U.S. Department of the Treasury

**State Small Business Credit Initiative**
**APPLICATION ATTACHMENT**
**SECTION 4G –Capacity of OCSP Staff to Manage Increases in the Volume of its Small Business Lending**

**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

**4G.** *Applicants should use the space provided below to describe for each OCSP, the capacity of OCSP staff to manage increases in the volume of its small business lending. Evidence cited should include, but need not be limited to:*

- *Financial strength*
- *Operational capacity*

The applicant will enter into a cooperative agreement with the all other applicants of the consortium. The consortium will be led by the City of Mandan. The applicant, as part of the consortium, will contract with the Lewis and Clark Regional Development Council (LCRDC) for administrative services. LCRDC has been operating since 1969. During that time LCRDC changed its focus and mission to meet the changing demands of the community it serves. Originally formed to assist municipalities in planning infrastructure development LCRDC soon expanded its mission to include economic development and in 1975 was designated by the Economic Development Administration as and Economic Development District. In, 1993 LCRDC developed its first revolving loan fund which is still in use today and has revolved over 4 times. Since then LCRDC has created five additional revolving loan funds, all of which continue to operate successfully.

LCRDC has also created 2 additional companies, CommunityWorks North Dakota and Lewis& Clark Certified Development Company, in response to the needs of the communities. Both organizations are state-wide 501(c)(3) non-profit corporations. CommunityWorks ND was formed to address the significant needs in the housing industry, especially in rural communities and for low to moderate income individuals. Lewis and Clark Certified Development Company was formed to administer the SBA 504 program to enable small businesses to have better access to fixed rate long-term financing.

The LCRDC 2010 audited financial statements are attached in Section 4H. The financial statements illustrate the financial strength of the organization with a fund balance in excess of $2.5 million. LCRDC has liquid assets in excess of $1million and loans receivable net of allowance for losses of $3.4 million dollars. LCRDC's main liabilities are loans due to USDA which were accessed to create 4 revolving loan funds. These loans are 1% 30 year loans with a balance as of December 31, 2010 of $2.1 million.

Currently, LCRDC has a loan portfolio of direct and administered loans in excess of $6 million dollars. The key employees that administer the fund are Director of Commercial Lending, Brent Ekstrom and Loan Administrator, Justin Ell. Mr. Ekstrom and Mr. Ell's qualifications are addressed in section 4F.

STAFFING ABITITY FOR INCREASED LOAN VOLUMES

LCRDC has formatted a staffing plan to administer the additional funds. LCRDC plans to hire at minimum an additional loan processor/credit analyst officer and an additional loan officer, if required. The three to four member team will have the ability to administer a loan portfolio in excess of $20 million.

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 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.

LCRDC utilizes several software systems as well as an independent accounting firm to insure accuracy and reliability. LCRDC currently utilizes LoanBase software for tracking all loans. The software system has the capacity to handle all new loans through the new programs. The system allows the user to track loan balances,produce statements and reports as well as has a tickler system for all required documentation.

LCRDC utilizes Quickbooks for day-to-day accounting of all loan files. The reports from the loan system, Quickbooks, as well as bank statements are submitted to the independent accountant on a monthly basis for compilation and review.