

**Growth Fund Members:**

Chairman,

Mark Weide

Vice Chairman,

Don Boehm

Dan Anderson

Jeremy Bauer

Jeff Erickson

Rick Horn

David Lehman

Curtis Patzell

Lee Weisbeck

**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, April 14, 2016  
Noon**

**Veterans' Conference Room  
Mandan City Hall  
205 Second Avenue NW**

**Minutes**

1. Introductions

Chairman Mark Weide called the meeting to order. Members present are indicated with a . Also in attendance were Mandan resident Susan Beehler and Program Coordinator Krista Harju, City of Mandan.

2. Consider for approval the following minutes:

a) March 10, 2016

Don Boehm moved to approve the minutes. Dave Lehman seconded. The motion passed unanimously.

New Business

3. Consider next steps in implementation of Restaurant Rewards Program

a) Application

b) Recipient agreement

The Growth Fund financial statement reflects the \$162,000 set aside for the Restaurant Rewards interest buy-down component. Interest in the program has been generated from both franchisees and independent entrepreneurs.

Huber drafted an application for the committee's review. It is based on similar programs offered in cities in other states. The application requests information on the business and the scope of the project. There is also a section for financial impact. She suggested requesting a copy of the lease or a letter of intent to encourage realistic applicants that have a location determined. This information will help determine the business' level of commitment to starting a business in the community. The businesses would have to be open within one-year of City Commission approval to receive the incentive.

Weide suggested requiring coffee shops to have 50 percent of sales from food items to qualify. He said the intent of the program was to attract dining establishments. Lee Weisbeck, Jeremy Bauer and Don Boehm agreed that the

*intent was to bring restaurants. The committee discussed the definition further.*

*Alcohol sales are tracked. It would be difficult to differentiate food sales from coffee sales in sales tax records. Coffee sales also would be subject to the 1% restaurant and lodging tax.*

*Weide asked if the project could be rated. Huber said the committee decided against providing tiers to the program based on levels of service at the last meeting. The grant portion for the interest buy-down is a first-come, first-serve.*

*Curtis Patzell suggested leaving the application open to coffee shops at the current time and revisiting the discussion in one year.*

*Weisbeck suggested determining eligibility based on the business plan and projections for food sales. Applicants could be asked to provide a menu. If the business offers a good amount of food items, they could be considered eligible for the program.*

*Boehm moved to require coffee shops to provide food in order to be eligible for the program. Erickson seconded. The motion failed by a vote of 3-4 with Boehm, Erickson and Weisbeck voting yes and Weide, Bauer, Lehman and Patzell voting no.*

*Weisbeck moved to require coffee shops to provide 50 percent of food sales or more. Food sales projections must be included in the business plan at the time of the application. Food sales must be documented and provided to the committee at the end of the fiscal year. Bauer seconded. Weisbeck amended the motion to include all applicants, not just coffee shops. Bauer seconded the amended motion. The motion passed by a vote of 5-2 with Weide, Bauer, Erickson, Lehman and Weisbeck voting yes and Patzell and Boehm voting no. Huber will update the application to include this change.*

*Huber will include language stating that the committee or city may request additional information and provide a definition or list of food items.*

*Boehm moved to accept the application draft with the proposed changes. Erickson seconded. The motion passed unanimously.*

*Huber is still working on the recipient agreement with City Attorney Malcolm Brown. Sales tax rebates would be awarded no more frequently than quarterly. After the discussion, it became apparent that annually would be best, especially if documenting that at least 50% of annual sales were generated by food.*

4. Consider clarification to the Retail and Restaurant Incentive Program eligibility criteria

*Huber recommended a few clarifications to the Retail and Restaurant Incentive program eligibility criteria. One clarification is to include language requiring applications are approved by the Growth Fund Committee and Mandan City Commission prior to the business opening. It is the way the program has operated. A prevailing question with the use of economic development incentives, is whether the business would have opened or expanded but for the incentive. If applying after the fact, the answer is apparent.*

*The owners of Classic Rock Coffee have expressed interest in the Retail and Restaurant Incentive program, saying they are no longer interested in the Flex PACE interest buy-down approved in December 2015. Both options were considered during the initial discussions. At that time, it was determined the Flex PACE interest buy-down was more advantageous if they left a loan out on the project. They have since decided to pay off the loan. Huber advised them they would need to submit a formal letter of relinquishment on the interest buy-down in order to be considered for another program. Consideration of application for a different program is at the committee's discretion.*

*Some committee members felt the decision should be final after receiving approval by the City Commission. Some committee members felt it could set a precedent for other applicants. The committee will invite Classic Rock Coffee to return to the committee to provide more information on their request.*

*Huber also added an item stating, "The project applicant will be notified in writing and both the City and the Applicant will sign a Recipient Agreement once the City Commission has approved a project." The criteria doesn't include a reference to a business incentive agreement, as the program limitation is \$20,000 and does not exceed the \$25,000 level at which the state requires such an agreement. Unless coupled with another program, it will fall below that amount.*

*Boehm suggested updating the retail preferences to reflect that 50 percent of restaurant sales must be for food items. He recommended striking the words "as compared to alcohol" from the language.*

*Bauer moved to approve the recommended changes. Lehman seconded. The motion passed unanimously.*

5. Discussion about project criteria for the Visitors Promotion Fund (1% restaurant and lodging tax) as per N.D. Century Code  
*Neubauer provided information on the Visitors Promotion Fund including the state statute and a list of expenditures. Since 1988, \$3.8 million has been invested in items consistent with visitor attraction or promotion. Most recently, dollars were dedicated to improving the community's visitor way-finding signage. The Visitor's Committee meets as needed. Entities typically present ideas to the committee for consideration.*

#### Other Business

6. Adjourn  
*Bauer moved to adjourn. Boehm seconded. The motion passed unanimously.*