

MAGIC FUND SCREENING COMMITTEE

March 27, 2020

CITY COUNCIL CHAMBERS - SECOND FLOOR - CITY HALL

515 2nd AVE. SW

7:30 AM

A G E N D A

1. Approval of Minutes – April 26, 2019
2. MADC – A \$400,000 Grant to match funds for a CRISI Grant awarded.
3. Financial Report
4. Other Business
5. Adjourn

1. APPROVAL OF MINUTES

Minutes from the April 26, 2019 meeting are enclosed for you review and/or correction and approval.

2. MADC – A \$400,000 Grant to match funds for a CRISI Grant awarded

MADC is requesting a grant in the amount of \$400,000 in MAGIC funds to match the grant awarded by the Consolidated Rail Infrastructure and Safety Improvement (CRISI) program.

The North Dakota Department of Transportation (NDDOT) partnered with the MADC and Ward County, North Dakota to complete the buildout of the Industrial Park of Minot; reaching its full potential as the first multimodal operation in the state. On June 12, 2019, the MADC was awarded \$400,000 by the CRISI Grant, which is the first time the grant has been awarded in North Dakota. In order to move forward with the CRISI Grant, MADC needs non-federal funding/match of \$400,000 (50% of total cost).

There is a great need to enhance multimodal connections between rail service and other modes of transportation. The North Dakota State Freight Plan and NDDOT's TransAction III (the state's long-range transportation plan) identified high demands to increase freight mobility and options, which were consistently requested from both the public and private sectors. With no current rail facilities capable of multimodal operations within North Dakota, Minot's position and existing development is a tremendous opportunity for the entire state to benefit from.

Additional information is attached memo and supporting documents. MADC will be attending the meeting to answer questions.

3. Financial Report (Attached)

5. Adjourn

MAGIC Fund Steering Committee Minutes
April 26, 2019

ROLL CALL

Members Present: Hertz, Lundeen, Olson and Zimmerman

Members Absent: Bachmeier, Drady and Gates

1. APPROVAL OF MINUTES

Hertz moved the minutes of the May 18, 2018 meeting be approved as submitted.

The above motion was seconded by Lundeen and passed by the following roll call vote: ayes: Hertz, Lundeen, Olson and Zimmerman. nays: none

2. SBPC – Business Accelerator Fund (BAF) - \$1M Grant – Half in 2019 (\$500,000) and half in 2020 (\$500,000)

Lindsay Ulrickson, Executive Director, introduced herself and Briselda Hernandez, the Business Opportunity Manager. Ulrickson began the presentation (attached) discussing the SBPC Vision and Mission. SBPC serves the communities and counties within North Dakota Region 2 (Bottineau, Burke, McHenry, Mountrail, Renville, Pierce and Ward Counties).

SBPC has been a partner in progress for cities, counties, non-profits, businesses and individuals since 1972. We are a solutions-based team made up of entrepreneurs, elected officials, volunteers, and passionate staff. By listening to community members, they gain insight into the true needs and gaps of rural North Dakota. With community-driven discussions, we search for opportunities and resources to fill the gaps.

Ulrickson explained the make of the leadership team and members of committee.

Hernandez began covering the Bank of ND Flex Pace Overview loan. She explained it helps communities expand their economic development base by assisting businesses that make an investment in the community. It uses typical lending credit standards. Flex Pace provides funding to buy down a borrows interest rate as low as 1%. Hernandez asked the committee to reference the examples of scenarios in the packet.

Hernandez went on to say, this will help build resilient communities. The guidelines will follow BND guidelines. BAF may be used for the purchase of real

property, property investments, equipment and certain working capital requirements. BAF will generally be limited to a three year buy down period, not to exceed \$70,000. The interest rate will be between 1% and 5%. Maximum loan terms will be between five and ten years.

Ulrickson discussed the authority over the program will be the SBPC Board of Directors which meets monthly. SBPC would be using none of the MAGIC Fund dollars for administration costs. SBPC will cover this estimated cost of \$35,000. The board will review program financial reports and loan status reports at all regularly scheduled meetings.

At this time, the committee asked questions.

Lundeen questioned the equity requirement. SBPC and BND answered the equity will be determined by BND. It typically is 20%-25%.

Lundeen questioned if the principal will come back. SBPC answered all principal and interest will be borrowed back out.

Lundeen made a motion to approve \$300,000 in 2019 and \$300,000 in 2020. There was not a second motion so the motion did not pass.

Hertz made a motion to approve SBPC Business Accelerator Fund (BAF) \$1M Grant – half in 2019 (\$500,000) and half in 2020 (\$500,000).

The above motion was seconded by Olson and passed by the following roll call vote: ayes: Hertz, Olson and Zimmerman. nays: Lundeen

3. Minot Convention and Visitors Bureau (Visit Minot) with Minot Area Chamber of Commerce and Minot Area Development Corporation \$300,000 Grant

Stephanie Hoffart, President/CEO, MADC introduced herself. She informed the committee the MADC Board of Directors passed their vote of support for this collaborate marketing effort at their recent board meeting. Hoffart told the committee John MacMartin, President, Chamber of Commerce was unable to attend but his Board also voted in full support of this effort.

Tim Mihalick spoke on behalf of the IEDC Stakeholders. Mihalick informed the City of Minot had commissioned a study which gave a recommendation to form a committee. A committee was formed and the Mayor appointed Mr. Mihalick as the Project Chairman. Mihalick gave a brief background of the past year explaining the committee met several times. During these meetings they discussed focus areas to be addressed. Technical teams were developed from these discussions. (Downtown, Private Investment, and One Brand Committee) Now they are moving forward with the recommendation to develop a one

cohesive community brand with a supportive marketing plan. Mihalick stated the City of Minot needs one face and one voice. A marketing campaign needs to be put together to make this happen.

Olson questioned the timeline? Rianne Kuhn from Visit Minot informed once RFQ goes out, they will allow them to decide timeline. Mihalick informed the sooner the better. It is important to begin this process as soon as possible.

Lundeen questioned what the bid packet will include? Kuhn answered a scope of the work, a qualification sheet which will include percentages and the highest will show the qualifications. It will not exceed eight pages only the hard facts and qualifications. The selection committee will include two representatives from each entity.

Lundeen made a motion to approve Visit Minot, Minot Area Chamber of Commerce and Minot Area Development Corp. a \$300,000 grant

The above motion was seconded by Olson and passed by the following roll call vote: ayes: Hertz, Lundeen Olson and Zimmerman. nays: none

4. FINANCIAL REPORT

Sue Greenheck, City Comptroller, informed the committee the MAGIC Fund balance as of March 2019 is \$8.7M. Sales tax collections are 1.25% higher than this time last year.

Olson motion to approve the April 2018 financials.

The above motion was seconded by Lundeen and passed by the following roll call vote: ayes: Hertz, Lundeen Olson and Zimmerman. nays: none

5. OTHER BUSINESS - none

6. ADJOURNMENT

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


Respectfully submitted,
Jason Zimmerman
Magic Fund Committee Chairman



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MEMO

TO: MAGIC Fund Steering Committee and Minot City Council

FROM: L. John MacMartin, Interim President/CEO 

DATE: Monday, March 16, 2020

SUBJECT: Matching Funds for CRISI Grant Awarded

1. Request:

The Minot Area Development Corporation (MADC) respectfully requests the amount of \$400,000 in MAGIC funds to match the grant awarded by the Consolidated Rail Infrastructure and Safety Improvement (CRISI) program.

2. Background:

The North Dakota Department of Transportation (NDDOT) partnered with the MADC and Ward County, North Dakota to complete the buildout of the Industrial Park of Minot; reaching its full potential as the first multimodal operation in the state. On June 12, 2019, the MADC was awarded \$400,000 by the CRISI Grant, which is the first time the grant has been awarded in North Dakota. In order to move forward with the CRISI Grant, MADC needs non-federal funding/match of \$400,000 (50% of total cost).

There is a great need to enhance multimodal connections between rail service and other modes of transportation. The North Dakota State Freight Plan and NDDOT's TransAction III (the state's long-range transportation plan) identified high demands to increase freight mobility and options, which were consistently requested from both the public and private sectors. With no current rail facilities capable of multimodal operations within North Dakota, Minot's position and existing development is a tremendous opportunity for the entire state to benefit from.

The benefits of this intermodal project include:

- Boost the North Dakota, regional, and national economy through an increase in freight rail supplying export markets, with the associated improved trade balance.
- Create jobs from proposed intermodal-dependent agricultural and industrial processing facilities.
- Increase competitiveness for local producers to export to international markets, through reduced-cost and increased-security transportation options.
- Fulfill a need for an intermodal facility in North Dakota where one does not exist.
- Quantitative benefits have been calculated in a Benefit-Cost Analysis that reflect a benefit-cost ratio of 7.03. The Benefit-Cost Analysis can be viewed at <http://mintousa.com/about/CRISI>.

Specific components of the project include additional rail lines to handle unit trains, area for container storage, loading and transferring, transloading, and related roadway infrastructure. The proposed project will create a minimum of four rail lines that are each 10,000 LF, which will allow full unit trains to be delivered and maneuvered on site. MADC has already secured BNSF Site Certification, ensuring the site is ready for rapid acquisition and development through a comprehensive evaluation of existing and projected infrastructure, environmental and geotechnical standards, utility evaluation, and site availability. A Statement of Work includes the steps to confirm the project is successful, which includes securing a facility operator; the Statement of Work can be found at <http://www.minotusa.com/about/CRISI>.

The proposed development is a Capital Project aimed at improving regional railroad infrastructure and rail facilities. The benefits of this efficient multi-modal project far outweigh the costs of the project and will expand the local tax base, increase capital investment, expand the primary sector financial base of the area, and create new jobs; all key components aligning with the MAGIC Fund.

3. Authority:

On July 11, 2019, the MADC Board of Directors authorized its President/CEO to proceed with this request seeking MAGIC Funds to match the federal funding, for the completion of preliminary engineering (PE) and environmental review of the Industrial Park of Minot.

4. Sources:

MADC is requesting MAGIC Funds of \$400,000 for the preliminary engineering and environmental studies necessary for infrastructure improvements at the Industrial Park of Minot. Three key partnerships will take place with this project:

- 1) NDDOT and the Federal Railroad Administration (FRA)
- 2) NDDOT and the City of Minot
- 3) NDDOT, MADC, the City of Minot, and the engineering firm hired. The NDDOT will be responsible for RFP process, which is expected to take 6 months before engineering can take place.

MADC's partnership with NDDOT is free of cost and the MAGIC Fund dollars will go directly toward the engineering needed for infrastructure improvements at the Industrial Park of Minot. Below are the project funding details provided by the NDDOT:

Project Funding Details

Task #	Task Name/Project Component	Cost	Percentage of Total Cost
1	Detailed Project Work Plan	\$35,000	4%
2	Conceptual Design	\$60,000	8%
3	Coordinate and Secure Facility Operator	\$40,000	5%
4	Environmental Review	\$120,000	15%
5	Preliminary Engineering (30% Design)	\$545,000	68%
Total Project Cost		\$800,000	100%
Federal Funds Received from Previous Grant		\$0	0%
CRISI Federal Funding Request		\$400,000	50%
Non-Federal Funding/Match (MAGIC Fund Request)		Cash: \$400,000 In-Kind: \$0	50%
Portion of Non-Federal Funding from the Private Sector		\$0	0%
Portion of Total Project Costs Spent in a Rural Area		\$800,000	100%
Pending Federal Funding Requests		\$0	0%

5. Recommendation:

MADC seeks support from the MAGIC Fund Steering Committee in the amount of \$400,000 for the preliminary engineering and environmental studies of the Industrial Park of Minot. To aid the completion of the industrial park, helping transform it into an efficient multimodal facility that will be the first in the state of North Dakota and will result in the creation of new jobs, expand the local tax base, increase capital investment, and grow the primary sector financial base of the Minot area.

MAGIC FUND APPLICATION

I. MAGIC FUND CONTACT OFFICE OF RESPONSIBILITY: Minot Area Development Corporation

II. PREVIOUS MAGIC FUND PROPOSALS/APPLICATIONS: _____

III. THE FIRM:

A. Name of Company: Minot Area Development Corporation

B. Corporate Address: 1020 20th Ave SW, Minot ND 58701

C. Project Address: _____

D. Telephone: 701.852.1075

E. Form of Business Ownership: Non profit corporation

1. If a Corporation, Indicate Federal Tax ID #: 45-6015977

F. Project Principal(s)/Contact(s):

Name	Address	% Ownership
L. John MacMartin, Interim President/CEO	1020 20th Ave SW, Minot ND 58701	0%

G. Product or Service: Completion of preliminary engineering and environmental review of the Industrial Park of Minot

H. Phase of Project: _____ start-up expansion _____ retention

I. Current Company Status:

1. Current Number of Employees

a. Full Time: 2

Average Hourly Wage: _____

b. Part Time: 1

Average Hourly Wage: _____

J. Primary Bank Account(s)

1. Name: Bremer Bank

2. Address: 20 1st St SW, Minot ND 58701

3. Telephone: 701.852.3361

4. Contact Person: Wes Black, President

K. Company Attorney

1. Name: Bryan Van Grinsven, McGee, Hankla, Backes & Dobrovolny, PC

2. Address: PO Box 998, Minot ND 58702-0998

3. Telephone: 701.852.2544

IV. PROJECT FUNDS SOURCE/USE STATEMENT

Source	Amount/Form	Use
Consolidated Rail Infrastructure & Safety Improvement (CRISI) Program	\$400,000	50% cost of preliminary engineering & environmentals
MAGIC Fund	\$400,000	50% cost of preliminary engineering & environmentals
TOTAL	\$ 800,000	

V. CURRENT AND PROJECTED EMPLOYMENT N/A

	Existing Jobs	Employment Projections	
	(date)	(year)	(year)
Professional	_____	_____	_____
Managerial	_____	_____	_____
Skilled	_____	_____	_____
Semi-Skilled	_____	_____	_____
Unskilled	_____	_____	_____
 Total	_____	_____	_____
 Average Hourly Wage Each Year	_____	_____	_____

VI. ALL APPLICANTS

- A. A completed MAGIC Fund Application form.
- A. Enclose information concerning any pending or threatening litigation or administrative proceeding or any outstanding administration orders, judgments, or injunctions to include company officials or any of the principals involved in bankruptcy (for the past five years)

VII. NEW BUSINESS VENTURES

- A. List three professional and three personal references.
 - 1. (professional) Senator Karen Krebsbach 701.720.1291
 - 2. (professional) Steve Lysne, SRT Communications 701.858.5246
 - 3. (professional) Kathy Aas, Xcel Energy 701.839.8142
 - 4. (personal) Representative Jay Fisher 701.500.5726
 - 5. (personal) Jim Hatlelid, Former City Council Member 701.720.1384
 - 6. (personal) Senator Randy Burckhard 701.833.0870
- B. A business plan that include no less than three years pro-forma financial statements (balance sheet, income statement and cashflow statement).
- C. Signed personal financial statements for all principals who hold more than 20% interest in the venture.

VIII. EXISTING BUSINESSES (Expansion/Retention/Relocation)

- A. Enclose financial statements for the past three fiscal years, including: balance sheets, income statements. If unaudited, the statements must be signed and dated by an authorized financial officer of the business.
- B. Enclose most recent interim financial statements (balance sheet and income statements).
- C. Enclose Federal Tax returns filed by the business principals for the previous three years, if the applicant is a sole proprietorship, partnership, or corporation that does not have its financial statements audited or reviewed.
- D. Enclose a business plan, which shall include no less than three years of pro-forma financial statements (balance sheet, income statement, and cashflow statement).
- E. Attach a typewritten narrative describing the company, the project, markets served, jobs being retained/created, benefits offered, community/regional impact, competition, and any other information that may help describe the project and funding request.

The data which you supply to this department will be used to assess your firm's qualifications for MAGIC Fund assistance. Any information the company deems confidential/proprietary should be defined when presenting the application. All information submitted that can be protected by the North Dakota open records laws will be omitted from the public record as determined appropriate.

By signing below you represent that you are duly authorized to verify the foregoing application, that you have read it, and that you are familiar with the statements contained therein, which you verify are true.

SIGNATURE AND TITLE

John MacMartin

President/CEO

DATE:

3/16/20

Sales Tax - First Penny	2016	2017	2018	2019	2020	2021	2022
January	1,073,447.18	1,092,148.21	1,202,974.02	1,043,272.87	1,120,906.36		
February	982,501.96	711,861.09	753,896.84	903,257.47	615,653.81		
March	708,597.79	705,525.30	524,286.77	565,591.28			
April	790,569.80	640,082.86	924,895.07	1,000,807.12			
May	960,563.47	993,474.66	760,100.12	859,680.24			
June	845,164.38	865,945.71	713,433.15	637,916.33			
July	743,207.04	945,977.21	1,152,039.27	1,302,838.89			
August	1,112,766.06	792,535.87	916,349.83	843,498.66			
September	924,022.07	748,469.32	762,096.37	1,041,767.46			
October	921,549.07	1,078,494.96	1,101,698.09	1,074,156.98			
November	891,184.03	757,235.69	872,289.59	663,787.39			
December	733,998.53	685,831.47	906,973.11	1,143,540.64			
	10,687,571.38	10,017,582.35	10,591,032.23	11,080,115.33	1,736,560.17		
Year to Date	2,055,949.14	1,804,009.30	1,956,870.86	1,946,530.34	1,736,560.17		
Over/(Under) YTD	-40.957%	-12.25%	8.47%	-0.53%	-10.79%		
% Year	19.237%	18.008%	18.477%	17.568%	100.000%		
Yearly % Comparison	-17.900%	-6.269%	5.724%	4.618%	-84.327%		
Budget	12,608,727.00	9,112,443.00	9,112,443.00	10,000,000.00	10,000,000.00		
YTD Est Collections	12,608,727.00	9,112,443.00	9,112,443.00	10,000,000.00	1,666,666.67		
Over/(Under) Budget	-83.69%	-80.20%	-78.53%	-80.53%	4.19%		

Sales Tax - Second Penny

	2016	2017	2018	2019	2020
January	1,073,447.18	1,092,148.22	1,202,974.03	1,043,272.87	1,120,906.35
February	982,501.96	711,861.09	753,896.85	903,257.47	615,653.81
March	708,597.78	705,525.30	524,286.77	565,591.28	
April	790,569.81	640,082.86	924,895.07	1,000,807.12	
May	960,563.47	993,474.65	760,100.12	859,680.24	
June	845,164.38	865,945.71	713,433.15	637,916.34	
July	743,207.04	945,977.22	1,152,039.28	1,302,838.90	
August	1,112,766.07	792,535.87	916,349.84	843,498.66	
September	924,022.07	748,469.31	762,096.38	1,041,767.46	
October	921,549.07	1,078,494.95	1,101,698.10	1,074,156.98	
November	891,184.03	757,235.68	872,289.60	663,787.38	
December	733,998.53	685,831.46	906,973.10	1,143,540.64	
	10,687,571.39	10,017,582.32	10,591,032.29	11,080,115.34	1,736,560.16
Year to Date	2,055,949.14	1,804,009.31	1,956,870.88	1,946,530.34	1,736,560.16
Over/(Under) YTD	-11.93%	-12.25%	8.47%	-0.53%	-10.79%
% Year	19.237%	18.008%	18.477%	17.568%	100.000%
Yearly % Comparison	-17.900%	-6.269%	5.724%	4.618%	-84.327%
Budget	12,608,727.00	9,112,443.00	9,112,443.00	10,000,000.00	10,000,000.00
YTD Est Collections	10,507,272.50	9,112,443.00	9,112,443.00	10,000,000.00	1,666,666.67
Over/(Under) Budget	-80.43%	-80.20%	-78.53%	-80.53%	4.19%