

**Mandan Growth Fund Committee**  
**Wednesday, March 25, 2020**  
**Noon**

**MINUTES**

**Growth Fund Members:**

Don Boehm, Chairman  
Term: 2019-2021

Jeff Erickson, Vice Chairman  
Term: 2018-2020

David Lehman  
Term: 2019-2021

Chad Peterson  
Term: 2020-2022

Rocky Reddig  
Term: 2020-2022

Maria Walen  
Term: 2018-2020

Sherwin Wanner  
Term: 2018-2020

Mark Weide, Chairman  
Term: 2018-2020

Lee Weisbeck  
Term: 2019-2021

**Liaisons:**

Mayor, City of Mandan

Tim Helbling

City Attorney, City of Mandan

Malcolm Brown

City Administrator, City of Mandan

Jim Neubauer

Building Official, City of Mandan

Shawn Ouradnik

Business Development &  
Communications Director, City of  
Mandan

Ellen Huber

Bismarck-Mandan Chamber EDC

Brian Ritter

Nathan Schneider

Lewis & Clark Development Group

Brent Ekstrom

Communications & Community  
Services Coordinator, City of  
Mandan

Kari Moore

1. Introductions

Chairman Boehm called the meeting to order. Members participating are indicated with a . Also logging on were Cloverdale Foods Company representatives Scott Staudinger, Miranda Bergquist, and Scott Russell; City Assessor Kimberly Markley; and Morton County Tax Equalization Director Bill Schafer.

New Business

2. Consider application for new and expanding business property tax exemption by Cloverdale Foods Company. Cloverdale representatives shared a presentation on the expansion project. Bergquist shared that the company has seen significant growth in 2018 and 2019 for pounds sold and significant growth in bacon production. The company is on track for bacon production to be almost 50 percent of the business. Cloverdale Foods is nearing a nationwide presence.

Staudinger reported projections for full-time employees are substantial over the next couple years and Cloverdale is trending at a 7% employee turnover rate for 2020, a significant improvement over years past and far above the industry average. About 80- 85% of Cloverdale employees live within the Bismarck Mandan community.

The Cloverdale project consists of five different parts: warehouse expansion; existing warehouse remodel; north east plant expansion; parking lot and site improvements; and an office area above the new warehouse. The total project is estimated at \$20 million. The plan is to break ground in April with hopes of occupying in the spring or summer of 2021.

The warehouse expansion is a 44,631 sq. ft. addition. Cloverdale is currently at capacity in the existing cooler and the expansion will allow for a capacity of up to 60-70 million pounds.

The existing warehouse remodel will improve flow and efficiency and allow for a large ammonia upgrade. The 43,204 sq. ft. remodel

*will allow for more room for dry goods storage and extend the current packaging/boxing/palletizing space area of finished goods.*

*The north east plant addition will bring an additional 8,007 sq. ft. with the largest space being for the pork belly holding cooler area.*

*Russell stated Cloverdale currently owns space across 34<sup>th</sup> Street and is looking to add a parking lot and site improvements to the area. He noted a crosswalk with warning/flushing lights would be helpful.. Any potential cost of 34<sup>th</sup> street improvements subject to special assessments is not included in project costs. Russell noted Cloverdale would look at internal ways to finance that cost.*

*Approximately 3,000 sq. ft. will be added with the office area above the new warehouse dock. It will connect to the existing second floor office area and be brought up to a contemporary layout. Staudinger stated this may not be finished right away and could be done as needed.*

*Cloverdale does expect needing to do something on the bacon side of the business within the next three years. They had recently looked at doing a bacon plant on the south side of their property, but felt it was too big of a leap right now.*

*Huber provided an overview of the application. Cloverdale is a certified primary sector business as required by the state for the new and expanding business property tax exemption. The estimated value of the building additions when completed is approximately \$5.4 million with nearly 54,000 sq. ft. of new construction in total. The applicant is seeking a 100%, five-year property tax exemption. The property tax exemption policy states the project should provide at least one benefit of those outlined for a top level/tier three, 100%t exemption for five years. Cloverdale meets the minimum of adding at least three full-time employees, plus an additional two full-time employees for each \$150,000 in structural value subject to exemption. Cloverdale would need an additional 79 new employees and the policy allows for a one-year look-back. Cloverdale created 64 new jobs in 2019 and has an additional 24 full-time employees projected in year one of the project.*

*Huber added that projects that are primarily for warehousing need justification to receive an exemption. She is comfortable that the expansion of Cloverdale's warehouse is very integral for the company to accommodate its current plant production and projected growth.*

*As required by law, the application for a property tax exemption was noticed in the Mandan News and shared with the other local taxing entities. Huber did not received any comments of concern.*

*Mayor Helbling commented that if Cloverdale did not qualify for some reason under the current local policy, then the policy should be addressed. He thanked Cloverdale for all they do and have done for Mandan.*

*Boehm asked about the rough estimate of the total tax exemption. Huber clarified that it would ultimately be 100% of the value of the additions. This is estimated to be \$5,372,000, which would result in an annual property tax exemption estimated at \$72,522 based on the current mill levy.*

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*Erickson moved to recommend approval of the new and expanding property tax exemption application by Cloverdale Foods Company for the full 100%, five-year exemption. Lehman seconded. The motion passed unanimously.*

3. Consider PACE interest buydown application by Cloverdale Foods Company  
*Huber explained the applicant is seeking an interest buydown on two loans: a loan for permanent financing for construction of additions of \$12.5 million, and a loan for \$2.5 million towards the purchase of equipment. Under the Bank of North Dakota (BND) rules, the maximum PACE buydown a primary sector company can receive from BND is \$500,000. That puts the minimum local share at about \$269,000. The Growth Fund's uncommitted balance for economic development projects currently stands at \$374,941.61, so for the Growth Fund to take on the entire local match it would consume the majority of the available balance. Huber explained the plan is to seek 50% of the local buydown amount from the Mandan Growth Fund and the other half from the Bismarck Vision Fund. That would be a split of \$134,615.39 each. Any action today would be contingent upon the approval of the lead lender (First International Bank), BND, and the Bismarck Vision Fund. If the Bismarck Vision Fund doesn't approve the local match, the applicant could go through a Lewis & Clark Development Group (LCDG) revolving loan fund.*

*Huber shared that the cities of Mandan and Bismarck have a history of sharing in buydowns with Cloverdale and National Information Solutions Corporation. She believes Cloverdale's operations benefit the entire region. Huber and Ekstrom corresponded prior to the meeting to see if the Growth Fund were to look at 0% interest loan, if LCDG would agree to service the loan if the applicant agrees to pay a one-time fee of \$1,500. Both LCDG and Cloverdale have agreed to the proposed servicing terms. LCDG also services loans for the Bismarck Vision Fund, and would only charge the applicant the one-time service fee for the local match split. Ekstrom advised the committee to not ask for security as there is no need to worry about repayment with a large company like Cloverdale and it could complicate other financing..*

*Schneider explained the Bismarck Vision Fund is set up similar to the Growth Fund. Meetings occur as needed and he doesn't see any issue with getting the local match approved through that committee. He felt like the most important part would be for Cloverdale to show the economic impact to Bismarck specifically. The Bismarck City Commission ultimately makes the final decision.*

*Lehman moved to recommend approval of a loan for Cloverdale Foods Company towards the local share of a PACE interest buydown in the amount of \$134,615.39 for a five year buydown & five year repayment period thereafter with a 0% interest rate and contingent on approval by the lead lender, Bank of North Dakota, and the Bismarck Vision Fund. Erickson seconded. Motion passed unanimously.*

*Huber noted both recommendations from the committee will be forwarded to the City Commission on April 7.*

#### Procedural Matters

4. Consider approval of minutes: Feb. 28, 2020

*Peterson moved to approve the Feb. 28, 2020, minutes as presented. Walen seconded. Motion passed unanimously.*

5. Review financial statement through Feb. 29, 2020

*Huber reported the economic development uncommitted balance preceding the committee and City Commission's actions from today's meeting stood at \$374,941.61. If City Commission approves the applications from this meeting, the balance will reduced to \$240,327.*

Other Business

6. Adjourn

*There being no further business the meeting adjourned.*

***The conference call originated in the Veterans Conference Room at Mandan City Hall. A speakerphone and video monitor were available at the location.***