

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, May 26, 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 City of Mandan Program Coordinator Krista Harju and Storefront Improvement Program applicant Dr. Kent Schwarz.

2. Consider for approval the following minutes:

a) April 28, 2016

Rick Horn moved to approve the minutes from the April 28, 2016 meeting. David Lehman seconded. The motion passed unanimously.

New Business

3. Consider application for the Storefront Improvement Program for 301 E Main Street

Ellen Huber provided information on the application. Dr. Schwartz is proposing an exterior renovation to the building at 301 East Main Street. The estimated cost of the proposed storefront improvement project is \$64,590, not including additional planned investment in plantings, a screening fence and signage. The application is for the maximum \$30,000 in matching funds.

The application outlines plans to reskin street-facing sides of the building with a dryvit or stucco-like treatment. The parapet or roof on the Main Street facing side of the building is to be extended to the building's west side and two windows are being added to the north side. The west building will be partially demolished and rebuilt to regain structural integrity. The exterior walls are to be a combination of decorative stone and dryvit siding. An automatic door is included in the plans for the main building. Plans include removal a blighted metal building at the rear or south side of the site, which will create additional parking.

Additionally, the applicant has committed to adding shrubs along the east property line to screen a guard rail on the adjacent property and to add a box for plantings around the existing pole sign. He also plans to

place a fence at the south side of the property similar to that existing behind the Family Dollar and O'Reilly's properties.

The building design and site plan received approval from the Mandan Architectural Review Commission on May 24, 2016.

Sign plans are not included with the application and will need to be approved by the Mandan Architectural Review Commission prior to permitting and installation.

The applicant is planning additional investment of approximately \$186,889 in interior building renovation and other project components not eligible for the Storefront Improvement program.

About 4,000 sf will be leased Schwartz Family Chiropractic Center, which has been in business in Mandan for 19 years. About 1,500 sf will be available for lease. Schwartz is seeking a tenant in health supplement retail sales.

The land at the site is owned by the City. It was donated to the City at the same time as the adjacent former grain elevator site by BNSF under the condition that the City pay for the removal of the grain elevator. The elevator parcels were put up for proposal, and a developer purchased them to locate Family Dollar and O'Reilly Auto Parts. The Dollar Store was operating at the adjacent site at that time. With the announced retirement of the proprietor and closing the Dollar Store, there is now public interest in the property. It is up for bids, with the bid opening to be held June 7. Any approval will need to be contingent on the applicant gaining control of the property. Schwartz has entered into a purchase agreement for the building, but has not closed on the deal. The building won't be purchased unless Schwartz is the successful bidder for the land.

The application will also be subject to a business incentive agreement. It is not completed yet, as Huber is waiting to determine the total incentive recommended through the Renaissance Zone and Storefront Improvement Program. The agreement will be finalized before it is presented to the City Commission.

Bauer moved to recommend approval of the application as presented with \$30,000 in matching funds contingent upon the purchase of the land and the building. Horn seconded. The motion passed unanimously.

The recommendation will be presented to the City Commission on June 7.

4. Staff report about MGF financials, updated outreach materials and business development information

The balance in the Growth Fund as of April 30, 2016 is \$191,347. This does not include the loan to SSWII, LLP (Stockmen's Supply West) for the interest buy approved by the City Commission on May 3. The allocation for the interest buydowns for the Restaurant Rewards Program is shown at \$162,000.

Only \$13,505 of the funds specifically allocated for the Storefront Improvement Program remains. If approved, the 301 East Main Street project would exhaust the program. The remaining amount of the \$30,000 recommended for the project can come from the line item for economic development projects.

In the past, the committee had discussed the merits of allocating dollars to specific programs, as opposed to a pooled fund for all economic development projects.

The amount of dollars annually designated to the Growth Fund since the sales tax was implemented in 1992 is \$250,000. Loan payments help replenish the balance in the fund. Last year, the committee discussed increasing the amount allocated to the Growth Fund. A consideration is that if more sales tax dollars are put into economic development, it takes away from available dollars for property tax reduction and infrastructure improvements. A sales tax reserve fund is available if unallocated dollars are exhausted from the Growth Fund.

There is another option for the local match for Bank of North Dakota PACE and Flex PACE interest buy-downs available through the North Dakota Opportunity Fund, which is administered by the Lewis and Clark Regional Development Council (LCRDC). The local match dollars would have to be structured as repayable loans. Interest is typically 2 percent. There would be no option for a forgivable loan.

Regarding outstanding loans on the MGF books, City Attorney Malcolm Brown may need to review the status of Thermacool, as they are no longer making payments. Weide suggested asking Brown at a future meeting to discuss the options for addressing the Thermacool loan. The committee asked that the loan information sheet include loan origination dates and status of loan payments for future reports.

Brent Ekstrom provided a report on the status of the committee's direct loans being serviced by the LCRDC. Coffee & Kitchens is no longer in business. The business was liquidated. The principal is paying \$94/month. The Growth Fund won't see a large amount of money from Coffee & Kitchens. Lindy Sue's is no longer open. The security is a mortgage on the building. LCRDC is currently receiving \$200/month on the property. It is barely enough to cover the interest. It is unlikely the City will receive the balloon payment due Aug. 1, 2017. There is still collateral there, but the committee needs to be patient to get it. A balloon payment from Carter Chiropractic is due January 1, 2017.

The City Commission held a special meeting on May 20 to discuss economic development efforts within the community. A copy of the presentation outline was provided to the committee. There may be additional follow-up or another working session in the future.

Regarding the MGF financial statement and earmarking of funds for specific types of incentives, Huber recommended leaving the dollars dedicated to the Restaurant Rewards program in its own column, but felt it was okay for other economic development programs to compete against each other for funding as part of a larger pool for economic development projects. She suggested evaluating the Restaurant Rewards program at the end of the first year.

The committee has not needed to pass up any opportunities due to funding, but Huber thinks it could happen in the next year, based on the current balance. The development of the area near Family

Wellness may lead to more requests in the future, as will new developments on Memorial Highway and near the sports complex. In the last year, the Growth Fund has provided \$150,000-\$250,000 in buy downs. The dollars are repaid, but it will take time to replenish the Growth Fund.

Jim Neubauer said if a request came in and funds were not available, the committee could request additional funds from the City Commission from the sales tax reserve based upon availability. A decrease in state funding is causing limitations on all budgets.

Mike Braun suggested requesting the maximum amount to ensure the money is available. Weide agreed, noting the cost of building has increased significantly since the committee was formed.

Huber suggested increasing the funds designated to the Growth Fund to \$300,000. Patzell suggested finding out how important the Growth Fund is to the City Commission and pursuing additional funds accordingly. Braun agreed. He thinks the committee should present a proposal to the City Commission to raise the amount allocated to the Growth Fund. Huber said she planned to submit the change as part of her budget request submission.

Horn moved to recommend requesting an increase of \$100,000, making the total annual allocation \$350,000. Patzell seconded. The motion passed unanimously.

Other Business

The Bismarck Vision Fund Committee is considering changing its criteria. One possible change is they may not stick so strictly to the state's definition of primary sector, which could allow them to assist some different types of entrepreneurial businesses. Mandan staff will continue to monitor this for changes and how it might affect Growth Fund committee programs and projects.

5. Adjourn

Having no further business, the meeting was adjourned.