

Growth Fund Members:

Mark Weide, Chairman
Term: 2018-2020

Jeff Erickson, Vice Chairman
Term: 2018-2020

Jeremy Bauer
Term: 2017-2019

Don Boehm,
Term: 2019-2021

David Lehman
Term: 2019-2021

Curtis Patzell
Term: 2017-2019

Maria Walen
Term: 2018-2020

Sherwin Wanner
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 Director,
City of Mandan

Ellen Huber

Bismarck-Mandan Chamber EDC

Brian Ritter

Nathan Schneider

Lewis & Clark Development Group

Brent Ekstrom

Program Coordinator, City of
Mandan

Kari Moore

Mandan Growth Fund Committee

Tuesday, May 21, 2019

Noon

Veterans' Conference Room

Mandan City Hall

205 Second Avenue NW

MINUTES

1. Introductions

Vice Chairman Erickson called the meeting to order. Members present are indicated with a .

Procedural Matters (10 minutes)

2. Consider approval of minutes: April 10, 2019

Walen moved to approve the April 10, 2019 minutes. Lehman seconded. Motion passed unanimously.

3. Review financial statement through April 30, 2019

Huber reported the economic development uncommitted balance stands at \$166,468.12. The statement provided reflects the action taken on the \$60,000 in storefront improvements for Running's Supply, Inc.

4. Review loans receivable

Huber reported Finance Director Greg Welch and Assistant Finance Director Krissy Pfeifer created a spreadsheet with information on loans receivable and included it in the agenda packet. She explained the "current" column on the spreadsheet represented repayments expected in 2019, and the "noncurrent" column is payments expected beyond 2019. The allowance included was for Fore5 Sweet Boys, which is the partnership that purchased the building that now houses Laughing Sun Mandan but used to be Mandan Drug. Fore5 Sweet Boys had a loan toward the building. The Finance Department was not expecting the payment to come in for 2019, but Huber visited with Ekstrom since the Lewis & Clark Development Group is doing the collections on the loan. Ekstrom shared that a principal payment for March and also in November had been made. He stated in general it is a strong loan. There's a mortgage on the building and the partners are current on the mortgage payments to the lead lender. If the mortgage gets paid off then the Growth Fund loan would move into the first position to receive payments. Ekstrom does not recommend write off. Fore5 Sweet Boys maintain monthly payments on the interest and pay on the principal as they can.

Receivables are for interest buydowns, and the loans don't get paid back until after the buydown period.

New Business

5. Consider provision of a forgivable loan for the winner of Mandan's 2019 business pitch competition (15 minutes)

A competition overview and scoresheet was provided in the agenda packets. Huber explained both documents received updates or improvements based on feedback from the contest organizers, the Mandan Tomorrow – Economic Opportunity & Prosperity committee, and feedback from the selection committee and judges. Scalability was added as a criteria for judging – the business should have the potential to grow and generate income beyond self-employment. Changes also clarified that the winner would need to have a commercial location open in Mandan by Dec. 31, 2020 in order to receive the forgivable loan. The commercial location was not a requirement last year. The winner could still win the competition and get other prizes, but would not meet the requirements to receive funding if the commercial location is not opened in Mandan by the deadline. Also new this year, the judges will determine the winner based on rank versus score. Points will be the tie breaker if need be.

Huber stated she and Schneider would like to have commitments for prizes secured by June 1 in order to get information out to the public way in advance, allowing ample time to prepare and apply. She believes the opportunity exists to use the competition as a recruitment tool for anyone considering opening a business in central or western North Dakota.

The 2018 competition helped identify and motivate people who were thinking about starting a business. Among the 11 entrants, six have since either opened or announced the opening of a business. The contest winner, Nordic Steel Building Systems, recently saw the first home constructed from its exterior wall system by a residential developer in Reno, Nevada. Runner-up Kimberly Bloms will open Kids in Motion Pediatric Therapy & Wellness on July 1 in conjunction with Every Eye at 306 W Main St. Old Ten Bar and Grill and Balancing Goat Coffee Co. should each be open later this year in Mandan. Copper Dog Café, is also slated to open this summer, and it evolved from an entry in last year's competition. Another applicant, Woodblock Media, now operates from a Bismarck base. Other entrants continue to fine-tune their business plans. Nearly 100 people attended to watch the live pitches by finalists. Evaluations indicated the audience found the activity to be an effective means of inspiring and fostering entrepreneurship.

Boehm asked about splitting up the \$10,000 among the winner and first runner-up, suggesting \$7,000 for the winner and \$3,000 for the first runner-up. Discussion was held. Committee members felt the \$10,000 is what gained public interest in the 2018 competition. Huber stated the Economic Opportunity & Prosperity committee wants to see more prizes this year for all four finalists. She also added that Old Ten Bar & Grill, Copper Dog Café and Balancing Goat Coffee Company have all applied for and been approved to receive way more than \$10,000 in incentives through other programs after the competition.

Lehman moved to recommend approval of a \$10,000 forgivable loan to the winner of the 2019 Business Pitch Challenge. Walen seconded. Discussion was held. Boehm moved to amend the motion to make it a \$7,000 forgivable loan for the winner and \$3,000 to the first runner-up. Discussion continued about the reason to divvy up the winnings and also a question about increasing the winnings to \$12,500 and

dividing it amongst the top two. Helbling suggested offering more than \$10,000 was a bit of a stretch since it is taxpayer money. Huber added the Economic Opportunity & Prosperity committee's intent on the prize money is not to provide a business with all it needs to launch, but rather leverage their own private investment to provide for a stronger start.

The amendment failed 6-2 with Erickson, Bauer, Lehman, Walen, Wanner and Weisbeck voting no and Boehm and Patzell voting yes. The committee then voted on the original motion, passing it 8-0 to recommend approval of a \$10,000 forgivable loan to be awarded as a first place prize in the 2nd Annual Mandan Business Pitch Competition with the contingencies as outlined in the competition overview.

6. Receive an overview of the Start Up Grand Forks seed capital program (15 minutes)
Huber visited with Brandon Baumbach, the person overseeing the Start Up Grand Forks program. He stated they had just revised the program this week. It launched in April 2017 with loans in the range of \$5,000 to \$20,000 for start-up entrepreneurs. Huber said it's quasi seed capital. Grand Forks requires a business guarantee but no collateral. The maximum for the loan is five years with an interest rate standard of 5 percent and payments deferred for a maximum of one year. The applicants themselves must have at least 25 percent invested in the project. If the project is bankable, it needs to get financing from a bank. The program is used to match a Bank of North Dakota (BND) program on a 2:1 basis. If they award a business \$10,000, BND will match \$5,000.

The program seeks innovative and scalable businesses. By June, they will have had two applications go through, another one in process and one that has been turned back for revisions a couple times. Kelvin Hullet from the Bank of North Dakota told Huber he liked the Grand Forks program.

The committee agreed to circle back to the program in the future. There was discussion on not wanting to compete with lenders. Huber added that Brandon will be speaking on the program at the Economic Development Association of North Dakota conference on June 18 at the Baymont Inn & Suites in Mandan. MGF members are welcome to attend.

7. Discuss business development targets and additional potential assistance or incentive programs (30 minutes)

Huber provided a draft of business development targets. A similar list was last done in 2016. City staff continues to look for businesses that fill gaps in Mandan and as always invites suggestions from committee members.

Other Business

Huber invited the Growth Fund Committee to the EDND conference in June.

8. Adjourn

There being no further business the meeting was adjourned.