

**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, December 10, 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 an  were in attendance. Also in attendance were Program Coordinator Krista Harju, City of Mandan; Steve Fergel, Classic Rock Coffee; Dave Lehman, NDSU; and Lee Weisbeck, Starion Financial.

2. Consider for approval the following minutes:

a) Oct. 14, 2015

Schaff moved to approve the minutes from the Oct. 14 meeting. Horn seconded. The motion passed unanimously.

New Business

3. Consider application for Flex PACE interest buy-down from Gramma Brauns, Inc. dba Classic Rock Coffee

Huber provided an overview of the application. Classic Rock Coffee is a nationwide franchise concept. The Mandan location is owned by Kim Ressler and Steve Fergel. It will be located in the Memorial Square Shopping Center.

The application is for a Flex PACE interest buy-down for permanent financing for leasehold improvements and equipment. The principal amount will not exceed \$225,000 and could be less. The owners have \$85,000 into the project including franchise fees and classic rock memorabilia. The total project cost is estimated to be \$310,000.

The \$225,000 loan would be financed through Choice Financial with an interest rate of 5.3 percent for 4 years with a balloon payment. The applicant is seeking a buy-down amount of \$26,994.79. The Bank of North Dakota

would provide 65 percent or \$17,546.59 of the amount, with the local community required to provide 35 percent or \$9,448.20. The amortization schedule shows the proposed buy-down will last 44 months.

*If approved, the Lewis & Clark Regional Development Council will assist with the origination of the loan, charging the borrower a 1 percent origination fee and all hard costs, including the mortgage filing fee, credit report, UCC filing. LCRDC would also collect a 1 percent servicing fee on payments collected after the buy-down period ends. The BND policy change now allows interest to incur during the buy-down period.*

*The project will provide benefits to the community. It will introduce a great tenant in a recently completed shopping center and fill a gap in the community. Nielsen Claritas data shows a gap of \$7.5 million for limited service eating places in Morton County. No national or franchise coffee shops are currently operating in Mandan. The business will employ 13 to 15 people. Anticipated sales are \$750,000 to \$1 million, which would generate about \$27,000 in sales tax revenue. In addition, the building is subject to property taxes.*

*The balance of uncommitted dollars in the Growth Fund is \$287,668.*

*Fergel provided a background on the project. There are less than a half dozen Classic Rock Coffee locations in the Midwest. The coffee will be roasted in Missouri and shipped to the Mandan location. In addition to coffee, the business will sell pastries and merchandise. It will also offer meeting space. Wine and specialty beer selections may be available at a later date. They have not yet applied for a liquor license.*

*The business is ready to open, but is waiting for the corporate office to travel to Mandan to provide training for new employees. Employees will undergo nine days of training.*

*Huber suggested the committee recommend approval of a 4 year loan repayable after the buy-down ends with 2 to 3 percent interest rate to begin after the closing of the loan. The loan would be repayable within 4 years after the 44-month buy-down period ends. Brent Ekstrom recommended leaving the loan unsecured, as he didn't think a \$9,448.20 loan was worth requiring security.*

*Schaff moved to recommend approval of a \$9,448.20 buy-down at 2 percent for a 4 year term with interest to begin accruing when the buy-down period begins. Boehm seconded. The motion passed, with Weide abstaining due to serving on the Bank of North Dakota loan committee. The committee's recommendation will be presented to the City Commission on Dec. 15.*

4. Consider letters of interest for service on the MGF and recommendations to City Commission
  - a) Don Boehm
  - b) Mike Evans
  - c) Dave Lehman
  - d) Lee Weisbeck

*Three terms expire at the end of 2015. Members with expiring terms are Tim Spilman, Mike Schaff and Don Boehm. Schaff and Spilman indicated they would not be interested in being reconsidered for the committee due to the number of terms they have already served. Boehm expressed interest in serving another term. Letters of interest were also received from Mike Evans, Dave Lehman and Lee Weisbeck. Interested persons in attendance provided a brief explanation on why they would like to serve on the committee.*

*Lee Weisbeck is the president of Starion Bank. He has worked in Mandan for 10 years, recently moving to the community. He feels strongly about being involved in his community. As a result of his experience in banking and construction, he's very familiar with the kinds of programs the committee is involved in.*

*Dave Lehman is also invested in Mandan and would like the opportunity to help Mandan grow in the area of economic development. He started River Rental Townhomes in Lakewood and Bridgeview Bay areas. In addition, he serves on the Mandan Tomorrow Economic Opportunity and Prosperity Committee.*

*Don Boehm has served one term on the Growth Fund. He thinks the committee has done a lot to help Mandan and would like to be considered for another term.*

*Mike Evans is the executive director of Teen Challenge. He's been in the community for a few years and wants to be more involved in committees. Teen Challenge was once a recipient of a Growth Fund program.*

*Weide asked if the board is unlimited or limited in numbers. Neubauer said the committee can have between five and nine members. Nine members currently sit on the committee. The preferences for committee appointments are one at-large, one downtown/Main Street and one Memorial Highway/east Mandan representative.*

*Bauer moved to cast a unanimous ballot to recommend the appointments of Boehm, Lehman and Weisbeck. Schaff seconded. The motion passed unanimously. The committee's recommendations for appointment will be presented to the City Commission on Dec. 15.*

Old Business

5. Consider security provisions for PACE and Flex PACE interest buy-down loans  
*Brown recommended considering security provisions on an ad hoc basis, as it may not be in the committee's best interest to require security provisions in all instances. Ekstrom agreed.*
6. Consider policy regarding the start of interest accrual for loans for local share of PACE and Flex PACE interest buy-downs

*Huber said she could advise applicants that interest will begin accruing once the buy-down period begins and security may be required.*

*Schaff moved to recommend interest accrual for loans for the local share of PACE and Flex PACE interest buy-downs will begin at the beginning of the buy-down period and security provisions will be considered on a case-by-case basis. Boehm seconded. The motion passed unanimously.*

Other Business

7. Adjourn  
*Having no further business, the meeting was adjourned.*