

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
Wednesday, July 29, 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, Dot Frank and Lindsay Bartsch, L. Bartsch Properties.

2. Consider for approval the following minutes:

a) May 28, 2015

Tim Spilman moved to approve the minutes from the May 28, 2015 meeting. Jeremy Bauer seconded. The motion passed unanimously.

Old Business

3. Consider boundary change for Downtown
Storefront Improvement Program

Ellen Huber presented the proposed boundary change for the Downtown Storefront Improvement Program. The boundary currently ends at the east end of Main Street where the railroad tracks run north and south. Three buildings that are at least 30 years old or older and are located on the far end of East Main Street (beyond the north-south railroad tracks) are potentially for sale or lease. Some of the buildings in this highly visible area from business loop of I-94 could benefit from an exterior make-over and eligibility for the program may improve changes for sale and optimal use of the properties.

At a previous meeting, the committee had discussed expanding the boundary to include areas beyond the railroad tracks. The new boundaries would include commercially zoned properties along East Main, Shady Lane and Missouri Drive to Second Street NE.

Spilman moved to approve the new boundaries as presented. Rick Horn seconded. The motion passed unanimously. The proposed boundary change will be presented to the City Commission at its Aug. 4 meeting.

New Business

4. Consider Storefront Improvement application for 4018 Memorial Highway by L. Bartch Properties, LLC

Huber provided background on the project. Lindsay Bartch of L. Bartch Properties, LLC, has purchased the property at 4018 E Memorial Highway with plans for renovation and lease to his new business, Event Motorway, which will feature sales of late model import and luxury autos as well as some classic cars. Bartch said the Storefront Improvement Program influenced him to purchase the property and move forward with the project.

The estimated cost of the proposed storefront improvement project is nearly \$89,000. The application is for the maximum \$30,000 in matching funds. The application outlines plans to put a new façade on the building using a steel wall structure coated with EFIS.

He is planning additional investment in interior building renovation including HVAC, electrical, plumbing, flooring, walls and insulation. There will also be upgrades to the parking lot, removal of an old pole sign near the roadway ditch and the addition of containerized plantings.

The building design received approval from the Mandan Architectural Review Commission on July 28, 2015.

The Growth Fund has set aside \$200,000 for Memorial Highway storefront and landscape improvement projects.

Spilman move to approve providing up to \$30,000 in matching funds for the storefront improvement project. Horn seconded. The motion passed unanimously. The committee's recommendation will go before the City Commission at its Aug. 4 meeting.

5. Discussion about security provisions for PACE and Flex PACE interest buy-down loans

The committee discussed security provisions for PACE and Flex PACE interest buy-down loans. Security on the loans for the local share of the interest buy-down has not been required for projects approved so far in 2015. Security was perhaps not considered since the City had previously provided the local match as a grant rather than as a loan

Brent Ekstrom explained that the Lewis and Clark Regional Development Center will originate the loan however the committee recommends. He recommends placing a mortgage on the property even if it is in a third position. He encourages the committee to consider options, so that when the recommendation is sent to LCRDC it is clear how the loan should be structured. A mortgage is a minimal cost built into the origination fee. Ekstrom estimated it would be between \$19- \$25. LCRDC would incorporate it into the approval process, and it would be handled at closing.

Huber said the committee could make determinations on a case-by-case basis, enact policy change or preserve the status quo. Ekstrom recommended doing it on a case-by-case basis. Weide suggested making it a standard during the approval process.

Huber noted that at the last Economic Development Association of North Dakota Conference, there was a panel discussion on how communities are handling their local share for PACE and Flex PACE interest buy-downs. Some communities are still structuring the match as a grant, but the majority are now structuring it as a loan. Not many are securing the loans, but some are.

Curtis Patzell suggested issuing a policy change and requiring that all loans are secured, so it doesn't appear that the committee favors any applicant. If there are exceptions, they can address them at the time of the application. While the chance of something happening is minimal, he doesn't feel comfortable not securing the loans on the money the committee represents. Dan Anderson said he is surprised the loans aren't already being secured. Weide suggested more clarity regarding the mortgage. Depending on the type of mortgage, there may not be a recovery aspect.

Huber noted the provision for the local share generally requires repayment with a buy-down period typically less than five years. If the committee wishes to issue a policy change regarding security, it should be included in the explanation of the terms.

Patzell moved to table the discussion until the next meeting and ask for input from the city attorney. Spilman seconded. The motion passed unanimously.

6. Discussion about BND change in policy regarding interest accrual for loans for local share of PACE and Flex PACE interest buy-downs

The Bank of North Dakota recently changed its policy regarding interest accrual for loans for the local share of PACE and Flex PACE interest buy-downs. BND now allows communities to accrue interest on loans. Previously, communities were not allowed to accrue interest. The committee can decide if and when to start accruing interest. Options include continuing to waive interest during the buy-down period, accruing interest immediately, designating a specific interest-free period or determining it on a case-by-case basis. Huber said it helps if she can give applicants information on what they can expect, such as security provisions or the accrual of interest. She recommended developing some standardization.

Ekstrom recommended accruing interest right away, especially since the interest rate is low. Charging interest puts money back in the fund and helps cover the fund against losses. It helps grow the fund, allowing the committee to become more self-sufficient and providing more funding for future projects.

Weide suggested tabling the discussion until the next month. He recommended considering establishing standardization for a specific time period and revisiting at a later date.

Spilman moved to table discussion until the next meeting. Bauer seconded. The motion carried unanimously.

7. Consider request for modification of Storefront Improvement application for 112 Second Ave NW

The committee heard a request by Dot Frank to modify the components of a Storefront Improvement application approved in June 2014 with an extension of the deadline for completion until Dec. 31, 2015, approved earlier this spring. Reimbursement for storefront projects is subject to completion as outlined and approved in an application. Substantive changes to a project are to be approved by the Mandan Architectural Review Commission and Mandan Growth Fund Committee.

Frank had submitted a request for modification to the plan for the main entrance/storefront component; to waive the commitment to painting the south, east and north sides of the building; and to waive the requirement to replace three boarded up window openings on alley facing sides of the building due to concerns about potential vandalism.

MARC considered the request at its July 28, 2015 meeting. Members voted unanimously (5-0 with 3 absent and one position vacant) to approve the request for modification to the storefront and main door, waive the painting of the three sides of the building, but to retain the requirement for replacement of the boarded up windows on alley facing sides of the building with windows or another agreed upon alternative.

Spilman moved to approve the modifications for the Storefront Improvement project at 112 Second Avenue NW. Horn seconded. The motion passed unanimously.

8. Other business

9. Adjourn

Bauer moved to adjourn the meeting. Spilman seconded. The motion passed unanimously.