**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

**4F.** *Applicants should use the space provided below to describe (a) operational capacity, (b) skills, and (c) experience of the management team for each State OCSP. The metrics used should include, but need not be limited to:*

- *Qualifications and financial industry experience of senior management*
- *Experience of senior management in operating CAPs or OCSPs*
- *Adoption of industry best practices (e.g., use of risk management strategies employed by analogous successful programs)*

Programs will be implemented through a contract between consortium members, including the applicant, and the LCRDC. The applicant will take responsibility for oversight of the contract through representation on the Steering Committee. The Steering Committee will then elect an approximate 15-member Loan Committee for the purpose of approving and denying applications for loan participation and venture capital fund investment based on general guidelines as outlined in 4A. The Loan Committee will also have the responsibility of conducting an annual performance appraisal of the LDRDC as the contractor and administrator for implementation of the loan participation program. The Loan Committee will provide a summary of the performance appraisal with a recommendation as to the continuation of the implementation contract to the Steering Committee at its annual meeting.

The Loan Committee will be comprised as follows:

- 1 member from each municipality with a population greater than 10,000
- 1 additional member for each additional 30,000 of population from municipalities with populations greater than 10,000
- 3 members elected by the remaining co-applicant municipalities and Indian Tribes.

Loan Committee members will be experienced in commercial lending, venture capital investing, business start-up and expansion and economic development.

***LCRDC ABILITY TO ADMINISTER/PERSONNEL***

Lewis and Clark Regional Development Council (LCRDC) is a local, independent, 501(c)(4) nonprofit corporation operating under the North Dakota Century Code.

The LCRDC offers a variety of programs and services to foster economic growth and community development. The LCRDC helps local governments, organizations, businesses, and individuals access federal, state, and other funding sources to enhance employment and business opportunities, maintain and improve infrastructure and public services, rehabilitate housing, and develop plans. Since 1990, it has directly provided or obtained $40 million for business and community development projects.

LCRDC was initially formed in 1969, focusing on the needs of planning and infrastructure development for the growing agriculture and energy economy of the 70's. In 1973, LCRDC was incorporated as a nonprofit and, in 1975, was designated by the Economic Development Administration as an Economic Development District. Subsequently, LCRDC was authorized by the legislature in 1977. In 1993, LCRDC began its first revolving loan fund with a grant from the Economic Development Administration and matching funds from the ten-county region. Since then, LCRDC has created four additional revolving loan funds, one as a recapitalization of the original EDA fund and the others being IRP Revolving loan funds through USDA.

Since 1993, Lewis and Clark Regional Development Council has assisted over 255 businesses. Through this assistance these businesses were able to create, retain, or will create more than 2,000 full-time jobs. Through the five current revolving loan funds, LCRDC has loaned more than $9 million with a default rate of less than 4.0% and a current delinquency rate of less than 2.0%. With over $9 million dollars in lending, LCRDC was able to leverage an additional $47 million dollars for the projects, totaling investments of over $56 million and a leverage of $5:$1. Along with the loans through the current RLFs, the LCRDC has loaned an additional $8 million through the HUD CDBG program leveraging an additional $37 million for a total portfolio leverage of $9.33:$1.

**LCRDC's current portfolio is over $6.5 million containing 111 loans and creating over 2,000 jobs.**

LCRDC staff will administer the SSBCI. LCRDC has seven staff members:

- **Executive Director, Paul Rechlin**, serving in his present capacity since 1984, has been employed at the Council since 1979, as a planner, development specialist, and deputy director. He is also the Executive Director of CommunityWorks, a housing and community development nonprofit. He serves on the executive board for the North Dakota Rural Development Council, on the Affordable Housing Advisory Council for the Federal Home Loan Bank-Des Moines, and on the advisory committee to the Fannie Mae State Partnership Office. He is the first graduate of Neighborhood Reinvestment's Management and Leadership Program of Study and was named the Leadership Award winner as a Champion of Affordable Housing by the North Dakota Housing Finance Agency.
- **Director of Commercial Lending, Brent Ekstrom**, worked as a credit analyst and commercial lender for BNC National Bank before joining the staff in May 2001. Brent, who has received a M.B.A. from the University of North Dakota, a Bachelor of Science in Accounting Degree from Minot State University has also completed the Community Economic Development Program through the Neighborhood Reinvestment Training Institute and is a Certified Economic Development Finance Professional through the National Development Council.
- **Loan Administrator, Justin Ell**, was employed as a Member Service Associate for Capital Credit Union for 8 years before joining the staff of LCRDC in May of 2011. Justin was chosen as a 2010 40 business people under 40 for ND Business watch. Justin currently serves on the board of the ND Jumpstart Coalition as the Publicity Chair.
- **Community Development Coordinator, Lyle Hogue** has 15 years of prior experience working in economic development and has a B.S. in Finance. He is working to complete a professional certificate in Affordable Housing from the Neighborhood Reinvestment Training Institute and the Certified Housing Asset Manager program from the Consortium for Housing and Asset Management.
- **Office Manager, Gayle Paul** joined the Council in 1994 after serving as the auditor for the City of Wing for 20 years. In addition, she had worked for the North Dakota Economic Development & Finance agency. Gayle graduated from Interstate Business College with a General Office Degree.

The current staff members have education and experience in public finance, loan packaging, business administration, financial analysis, marketing, and public and private sector funds administration (including loan servicing), accounting, etc.

The RLF administrative staff may on limited occasions find it necessary to seek outside legal advice and credit analysis services.

Bonding

LCRDC Board officers and staff are bonded as necessary to handle federal funds.

Accounting System

The Lewis and Clark Regional Development Council has and does maintain its accounting records and reports in a manner that conforms to certain Federal Circulars e.g., A-87, A-128. LCRDC has hired an independent accounting firm, Mahlum and Goodhart P.C., to perform the accounting functions for the office as well as prepare all financial reports. Eide Bailly, LLP audits LCRDC on an annual basis. The audit is performed in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Further, the audit is performed as required by the U.S. according to U.S. Office of Management and Budget Circular A-133, "Audits of State, Local Governments, and Non-Profit Organizations.

Distribution of expenditures generated during an accounting period (monthly) are based on employees' time sheets and also recorded on personnel cards. Postings are made to unapplied funds, funds applied and expenditure accounts in general ledger form common or distributive costs i.e., rent, telephone, supplies, etc. are charged prorate, based on personnel costs applicable to the various funding resources. Trial balances, cash flow and bank statement reconciliation are prepared on a monthly basis.

***FINANCIAL RESOURCES***

Lewis and Clark Regional Development Council, a development organization is financed with membership contributions from the participating counties, and through grants, contracts, and interest and fees received from various ultimate recipients.

In the start-up stage of the SSBCI, LCRDC realizes no income will be generated from the SSBCI loans. LCRDC will provide the resources needed to fill this gap by providing staff and resources for the time it takes for the SSBCI to generate funds. LCRDC will utilize the 5% administration allotment of the first 1/3 of the funding and the 3% allotment of the remaining funds to assist in administration costs.

***INDUSTRY BEST PRACTICES***

Brent Ekstrom, Director of Commercial Lending of the LCRDC, will underwrite the SSBCI loans. Mr. Ekstrom has over 12 years of underwriting and lending experience. As part of its underwriting activities LCRDC utilizes the Risk Management Association ratio analysis to compare prospective projects to the industry average. LCRDC also utilizes credit scoring for all individuals with greater than 20% ownership in the companies. LCRDC utilizes the credit reporting services of DCI Credit Services which allows for a tri-merge credit report which includes the credit agencies of Experian, Equifax, and Transunion. When relevant LCRDC will utilize Dunn and Bradstreet Business Credit reporting services for existing companies applying for credit.

LCRDC utilizes all of these tools to assist its experienced staff in performing underwriting of its loans. Through the utilization of this system LCRDC has maintained a loan loss rate of less than 4% on its existing loan portfolio.

STAFFING ABITITY FOR INCREASED LOAN VOLUMES

LCRDC current staff closes on average 1 loan per month for an average of $1million per year and an average loan size of $60,000. The staff currently maintains a portfolio in excess of $6 million. This portfolio is managed by 1 loan officer, Brent Ekstrom - Director of Commercial Lending and 1 loan administrator, Justin Ell. The average loan size of LCRDC is restricted by the loan programs it administers as well as its access to capital resulting in and average loan of $75,000.

The addition of the SSBCI loan funds will result in increasing the portfolio of LCRDC from $6 million to $19 million and is expected to result in an increase to the loan volume from 1 loan per month to 4 loans per month. Through the addition of at minimum one loan administrator and possibly one additional loan officer, as well as reorganization of staff duties LCRDC will be able to generate at minimum 4 loans per month. With the addition of the loan administrator LCRDC will be able to efficiently and effectively oversee the portfolio as the actual number of clients is expected to only increase from 110 to 250.

It is expected that many of the projects that will apply for both SSBCI funding and LCRDC direct funding which will further reduce the administrative needs of LCRDC as their will be significant efficiencies on underwriting one project for several possible funding sources.

OVERSIGHT

The applicant will oversee the contractor, LCRDC, by appointing a representative to a Steering Committee that will consist of one representative from each municipality or tribe in the consortium. The applicant's appointee, along with the steering committee as a whole, will require monthly reports of loan activity. The applicant, through its representation on the steering committee, will ensure that the LCRDC file accurate, complete and timely reports to the U.S. Department of Treasury on a quarterly and annual basis or as otherwise required in the allocation agreement.

The applicant recognizes that the lead municipality's role is primarily to work with the contractor to assemble and submit to Treasury all quarterly and annual reports and certifications pursuant to requirements of an allocation agreement on behalf of the other consortium members. The applicant will review quarterly and annual reports for accuracy and completeness and compliance with the requirements of the SSBCI Act and the allocation agreement prior to submission to Treasury. The applicant will maintain records of reports and financial documents provided by the contractor, including those required to verify the eligibility of loans and program expenditures. The applicant will also maintain records related to the performance of the LCRDC. An annual meeting of the steering committee will be held for purposes of reviewing the annual audit report, other financial reports, and a performance appraisal of the LCRDC to assure sound management of programs, appropriate risk management, adequate financial record-keeping and thorough reporting.