

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 28, 2016**

Noon

Veterans' Conference Room

Mandan City Hall

205 Second Avenue NW

AGENDA

1. **Introductions**

Chairman Mark Weide called the meeting to order. Members present are indicated with a . Also in attendance were Program Coordinator Krista Harju and Guy Halvorson and Dr. James Clement, Stockmen's Supply West.

2. **Consider for approval the following minutes:**

a) **April 14, 2016**

Dave Lehmann moved to approve the minutes from the April 14 meeting. Jeremy Bauer seconded. The motion passed unanimously.

New Business

3. **Consider application for Flex PACE interest buy-down from SSW Inc. (dba Stockmen's Supply West)**

The committee reviewed an application for an interest buy down of permanent financing for an expansion project utilizing the Bank of North Dakota Flex PACE program.

Ellen Huber provided an overview of the application. The project involves permanent financing for a new 28,500 sq ft building at 1440 Action Drive SE, which is off Memorial Highway between Action Motor Sports and Malloy Electric. The new building nearly triples capacity as compared to a current 7,500 sf building and 2,900 sf cold storage building. The business is currently located at 1716 40th Ave SE, across from Kist Livestock Auction. The project has involved the purchase of 2.5 acres of property. Construction is scheduled to begin in February 2017.

Stockmen's Supply West has been in business in Mandan for 18 years with roots tracing back farther to Mandan Veterinary Clinic. The business specializes in selling animal health and livestock supplies. The business currently has eight full-time and three part-time employees. They expect to add seven more full-time employees in the next five years. The expansion will allow for the inclusion of a veterinary clinic and greater sales of taxable merchandise. It will also allow them to increase their sales territory.

The applicant is seeking the maximum buy-down amount of \$153,846. The Bank of North Dakota would 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 approximately \$2 million. Total project financing is estimated at \$2,750,000.

The applicant is working with Bell State Bank out of Fargo, but has not yet finalized loan terms including principal amount, interest rate and term. BND provided a sample amortization schedule illustrating the buy down based on a \$2 million principal, 4 percent interest and a 20-year term. The proposed amortization schedule is 32 months..

The Growth Fund balance as of March 31, 2016, for undesignated economic development projects is \$192,145.74. If the application is approved for the full amount, the adjusted balance would be \$138,299.74.

Huber recommended an interest rate of 2 percent, as it is an expansion of a business that has been in the community for a long time. The Bank of North Dakota now allows the interest to begin accruing during the buy-down period.

Halvorson provided a breakdown of taxable and non-taxable items. Many of the items they sell are not taxable. He estimates 60 percent of sales are non-taxable, 40 percent are taxable. After the expansion, he expects that to change to a 50 – 50 split. They project a sales increase of 14 percent in 2017 and 26 percent in 2018.

Clement clarified that the ownership of the real estate is separate from Stockmen's Supply West, Inc. The real estate is owned by SSWII, LLP. It is a limited liability partnership (LLP). Stockmen's Supply West, Inc. is the tenant. The loan is for construction of the building, not for the business.

City Attorney Malcolm Brown said the applicant should be the limited liability partnership. He recommended correcting the application by changing the applicant to SSWII, LLP, consisting of Robert Jameson, Ed Jameson, Dr. James Clement and Guy Halvorson, all at 25 percent each.

Curtis Patzell moved to recommend approval of the application for the full amount of buydown at \$53,846 with an interest rate of 2 percent, unsecured, with a buy-down period not to exceed 5 years and a repayment period of 5 years, contingent on final approval by Bell State Bank and the Bank of North Dakota and the submission of a corrected application. Rick Horn seconded. The motion passed unanimously.

The committee's recommendation will be presented to the City Commission at a May 3 meeting.

Other Business

The City Commission approved the committee's recommended changes to the Restaurant Rewards program at its last meeting. Huber reported that businesses and start-up prospects have expressed interest in the program.

Classic Rock Coffee has not submitted a letter of relinquishment for the interest buy-down nor an application for the Retail and Restaurant Incentive program.

4. Adjourn

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