

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
Term: 2018-2020

Lee Weisbeck
Term: 2019-2021

Liaisons:

Mayor, City of Mandan

Tim Helbling

City Attorney, City of Mandan

Malcolm Brown

Amy Oster

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

Mandan Growth Fund Committee

Monday, June 22, 2020

Noon

Veterans' Conference Room

& Online Via GoToMeeting

Mandan City Hall

205 Second Avenue NW

MINUTES

1. Introductions/roll call

Boehm called the meeting to order. Those participating are marked with a . Also participating was Mandan Progress Organization Executive Director Dot Frank.

Procedural Matters

2. Consider approval of minutes: June 2, 2020

Walen moved to approve the minutes from June 2, 2020. Wanner seconded. Motion passed unanimously.

3. Review sales tax revenue to date

Reports of sales tax revenue received year-to-date and for the month of June were included in the agenda packet. Huber noted the 1% city sales tax as a whole for 2020 is still up 18% compared to a year ago, due to a good first quarter. The 2% hotel occupancy tax and 1% restaurant and lodging tax revenue for the year are both up slightly, but is again contributed to a good start to the year. When looking at the revenue received in June, which was collected by businesses in April, collections are down from the same month the year prior.

New Business

4. Consider proposal for additional business gift card blitzes
In response to the committee's interest in supporting additional business gift card promotions, the Mandan Progress Organization (MPO) submitted a request for \$5,600 to cover two additional blitzes with a series of four sales each involving 100 gift cards per sale. The funding request includes costs for credit card fees, marketing and administration.

The MPO conducted a very successful series of online flash sales of business gift cards (and certificates) in late April and early May. All gift cards were worth \$30, but sold for just \$20, with a limit of 5 per customer per sale. MGF funding covered \$5 of the differential and participating businesses were asked to cover \$5

per gift card. In the end, four financial institutions sponsored the remaining gap so participating businesses came out whole.

Frank gave some insights from the first gift card blitzes, and noted that the MPO was considering charging non-members a one-time \$100 participation fee to differentiate the benefits between MPO members and non-members. The \$100 fee would be the same as a business membership, which would essentially give the non-members a membership for the year. Committee members expressed concern about charging a fee when tax dollars are being used to support the sale.

If the request is approved, the MPO would look to have two additional blitzes. Four sales would take place sometime during the months of July and August, and an additional four sales would happen between October and November.

Peterson moved to recommend approval of the \$5,600 funding request for two additional business gift card blitzes with the condition that all Mandan businesses be allowed to participate without a requirement for the additional fee covering membership. Walen seconded. The motion passed unanimously.

5. Update on N.D. Commerce Department proposal for Smart Restart Resiliency Grant
Since the committee's June 2 meeting, the N.D. Department of Commerce has come up with a proposal for a Smart Restart Resiliency Grant to use \$69 million of federal funding for the state's COVID-19 response. The program would provide grants of up to \$50,000 per business for investments in personal protection equipment (PPE), supplies and other improvements for the safety of employees and customers. The N.D. Emergency Commission approved the request on June 18, and it will be considered June 25 by the Legislative Budget Section.

Huber discussed distinctions between the Commerce Department's proposed program and the proposed local program. Those differences include that the proposed state program requires that a business demonstrate financial viability prior to the Coronavirus pandemic and that the proposed local program offers assistance for other strategies related to innovation, adaptability and diversification.

Ekstrom noted start-up businesses not yet operating at a profit may have difficulty meeting this state parameter, but could potentially survive with assistance at a local level. Others agreed.

Huber asked committee members if there was appetite for looking at the local program concept now knowing about the state program. The majority of members present said yes. Erickson noted the purpose of the local program concept is more preventative so that when something happens in the future, local business are prepared to survive should their normal operating procedures be interrupted. The committee moved on to review the local program concept.

6. Consider concept of Mandan Strong business micro-grants for innovation, adaptability & diversification

The Growth Fund has an unencumbered balance for economic development projects as of May 31, 2020 of approximately \$231,000. The recommendation, if approved, would earmark \$75,000 of this funding for the proposed program through approximately the end of October and likely no later than the end of

2020. Any unused funds would return to an uncommitted status after the last application round and/or the closure of any outstanding projects.

Boehm questioned if the local program would help businesses move forward or just provide a bridge for the time being. Helbling stated he was all for a local program until the state came out with its proposed program; he'd rather see the gift card blitzes expanded. Boehm asked Huber what she thought, and she said that she initially thought the programs mirrored each other, but now sees some distinct differences. Walen agreed the emphasis of the local concept is to help businesses "weather the storm" both now and in the future and was in favor of a max of \$3,000.

Huber identified areas of the local program concept requiring committee decisions. Boehm suggested the committee make a motion to approve or deny the concept proposed and then go through those items individually to make decisions. Erickson moved to recommend approval of the program as presented. Lehman seconded. Items were then discussed in detail one by one with the following amendments:

- Walen moved to amend the original motion to offer a forgivable loan of up to \$3,000 for businesses seeking to strengthen their business model. Erickson seconded. This amendment passed unanimously.
- Walen moved to amend the original motion to provide 75% of the funding after City Commission approval and the remaining 25% after receipts have been submitted to the City of Mandan Business Development office demonstrating correct use of funds. Receipts should be submitted within 90 days and a promissory note will need to be signed before receiving funds. Lehman seconded. This amendment passed unanimously.
- The committee agreed that eligibility requirement number four in the concept presented should state "Applicants must have North Dakota ownership and be for-profit businesses. Multi-level marketing businesses will not be allowed."
- The committee agreed that an applicant should have fewer than 100 employees on payroll at its Mandan location as of March 1, 2020.
- Lehman moved to amend the original motion to require a 1:2 match, meaning if a business wants the full \$3,000 they will need to put in at least \$1,500 towards the project. Erickson seconded. Since the committee will be requiring a match, it was discussed to remove "sweat equity" from statement 1d under the evaluation criteria. Huber stated she believed a match requirement will reduce the number of applicants. This amendment passed unanimously.
- Walen moved to amend the original motion to require a claw back if the applicant doesn't stay in business in the city of Mandan for at least one year. Peterson seconded. This amended motion passed unanimously.

The committee voted on the original motion as amended by roll call. It passed 4-2 with Boehm and Peterson voting no. Reddig had left the meeting by this time.

Huber said the final proposal for the local program will need to be ready for the July 7 City Commission agenda packet. She will share the revisions with the committee prior to the agenda packet being published so they can review it before it goes to the Commission for approval.

Other Business

7. Adjourn

There being no further business, the meeting adjourned.