**Section 1: Applicant Information**

***1A.*** *Enter the name of the Applicant:* City of Mandan and Co-Applicants

***1B.*** *Enter information below about the specific department, agency, or political subdivision of the Applicant that has been designated to implement the program(s) described in this application.*

Organization Name: City of Mandan Business Development & Communications Department

**Section 4: Other Credit Support Programs (OCSP)**. Complete this Section if applying for SSBCI funds to use for a State Other Credit Support Program

**4E**. *Applicants should use the space provided below to describe the anticipated benefits from each OCSP to the (a) State, (b) its businesses, (c) its residents, and (d) describe the extent to which resulting small business lending will expand economic opportunities. For Loan Guarantee Programs, Applicants must provide detailed assumptions concerning estimated number of loans and estimated loan amounts during the course of the SSBCI. Applicants that are enacting new Collateral Support Programs should present detailed assumptions concerning estimated loan volume and overall federal collateral support used for such loans. The metrics used should include, but need not be limited to:*

- *Jobs created*
- *The number and value of new OCSP small business loans*
- *Increases in sales, income or other tax revenues paid by businesses or workers*

LOAN PARTICIPATION PROGRAM
a) Anticipated benefits to participating municipalities

The loan participation program is expected to increase the number of business start-ups and expansions thereby increasing the commercial property tax base and sales tax collections for cities.

b) Anticipated benefits to businesses (in participating municipalities)

The loan participation program is expected to lead to increased business start-ups and expansions by assisting businesses that might otherwise not be able to secure needed financing and by reducing the risk and entrance costs for start-up businesses.

c) Anticipated benefits to residents (in participating municipalities)

More new and expanding businesses in participating cities will lead to more jobs and better access to retail and services, which ultimately improves the quality of life in communities and assists in maintaining and attracting residents.

d) Extent to which resulting small business lending will expand economic opportunities

Cities in North Dakota have economic opportunities in the area of agriculture and ag processing, energy, tourism, technology and more. The oil industry is burgeoning in western North Dakota, but many lenders are reluctant to provide the financing needed for support businesses to keep pace with the rapid growth. Additional small business lending will help ensure that the products and services needed to support these industries are available in a timely and cost effective manner.

NEW COLLATERAL SUPPORT PROGRAMS - DETAILED ASSUMPTIONS

Based upon an average loan size of $100,000 under the Loan Participation Program, the consortium expects to provide $26,500,000 in loans by December 2016 leveraging $143,500,000 in private sector investment and creating over 2,600 jobs.

LCRDC has maintained a historical dollar per job ratio in excess of 1 full-time job per $10,000 of loan funds. LCRDC expects that these programs will meet or exceed the job creation results of previous funds. Based on $10,000 in loan proceeds per job created, LCRDC expects job creation for both programs to reach 2,600 jobs by December 2016.

Historically, LCRDC has an average loan amount of $60,000. Based on the ability to lend up to $1,000,000 per loan LCRDC expects the average to increase to $100,000 for the Loan Participation Program. Based on the initial loans and investments LCRDC projects a total of 265 Loan Participation loans.

The consortium expects to provide financing in four major categories; Construction, Equipment, Working Capital, and Real Estate.

Construction: The consortium expects to fund 2 to 3 construction loans per year for a total of 12 loans throughout the award period. Generally, the value of new commercial properties in the area range from $500,000 to $10 million. As LCRDC has alternate funds available to fund small construction projects the SSBCI funds will be utilized on the larger construction projects. The consortium expects the construction projects to last between 12 months to 24 months resulting in an expected average term of 18 months. It is expected that the funds will represent 10% - 20% of the construction projects. The SSBCI portion of the loan is estimated at $500,000 supporting total loans ranging on average of $5 million to $10 million.

As LCRDC also contracts with Lewis and Clark Certified Development Company, a SBA504 lender, it is expected that the construction loans of projects funded with SSBCI funds will be taken out with the SBA504 loans which have a maximum of $5MM resulting in the ability of permanent financing for projects up to $12.5 million.

Equipment and Working Capital: The consortium expects to fund 97 equipment loans and 96 working capital loans throughout the award period. This averages to approximately 3 loans per month. Based upon historical experience LCRDC expects the majority of the projects that are applying for equipment loans will also be applying for working capital assistance as well. Therefore, the credit analysis and underwriting of the loans per project will be significantly less than individually. Based upon that it is expected there will be on average 2.5 loan packages per month based on 93 individual and 50 combined applications throughout the award period. The average equipment loan is expected to be $100,000 of SSBCI funds supporting loans of $500,000 to $1 million with a 5 year term as some equipment will have a terms of 3-10 years. Working capital will have an average SSBCI loan size of $50,000 supporting total loans ranging from $250,000 to $500,000 and average term of 1 year. The SSBCI portion of the projects in these categories is estimated at 20% of the total financing package. These estimates are based upon the historical portfolio of LCRDC.

Real Estate: It is expected that 60 loans will be made throughout the award period for real estate purposes, including but not limited to acquisition of land and buildings, expansion of existing buildings, and leasehold improvements. This is approximately 1 loan every month over the award period. Based upon terms ranging from 10 years to 20 years it is expected that the average will be 12.5 years. The SSBCI loan will average $100,000 and will support loans averaging $500,000. The SSBCI portion of the projects in this category is estimated at 20% of the total financing package.

Attached are detailed projections of the expected performance of the funds. The projections are based upon the historical performance of similar funds administered by LCRDC. The combined average of all funds and basis for projected performance is as follows:

Average Loan Size: $100,000 Loan Participation
Average Rate: 6.0% Loan Participation
Average Term: 60 months

Although LCRDC is confident the portfolio will perform as projected, the focus of the funding from type to another to meet both the need of the participating municipalities as well as the requirements of the SSBCI can easily be changed at the direction of the Loan Committee and Steering Committee. The Loan Committee will oversee the overall performance of the portfolio to ensure that it is meeting SSBCI requirements and will adjust rates, terms, and conditions as necessary.

In the event that the applicant is funded at level lower than requested due to multiple applications there will be not material affect on the expected size of loans, performance of the portfolio or ability to attain a 10:1 match. Based on an allocation of $9.7 million, the number of loans funded throughout the award period would be reduced to 211, however the average size of the loans provided per category and the expected ratio of type of loan provided is not expected to change significantly, as they are based upon the historical information provided by LCRDC. The match is expected to remain $11:$1 over the award period.