ROLL CALL

Members Present: Bachmeier, Drady, Gates, Hertz, Johnson, Mattson, and Zimmerman

Members Absent: None.

Others Present: Council Members –Mark Jantzer, Rick Hedberg, Dave Shomento, Miranda Schuler, Finance Director -Cindy Hemphill, City Comptroller - Sue Greenheck, Executive Secretary- Tami Stroklund, and MADC President/CEO - Stephanie Hoffart.

1. APPROVAL OF MINUTES

Bachmeier moved the minutes of the July 24, 2015 meeting be approved as submitted. Motion seconded by Johnson and carried unanimously.

2. MADC – Interest Buy Down of debt for Minot Downtown Merchants

Stephanie Hoffart, MADC, gave an overview of the grant for $500,000 to buy down interest on debt for downtown businesses that have been adversely affected by the infrastructure projects in downtown Minot. She informed one of the primary purposes of the MAGIC Fund is to save existing jobs. MADC is supporting this request to provide assistance to the downtown Merchants, who collectively employ an estimated 1,000 employees (working in the retail, restaurant and small business sectors), within the footprint of the downtown infrastructure projects. She explained the application process. Each business will complete an application with their local financial institution for verification of debt and interest rate, which would be submitted directly to the City Finance Director. MAGIC Funds to buy down the interest will go directly to the downtown business's financial institution on an annual basis. Maximum of $75,000 worth of debt via interest buy down per downtown business ($3,000 per year). A 4% maximum interest buy down to a minimum of 1%.

Questions from the Committee began from Mattson inquiring if this will open the window for other businesses to request dollars for this reason? Ms. Hoffart answered the downtown businesses have an unusual circumstances where rerouting traffic and signage was not possible because there was no alternate way for customers to gain access to these businesses. She also noted it took longer than anticipated due to unforeseen issues.To identify the individual businesses that will qualify for the assistance the downtown infrastructure footprint map will be used.

Zimmerman asked about future projects similar to this an example the Broadway Bridge and businesses affected by construction. Hoffart replied that is why the footprint map is being used to qualify and those businesses. Businesses impacted by the Broadway Bridge project will still have an alternate access route for customers, unlike the downtown situation. Zimmerman asked how a buy down was determined. Hoffart explained a committee was formed who felt the downtown businesses at this time cannot take on more financial burden and this financial assistance is the best opportunity to keep them going.

Minot resident Jeff Brose read the Minot Daily News article to the committee regarding this application. Brose explained his concern that this will bring other businesses who have construction near or in front of their businesses to apply for money and there will be no end in sight if the committee approves this request. He explained he felt downtown was able to host their Wine Walk, offered shuttle service to customers and feels the downtown businesses failed to prove their businesses suffered. He ended by stating when you have trouble with your mortgage you go to the bank and the committee should deny this application.

Downtown business owner Margie Bolton thanked the committee for their consideration of this application. She explained she understood others concerns for what is being asked but stated the MAGIC Fund is to retain businesses and jobs. Bolton explained from firsthand experience the struggles her customers had not being able to access her business. Bolton explained many businesses were impacted by this and are in need of help. She thanked the committee for their consideration and encouraged them to approve the application.

Finance Director, Cindy Hemphill, informed the committee this has become a 3 year project and will continue into 2016-2017. Hemphill explained in 2015 underground vaults were found that delayed the project and other unforeseen issues were discovered after the project began. She also informed with the upcoming main street project there will be more uncertainty until underground construction begins.

John MacMartin, Minot Chamber President, spoke on behalf of the Chamber Board and informed the board voted to approve this unanimously. MacMartin understood the concern for setting precedence and reminded the committee these downtown businesses did not have alternate routes to gain access to the businesses. He stated most patrons try to avoid construction and will go where it is convenient to shop.

Mattson asked if anyone has looked at qualifying factors to set future precedence for these types of applications. Hoffart informed they are strictly going by the map to qualify. Hemphill explained this project was a bit of a perfect storm but in the end will enhance downtown and if the businesses cannot remain in business then it was pointless. Hemphill agreed there might be new applications in the future but each will be unique and will need to be evaluated then. She informed other businesses usually have multiple ways for access and for downtown business there wasn't any way to access them unless you parked blocks away and walked.

Johnson moved that the following be forwarded to City Council for their consideration.

The City Council approve the application from MADC for Minot Downtown Merchants in the amount of $500,000 for funding to be used to buy-down a maximum of 4% interest for downtown businesses for a maximum of 36 months.

The above motion was seconded by Bachmeier and passed by the following roll call vote: ayes: Bachmeier, Drady, Gates, Johnson, Mattson, and Zimmerman. Nay: Hertz

4. FINANCIAL REPORT

Sue Greenheck, City of Minot Comptroller, reported the MAGIC fund as of November 2015 has a total cash balance of $8.5M of that amount $3.5M is committed. Sales tax collections as of October are 17% higher than they were in the prior year.

5. 2016 MAGIC Fund Calendar

Johnson moved the 2016 MAGIC Fund Calendar be approved as submitted. Motion seconded by Zimmerman and carried unanimously.

6. OTHER BUSINESS

7. ADJOURNMENT

There being no further business, Johnson moved to adjourn the MAGIC Fund Steering Committee meeting.

Respectfully submitted,
Brent Mattson
Chairman

December 9, 2015

MEMO TO: Minot City Council

FROM: Brent Mattson, Chairman MAGIC Fund Screening Committee

RE: Recommendation

The MAGIC Fund Screening Committee met on December 9, 2015 and recommends that the City Council take the following action:

MADC - Interest Buy Down of debt for Minot Downtown Merchants - $500,000 Grant

The City Council approve the application from MADC for Minot Downtown Merchants in the amount of $500,000 for funding to be used to buy-down a maximum of 4% interest for downtown businesses for a maximum of 36 months.

The Minot Area Development Corporation (MADC) has submitted an application for a grant in the amount of $500,000 to buy down interest on debt for downtown businesses that have been adversely affected by the infrastructure projects in downtown Minot. The application states one of the primary purposes of the MAGIC Fund is to save existing jobs therefore MADC is supporting this request to provide assistance to the downtown merchants who collectively employ an estimated 1,000 employees (working in the retail, restaurant and small business sectors) within the footprint of the downtown infrastructure projects. The following list of criteria included in the application has been determined by a committee including representation from the Minot Area Development Corporation, Minot Area Chamber of Commerce, Minot City Council and the Minot Downtown Business and Professional Association.

- **Maximum of $75,000 worth of debt via interest buy down per downtown business ($3,000 per year)**
- 4% maximum interest buy down to a minimum of 1%
- Assistance provided to at least 55 downtown businesses
- The downtown business must have been in operation on or before May 11, 2015 (the beginning of road closures in downtown for new water and sewer infrastructure) and still currently in operation
- Maximum buy down period is 36 months not to exceed July 2019
- Business must be in the footprint of downtown infrastructure projects (map enclosed)

- Business must be adversely affected by the infrastructure projects in downtown
- Each business would complete an application with their local financial institution for verification of debt and interest rate of downtown business which would be submitted directly to the City Finance Director
- MAGIC Funds to buy down the interest would go directly to downtown business's financial institution on an annual basis from the City of Minot

The application explains MADC seeks support from the MAGIC Fund Steering Committee and the Minot City Council in the amount of $500,000 for funding to be used to buy-down a maximum of 4% interest for downtown businesses for a maximum of 36 months. It states funding should be considered because it supports the mission of MADC and the purpose for which the MAGIC Fund was established to include the creation and retention of jobs, expand the local tax base and increase capital investment. As Minot's downtown infrastructure projects are completed we will create the type of atmosphere to attract new business and provide affordable housing for the downtown workforce. It is essential for our community to provide Minot's core downtown businesses assistance to successfully create a thriving city center for our residents and visitors to our Magic City.