate and all loan origination and filing fees paid by the borrower. Curtis Patzell seconded. The motion passed unanimously. The recommendation will be presented to the City Commission on June 2, 2015.

4. Review boundaries for Storefront Improvement Program

Three buildings just off East Main Street outside of the Downtown Storefront Improvement District are potentially for sale or lease. The downtown area has seen 30 projects since the program began in 2006. Boehm noted that the purpose of the program is to attract people. Commissioner Braun said the heart of a city is its downtown. He recommended including the area, as it is visible as people enter the downtown area from the interstate.

The committee agreed to expand the program boundaries to include the area of Shady Lane to East Main and Missouri Drive to Second Street NE. Bauer moved to have staff create revised boundaries for review at the committee's next meeting. Jeff Erickson seconded. Motion passed unanimously.

Other business

5. Adjourn

Spilman moved to adjourn. Jeff Erickson seconded. The motion passed unanimously.