

The Mandan Renaissance Zone Committee met at noon on May 12, 2011, in the Edward øBoshø Froelich Room at City Hall. Committee members present were Bruce Strinden, Pat Maddock, David Leingang, Dot Frank and Jay Feil. Absent were Rob Knoll and Bob Vayda. Others present were Business Development Director Ellen Huber, City Administrator Jim Neubauer, and applicants Dennis Kwandt and Edgar Oliveira.

Strinden called the meeting to order. Committee members reviewed the agenda. Huber suggested adding discussion about a policy for a deadline for completion of projects.

Leingang moved to approve the agenda with the addition. Maddock seconded. Motion carried unanimously.

Committee members reviewed minutes of the meeting held Feb. 11, 2011.

Frank moved to approve the minutes. Leingang seconded. Motion approved unanimously.

### **New Business**

#### **Consider application for rehabilitation of 318 and 320 W Main by Dennis Kwandt.**

The applications are for two separate but side by side buildings with renovations planned in a unified manner. The improvements planned for the 318 building consist of a estimated \$32,500 façade makeover. Huber noted that the projects are also Storefront Improvement projects. As such, the Architectural Review Commission had had a preliminary review of the exterior plans and granted preliminary approval.

The value of the 318 building is \$25,000. A minimum project qualification is an investment in improvements equal to at least 50% of the buildingø value with a \$15,000 minimum. The proposed investment exceeds the minimum requirement. The buildingø street level is currently leased to Express Yourself Salon. Plans are to renovate the second story apartments in the future, but that is not part of the scope of the application at this time.

The application for 310 W Main is for an estimated \$32,500 in exterior improvements, plus an estimated \$290,000 in interior improvements. The building is currently valued at \$28,600. The investment far exceeds 50% of the buildingø value and the \$15,000 building minimum. The building is currently vacant. Kwandt plans to lease the building to his start-up business, Bird Dog Brewing Company, subject to the next application under consideration. Plans are to renovate the second story apartments in the future, but that is not part of the scope of the application at this time.

The Assessing Department had estimated the value of both buildings upon completion at \$325,000. An estimate is needed of the value of each building separately, however Richard Barta is out of the office for training this week. An estimate should be available by the time of the City Commission meeting. The combined property tax exemption is estimated at \$6,646 annually for a five year total of \$33,230. The state income tax exemption is estimated at \$234 annually for each building for a five-year total of \$1,170 for each building.

Kwandt has signed a business incentive agreement for the 320 W Main rehabilitation project as is required when an incentives total more than \$25,000 in value over the course of five years. He hopes to have the renovations completed by late fall.

Frank moved recommend approval of the projects with the 100% five year property tax and state income tax exemptions. Feil seconded. Motion approved unanimously.

**Consider lease of 320 W Main by Bird Dog Brewing.** The application is for lease of space in a building poised for rehabilitation as an RZ project. The business is unique and will likely serve as a destination draw. It is expected to employ 3 to 4 people. An additional investment in equipment is pegged at \$51,000. The business will also generate additional restaurant and lodging tax collections. The estimated state income tax exemption is \$5,272 annually for a five-year total of \$26,359. Kwandt has signed a business incentive agreement as part of the lease application. Pending financing, he hopes to have the business open by late fall.

Frank moved recommend approval of the project with the five-year state income tax exemption. Maddock seconded. Motion approved unanimously.

**Consider rehabilitation of 308 W Main by Harvest LLC.** The application includes exterior improvements estimated at \$22,683 plus interior improvements ranging from \$60,000 to \$100,000 to include expansion of restrooms, creation of the kitchen space and installation of a fire suppression system. The building's current value is \$91,300, putting the minimum required investment at \$45,650. Thus even with \$10,000 in Storefront funding, it by far meets this qualification. In addition to the building rehab and occupancy of a vacant building, the business is expected to help fill Mandan's demand for restaurants, serve as a regional draw, and create 15-20 jobs. The restaurant has been in operation in Linton, but will be closing due to lack of volume on days besides Fridays and Saturdays. The Mandan location will be larger and plans are for it to be open 7 days a week with lunch and dinner service. Applicant Edgar Oliveira hopes to have the restaurant open by June 16.

Again, building official Barta was not available this week to provide an estimate of the building's value with the improvements. Using a rough estimate of a \$60,000 increase in building value to \$151,300 total, the property tax exemption is estimated at \$3,100 annually for a five-year total of \$15,500. A more official estimate will be available by the City Commission meeting. The state income tax exemption is forecast at \$2,400 a year or \$12,000 over five years. Oliveira has signed a business incentive agreement.

Feil moved recommend approval of the project with the 100% five year property tax and state income tax exemptions. Frank seconded. Motion approved unanimously.

**Update on legislation impacting Renaissance Fund Organizations.** Huber reported that the legislature had amended SB 2218 to limit the use of RFO funds to financing projects located solely in Renaissance Zones. RFOs previously could invest up to 50% of funds in the community outside of the Renaissance Zone. Another change is that no RFO

officer may have more than 49% ownership in an enterprise that the RFO invests in. Consensus was that the geographic limitation may deter interest in investing though an RFO.

**Policy on deadlines for projects.** Huber explained that she had initiated a call earlier today to the N.D. Commerce Department staff person in charge of Renaissance Zones. She had received an inquiry for a leasehold improvement project in a building that has received approval for rehab as a Renaissance Zone project; however, the scope of improvements has not been completed. The project has been on the books for since 2007. There are a few other projects that have also been open for 3-4 years. Huber had been advised that the committee should establish a policy with regard to timeline for completion. She suggests mirroring the timelines included in the City Commission's policy for property tax exemptions for new and expanding businesses (outside the zone). That policy stipulates commencement of construction within a year of City Commission approval and completion within two years. Frank asked if it hurt anything to have a project take longer since they aren't holding up any funds.

Feil moved to establish a policy requiring that a Renaissance project commence within 1 year of receiving City Commission approval and that it be completed within 2 years of City Commission approval. Maddock seconded. Motion carried unanimously.

The policy will be for projects approved from here forward. It will not be retroactive, however, it was suggested that projects that have been on the books for more than a year be scheduled to provide an update on their status to the committee and to encourage timely completion.

In other business, Feil noted that he would like to resign from the committee due to other time obligations. Feil recommends that Darren Haugen of Starion be considered. Feil asked about the process. Neubauer explained the process is to issue a news release seeking letters of interest. Huber suggested a letter of resignation effective on a certain date. The process of seeking replacements was discussed.

Huber passed out new Renaissance Zone brochures.

Feil moved to adjourn the meeting. Frank seconded. Motion approved unanimously.

Ellen Huber,  
Business Development Director

Jay Feil  
Chairman  
Renaissance Zone Committee