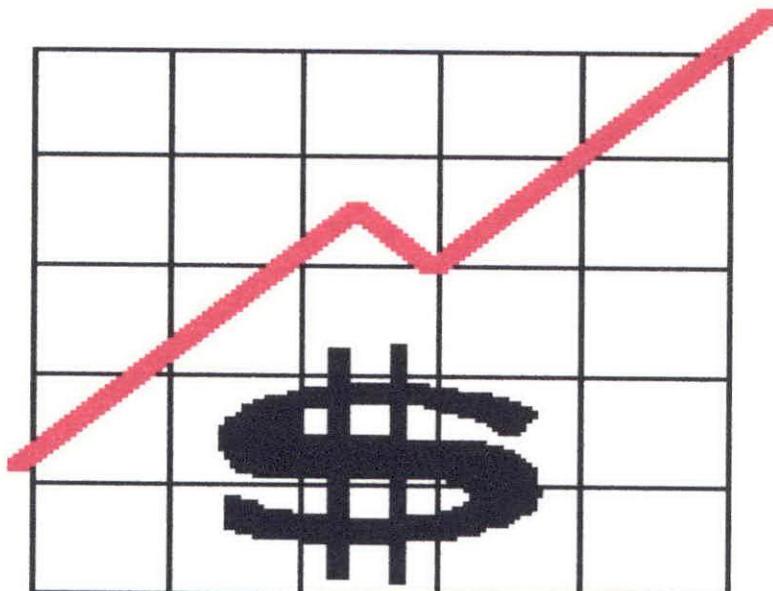


MAGIC FUND ECONOMIC IMPACT REPORT 1996



**Compiled for the City of Minot by:
Minot State University's
Business & Community Assistance Center
900 North Broadway, Suite 301
Minot, ND 58703
(701)858-3825
1-800-777-0750 ext. 3825**

city of minot

April 1997

The Minot Area Growth by Investment and Cooperation (MAGIC) Fund is pleased to present the 1996 annual report. The MAGIC Fund prides itself on providing financial assistance to economic development projects for the purpose of business retention, expansion and job development to further strengthen our economic base.

Highlights for 1996 include the welcome addition of Sykes Enterprises, Incorporated, which began operations in December of 1996, and the Minot Milling Company, which plans to begin construction in 1997. These extraordinary accomplishments have made 1996 another great year for economic development in the Minot area.

It takes a collaborative effort to move our Northwestern North Dakota economy forward. On behalf of the MAGIC Fund I wish to extend our appreciation to the economic development volunteers and professionals for yet another successful year.

Our development accomplishments would not be possible without the risks taken by our dedicated and determined entrepreneurs who encounter the day to day challenges of establishing and operating a business in today's increasingly competitive marketplace. Our success depends upon their success. A sincere thank you to everyone who contributed to a successful 1996.

Sincerely,



Blaine DesLauriers
MAGIC Fund Chairman

ACKNOWLEDGMENTS

Special thanks for preparation assistance, reporting, and editing is extended to the following:

*Businesses funded by the MAGIC Fund
City of Minot administrative staff
Minot Area Development Corporation
Minot State University
Small Business Development Center
Souris Basin Planning Council*

1996 MAGIC FUND ECONOMIC IMPACT REPORT

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PREFACE

Inception

The Minot Area Growth by Investment and Cooperation (MAGIC) Fund was established in 1990 when Minot voters approved a 1% city sales tax. Forty percent of the sales tax is designated for economic and industrial development. Project funding assessment and recommendations are conducted by the MAGIC Fund committee members, who are appointed by the Mayor and confirmed by the City Council.

1996 MAGIC Fund Committee Members



Blaine DesLauriers, Chairman
1st International Bank
Represents financial sector

Ernie Selland, Vice Chairman
Minot Telephone Company - retired
Represents business sector

Monte Espe
Northern States Power
Represents labor sector

Wanda Emerson
Mohall Economic Development Director
Represents trade area

John Petrik
Pringle & Herigstad Law
Represents professional sector

John Samuelson
Samuelson Shoes - retired
Represents business sector

Scott Tranby
Mowbray Plumbing & Heating
Represents labor sector

PAST MAGIC FUND COMMITTEE MEMBERS

<u>Name</u>	<u>Sector Represented</u>
Orlin Backes, Past Chairman	Professional
John Hoeven III, Past Chairman	Finance
Jim Jensen, Past Chairman	Business
Karen Czaplewski	Business
Dick Bergstad	Labor
Robert Thom	Labor
Ron Rauschenberger of Kenmare	Trade Area

Role The MAGIC Fund's role in the financial packaging of business startups, expansions or retention is to provide "gap" financing and/or relocation incentives. Funds are to be used to leverage related financing through primary lenders, venture capitalists and others. In this role, the MAGIC Fund offers substantial flexibility in structuring financial terms to meet each individual project's needs.

Process Applicants contact one of the following service providers to assist them in submitting a proposal:

- ◆ Minot Area Development Corporation (MADC)
1020 20th Ave SW
PO Box 940
Minot, ND 58702
(701)852-1075
- ◆ Minot State University's Business & Community Assistance Center (BCAC)
900 N Broadway, Suite 301
Minot, ND 58703
(701)858-3825
(800)777-0750, ext. 3825
- ◆ Small Business Development Center (SBDC)
900 N. Broadway, Suite 300
Minot, ND 58703
(701)852-8861
- ◆ Souris Basin Planning Council (SBPC)
4215 Burdick Expressway E.
Minot, ND 58701
(701)839-6641

Requests for funding involve a two step process. A project proposal is submitted for review, providing the MAGIC Fund committee an opportunity to communicate concerns, request specific information, and/or offer valuable suggestions. If the proposal falls within MAGIC Fund guidelines and merits further consideration, the committee votes to invite an application. Approval is based on the impact the business has on the region's economy, the number of jobs created/retained, and the quality of jobs. For five years after the year of funding, the MAGIC Fund requests a report of actual jobs created/retained and actual wages paid from the funded companies.

Business Friends

The MAGIC Fund understands that assisting a business to start, expand, or relocate in the northwestern North Dakota is only the first step. Recognizing the risks that entrepreneurs face in this uncertain and fast-paced global arena, the Minot community wants to do more than simply provide financial assistance. It wants to foster a long-term, profitable, and continuing community partnership through its Business Friends program.

The Business Friends program is designed to:

- extend a hand of friendship from the Minot community to the business
- offer assistance by providing relevant information and support
- encourage collaboration and provide the link to locate desired resources for expanded support
- contact the business periodically to gather required MAGIC Fund employment data

Public Support

The public perception of the MAGIC Fund's contribution to improved quality of life in Minot was put to the test at the Minot polls in 1995. By a margin of 8.4 to 1, voters overwhelmingly supported a continuation of the 1% city sales tax, of which 40% is designated for economic and industrial development through June 30, 2006.

Annual Report

The MAGIC Fund General Policy Guidelines, as approved by the Minot City Council, require an annual economic impact report of the activities of the MAGIC Fund. This economic impact report is compiled by Minot State University's Business and Community Assistance Center. *Questions or comments regarding the annual report should be directed to the Business & Community Assistance Center, 701/858-3825 or 1-800-777-0750 ext. 3825.*

Methodology

Businesses that have received funds from the MAGIC Fund within the last 5 years, are asked to complete a report of the number of jobs created or retained. This report also includes information on wages and benefits paid by the business. A copy of this form is found in Appendix B2.

The reporting form has been revised over the years. This year, the form was modified to simplify the reporting of fringe benefits and cost-sharing data, to request information on seasonality of employment, and to report the number of employees at year-end. In previous years, the businesses sent in the 4th quarter ND SUTA (State Unemployment Tax Act) Tax Report, which was annualized in the calculation of total wages.

The number of jobs reported is the total number of full time equivalent jobs at year-end unless the business has seasonal employment in which the average number of jobs is used. To arrive at the *average* hourly wage, the total wages are divided by the *average* number of jobs rather than the number of jobs at year-end.

Limitations

Of the 71 businesses surveyed for the number of jobs and wage impact, there were 5 companies that did not respond to the report as requested. In these cases, we relied on verbal estimations from the local economic developers and extrapolations from previous years' reports. Percentages were rounded to the nearest whole unless otherwise noted. In the case of job retention, the entire number of local jobs and wages are reported. In the case of expansion, only the incremental jobs and wages are measured unless otherwise specified by the application. The accuracy of this report is dependent on the accuracy of the information reported by the companies.

The amount of actual job creation attributable to each partner in the financing and economic development support is difficult to measure. Information on how many of the economic development projects would have been undertaken in absence of the MAGIC Fund is not known. Various projects may have begun at a later date or on a smaller scale and some may have substituted another source of funding.

**MAGIC FUND
ECONOMIC IMPACT REPORT
1996**

1996 MAGIC FUND ECONOMIC IMPACT REPORT

Approvals & Jobs Supported (*Appendix A, B, E*)

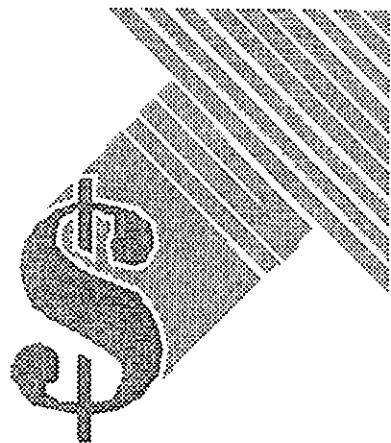
In 1996, the MAGIC Fund provided direct job creation assistance to 17 projects. The 1996 applicants intend to create 1028.50 jobs as a result of the funded business projects totaling \$4,209,850.

In addition, there was one approved project request for \$25,000 that was not for direct job creation, but indirectly supported economic development. The \$25,000 will be used by Souris Basin Planning Council to leverage a \$500,000 Intermediary Relending Program awarded by the U.S. Department of Agriculture.

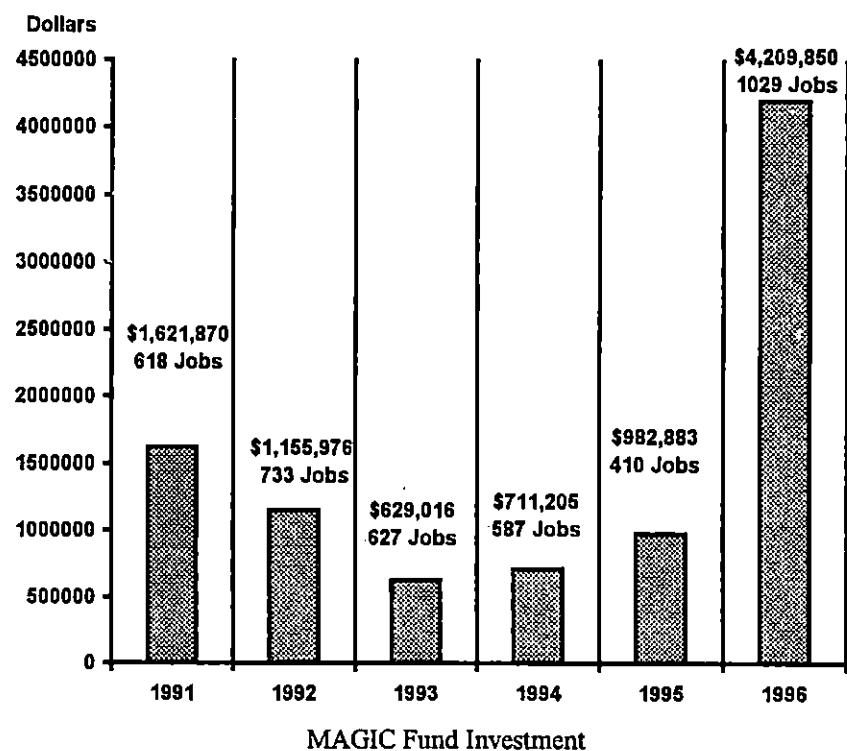
JOB CREATION/RETENTION MAGIC FUND APPROVED PROJECTS 1996

<u>COMPANY</u>	<u>JOBS</u>
Electronics Services Enter.	45.0
Uniband Inc.	123.0
Sykes Enterprises, Inc.	400.0
Minot Milling Company	25.0
Symbiotic Labs	3.0
TRJ Enterprises dba Impact Tele.	36.5
Deva Lifewear	28.0
Rugby Manufacturing	87.0
NuGrain Products Co.	32.0
The Connection	40.0
Noble Games	95.0
Dakota Development	44.0
Shave & Haircut	1.0
Tumbleweed Cafe	6.0
Wood -N-You	7.0
Dacotah Marketing	44.0
Fold-N-Form	<u>12.0</u>
 TOTAL JOBS	1028.5

Since the fund's inception in 1990, a total of \$9,310,800 has been obligated to 137 job creation/retention projects in 37 communities. These businesses have indicated their intent to provide a total of 4,002.75 jobs (full-time equivalent) during or before 2000.



YEARLY MAGIC FUND INVESTMENT & PROJECTED JOBS

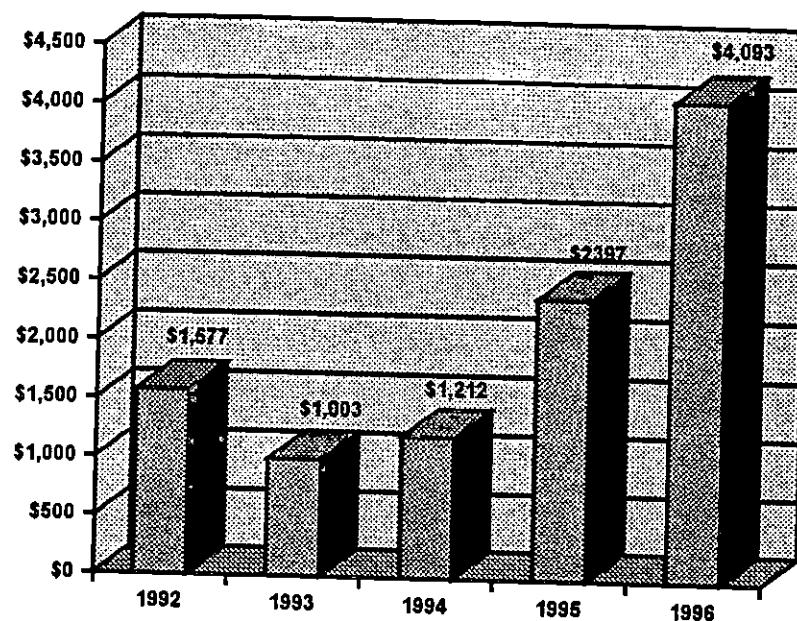


NOTE: These numbers have been adjusted for projects withdrawn after funds were approved. Some businesses have been funded in two or more different years and their projections are may differ between funding applications.

Job Creation Cost
(Appendix A)

The average individual job creation cost is charted below by year.

5 YEAR MAGIC FUND INVESTMENT PER JOB PROJECTED



NOTE: Typically there is a time lag after funding before actual jobs are in place. For this reason, the formula used to calculate the job creation cost uses annual funding and job creation expectations. (e.g. \$4,209,8500 Magic Fund investment ÷ 1,028.5 jobs projected = \$4,093 for job cost in 1996.)

According to North Dakota State University's Agricultural Economic Report No. 369 (Feb 1997), the average amount of financial assistance varied from \$2,173 to \$7,548 per full-time job equivalent.

In 1996, the MAGIC Fund was pleased to assist in recruiting two major companies that not only intend to provide 425 jobs, but will also be investing \$35,700,000 in facilities, equipment, and land. The increase in the MAGIC Fund's investment per job is explained by the broader economic impact of the higher capital investment and spin-off benefits.

**Jobs Projected vs.
Actual**
(Appendix B)

Overall, the MAGIC Fund has invested in job creation projects which have created or retained 80% of the jobs projected by the funded applicants. There are no state or national averages that we are aware of, however, a 60% success rate is generally considered by economic development professionals to be excellent. It should be noted that 51% of the jobs created/retained are with 8.3% of the funded businesses.

**Wages Projected vs.
Actual**

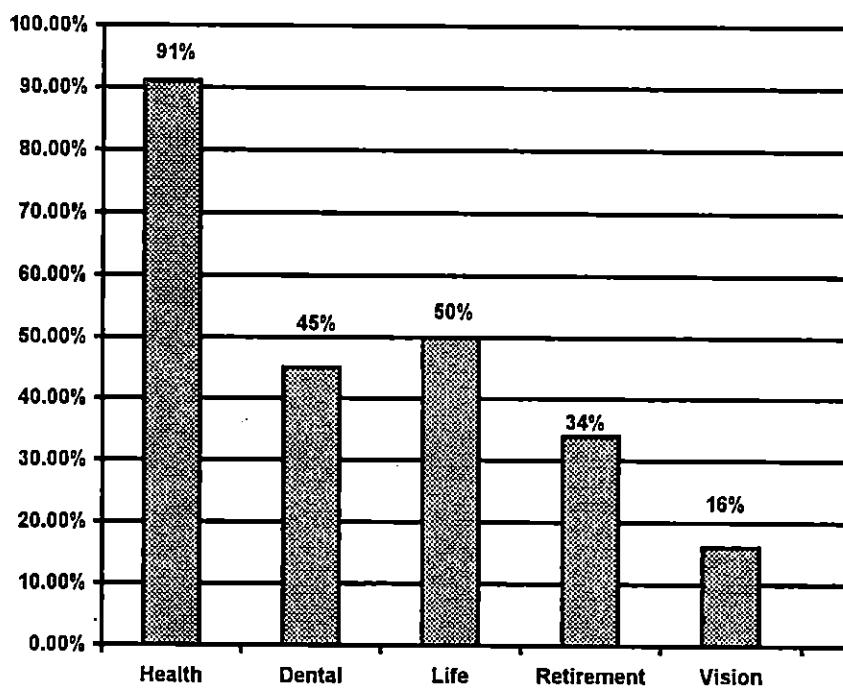
Wage rates and compensation are an additional measure of economic vitality and community growth. In 1996, actual hourly wages of funded businesses averaged \$7.90, which is 90% of projections. Higher wages and lower unemployment in our region result in more individual discretionary spending which circulates in the community, benefiting all. As wage rates and the number of employed workers rise, our economic developers are challenged to work even harder in recruiting new businesses. North Dakota's work ethic and productivity is second to none, making this region a very desirable place to do business.

Fringe Benefits

Fringe benefits for full-time jobs created/retained were provided for 93% of funded jobs (1992-1996). On an average, businesses paid 60% of the cost of fringe benefits.



FRINGE BENEFITS PROVIDED FOR FUNDED JOBS



Economic Impact
(Appendix A, B)

Over the last 5 years, funded businesses have returned \$17.50 in wages for every \$1.00 in MAGIC Funds obligated. The impact is estimated to be 1.5 to 3 times greater than this figure, adjusting for the multiplier effect of money when it is locally circulated.

WAGES PAID

Total wages paid in 1996	\$35.7 Million
Total wages paid 1992-1995	<u>\$97.3 Million</u>
Total wages paid 1992-1996	\$133.0 Million

The MAGIC Fund's success is easily measured by job creation and wages. However, various economic factors are also taken into consideration; capital investment, diversification of our economic base, and quality of jobs influence MAGIC Fund investment.

Leverage
(Appendix A)

The MAGIC Fund committee has been able to spread the risk of investment by leveraging various funding sources. On the average, in 1996 the MAGIC Fund provided 10.6 % of the capital on projects in which it participated, leveraging \$9.43 for each dollar invested. Once again, these statistics strongly support the tremendous value of a communities based growth fund for gap and incentive financing. This allows community to leverage their funds for maximum benefit.



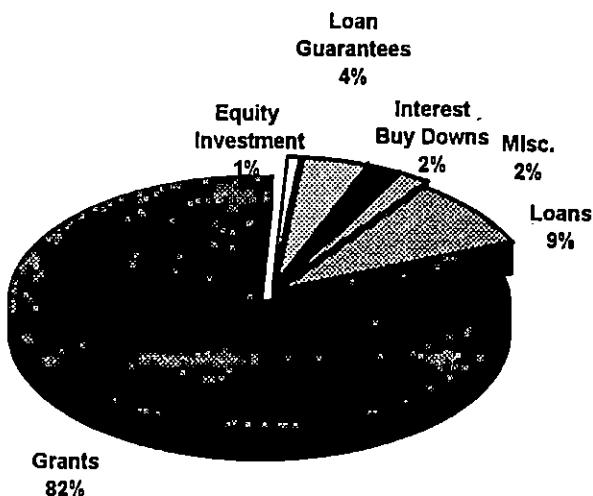
Part of the MAGIC Fund's success is due to its willingness to create unique, flexible, ample financial agreements and terms. There is a sincere desire to give each business the best opportunity to achieve its goals and create additional jobs. Following is a summary of the types of funding provided over the last 5 years.

Types of Funding
(appendix A)

*MAGIC FUND COMMITMENTS
BY MAJOR TYPE OF FUNDING 1996*

Loans *	\$ 358,000
Grants	3,435,700
Equity Investments	60,000
Loan Guarantees	170,000
Interest Buy Downs	77,000
Miscellaneous	<u>109,150</u>
Total	\$4,209,850

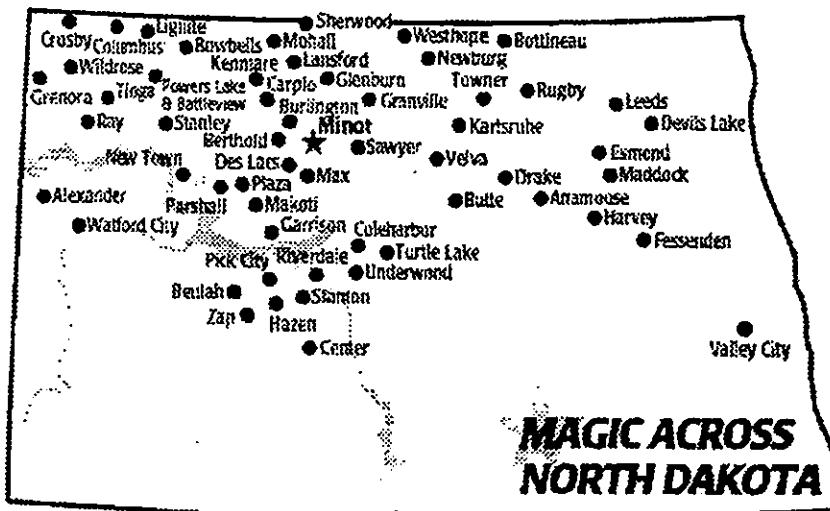
*Note: *\$243,000 of this amount are loans convertible to grants.*



Rural Impact

During 1996, the MAGIC Fund provided direct job creation assistance to 11 projects in 10 rural communities obligating \$314,700 in funds for 379.5 projected jobs. This results in a cost of \$829 per job. Typically there is a time lag after funding before actual jobs are in place. For this reason, the calculation of job creation cost uses funding and job creation expectations. Over the last 5 years, a total of \$1,152,100 has been obligated to job creation/retention projects.

Since inception, the MAGIC Fund has supported surrounding rural communities in their economic development efforts. The MAGIC Fund reaches out and encourages surrounding rural communities to propose projects and apply for economic development funds. Whether a proposal to retain the rural town's only grocery store or a bid to recruit a major manufacturer, Minot recognizes the significant impact surrounding communities have on Minot's economy. When surrounding rural communities prosper, so does Minot.



NOTE: Businesses have been funded outside of our trade area due to jobs created through trading partners within our trade area.

Marketing Match (Appendix C)

During 1996, the MAGIC Fund continued to contribute to the economic development efforts of northwestern North Dakota by providing \$500 to \$2,000 in marketing funds directly to 47 communities. A total of \$68,100 was approved in 1996 which was matched by \$98,674 in funds from communities. Funds are allocated based upon the requested match amount, community population, and the distance of the community from Minot.

The MAGIC Fund Community Contracts require that rural communities match the MAGIC Fund's contribution dollar for dollar. The wide variety of marketing uses of these funds includes community brochures, direct mail, world wide web sites, promotional signage, economic development seminars, downtown renovation, and recruiting expenses.

**City of Minot
Impact**

During 1996, the MAGIC Fund provided direct job creation assistance to 5 job creation projects obligating \$3,895,150 for 649 projected jobs. This results in a cost of \$6,438 per job. Over the last 5 years, a total of \$9,942,829 has been obligated to job creation projects in Minot. The average hourly wage paid by businesses funded in Minot is \$8.25 with 95% of those jobs providing benefits.

The progressive trends in economic indicators such as lower unemployment rates and increased taxable sales in Minot and Ward County have been favorable. The unemployment rate in Ward County was approximately 3% in 1996, well below the national average of almost 5.5%. According to the State Tax Commissioner, taxable sales and purchases in Ward County were up approximately 6% over 1995. Business expansion and lower unemployment rates result in increased dollars circulating in the community, benefiting all.

Conclusion

In conclusion, the MAGIC Fund continues to serve as an effective catalyst for the economic and community development of the Minot trade area. It is eminently clear that the MAGIC Fund's job creation success rate, delivery of promised wages, quality of jobs, and business expansion, make it one of the most successful funds of its kind. In addition, the relationships forged with state agencies, regional communities, development groups, university systems, and private businesses, indicate that the MAGIC Fund will continue to be a major contributor to the economic health and vitality of northwestern North Dakota.

APPENDIX A

A1: LISTING OF APPROVED JOB CREATION/RETENTION PROJECTS TO DATE

COMMUNITY COMPANY	FUNDS APPROVED	TYPE OF FUNDS	OTHER FUNDS	MAGIC FUND'S % OF TOTAL INVESTMENT	YEAR FUNDED
BERTHOLD					
Larry's Meat Shop	\$ 1,500	Grant	\$51,500	2.8	1994
Patchwork Enterprises/Closed	10,000	Loan Guarantee	22,000	31.3	1991
Tumbleweed Cafe	5,500	Grant	61,000	8.3	1996
BOTTINEAU					
Bottineau Developers, limited	50,000	6 Year Loan	288,500	14.8	1995
Bottineau Winter Park	5,000	Grant	29,500	14.5	1992
Chem Sharp (Sold)	10,000	Loan	91,500	9.9	1994
Dakota Optical	<i>Withdrawn after approval</i>				
North Central Cattle Feeders	50,000	Loan Guarantee	700,000	6.7	1993
Rodeo Shop Chaps	10,000	Interest Buy Down	60,000	14.3	1992
BOWBELLS					
Bowbells Inn/Sold	10,000	5 Year Loan	32,000	23.8	1992
Nelson Plumbing & Heating	4,000	Grant	11,500	25.8	1994
BURLINGTON					
Yale Hoppers/Closed	4,000	3 Yr Loan	12,200	24.7	1992
CARPIO					
Carpio EDC (Cafe)	1,250	Interest Buy Down	13,233	8.6	1992
CROSBY					
Crosby Self Serve	1,500	Interest Buy Down	81,500	1.9	1994
Quality Pork Co-Op	25,000	3 Year Line of Credit	875,000	2.8	1992
DES LACS					
Ag-Mate Manufacturing	20,000	Loan Guarantee	340,800	19.0	1991
(Closed)	60,000	Loan Guarantee			1991

COMMUNITY COMPANY	FUNDS APPROVED	TYPE OF FUNDS	OTHER FUNDS	MAGIC FUND'S % OF TOTAL INVESTMENT	YEAR FUNDED
DEVILS LAKE					
Sagen, Inc.	500	Grant	10,000	4.8	1993
DUNSEITH					
Image Systems, Inc.	<i>Withdrawn After Approval (Tsfr to Terhorst)</i>				
ESMOND					
City of Esmond (SCI)/Closed	30,000	5 Year Loan	1,258,000	2.3	1993
FESSENDEN					
Central Dakota Dev Corp	\$ 50,000	5 Year Loan	240,000	17.2	1995
Nilles Drug	1,500	Rent Subsidy Grant	80,000	1.8	1992
GARRISON					
Golden Age Aviation/Closed	5,000	5 Yr Loan	14,950	25.1	1992
Great Plains Development, Inc.	50,000	Loan	345,000	16.7	1996
GLENBURN					
Glenburn CDC/Cafe	5,000	Grant	62,500	7.4	1995
Mickey's Kitchen/Sold	2,200	Grant	22,800	8.8	1992
GRANVILLE					
Shave & a Haircut	1,200	Grant	6,300	16.0	1996
HARVEY					
Amberland Foods	2,500	Grant	83,692	2.9	1992
Dakota Seasonings					
Harvey Farmers Elevator	10,000	5 Year Loan	194,000	4.9	1992
Harvey Tire Center	2,000	Interest Buy Down	225,500	0.9	1992
NuGrain Products Company	60,000	Equity Investment	480,000	11.1	1996
TJ Manufacturing	20,000	Loan	208,600	8.8	1994
Wood-N-You	5,000	Loan	119,871	4.2	1996

COMMUNITY COMPANY	FUNDS APPROVED	TYPE OF FUNDS	OTHER FUNDS	MAGIC FUND'S % OF TOTAL INVESTMENT	YEAR FUNDED
HAZEN					
Brite Flite/Closed	30,000	5 Year Loan	331,500	8.3	1992
Impact Telemarketing	20,000	Loan	353,300	5.4	1994
Noble Games	65,000	Loan	1,928,000	3.26	1996
KENMARE					
Creative Industries	21,180	Interest Buy Down	403,440	7.2	1991
Incabar	5,000	5 Year Loan	45,000	10.0	1994
Kenmare Dental Clinic	4,000	Grant	178,000	2.2	1992
Kenmare EDC (Pro Entry) (Pro Entry)	68,000	Loan			1991
North Dakota Envelope Co.	15,000	Grant	30,000	33.3	1991
	16,000	Interest Buy Down	351,000	4.4	1994
LANSFORD					
Lansford Betterment (Beauty Shop)	1,010	Grant	2,510	28.7	1991
Lansford CBE (Schepp's Dakota Deli)	3,000	Loan convertible	52,000	15.4	1995
M. Gates Manufacturing	5,000	Grant			1995
	20,000	Loan Guarantee	266,950	7.0	1991
LEEDS					
Leeds EDC/Land & Dev	50,000	Loan 1/2 convertible	1,000,000	4.8	1995
Leeds EDC/Uniband Data	26,000	Loan 1/2 convertible	222,000	11.7	1995
LIGNITE					
City of Lignite (Medical Clinic)	8,000	Loan Guarantee	11,300	41.5	1993
MAKOTI					
Makoti Development Corp (Grocery Store)	5,000	5 Year Loan	28,000	26.3	1994
	5,000	Equity Investments			1994
MAX					
S & H Market/Sold	15,000	No Interest Loan	47,370	24.1	1991

COMMUNITY COMPANY	FUNDS APPROVED	TYPE OF FUNDS	OTHER FUNDS	MAGIC FUND'S % OF TOTAL INVESTMENT	YEAR FUNDED
MINOT					
Abacus Accounting, Inc.	100,000	2 Year Loan	400,000	20.0	1992
Banton Ind./Closed	35,000	5 Year Loan	388,000	8.3	1993
Behren's Construction	35,000	Loan Guarantee	350,000	9.1	1991
Bobco/Closed	30,000	Rent Subsidy	357,750	12.6	1991
	20,000	Relocation Grant			1991
	1,525	Business Plan Grant			1991
Cal Dak Cabinets	15,000	5 Year Loan	24,700	37.8	1992
Central Machine & Pump	39,803	Interest Buy Down	608,000	14.5	1991
	7,000	5 Year Loan			1991
	25,000	Loan Guarantee			1991
	19,500	Interest Buy Down			1995
	12,600	Interest Buy Down			1995
Choice Hotels	400,000	Grant	800,000	36.6	1991
	100,000	Loan Guarantee			1991
Cloverdale Foods	17,356	Interest Buy Down	204,242	7.8	1993
Creative Media	30,000	Loan convertible	52,000	26.8	1995
DD Schmidt	20,000	Loan	50,000	50.0	1991
	30,000	Equity Investment			1992
Dacotah Marketing	40,000	Loan	40,000	50.0	1994
	150,000	Loan Guarantee	980,000	16.3	1996
	10,000	Interest Buy Down			1996
Dakota Custom Furniture	10,000	Loan	200,000	4.8	1991
Degelman Industries	16,505	5 Year Loan	200,000	7.6	1994

COMMUNITY COMPANY	FUNDS APPROVED	TYPE OF FUNDS	OTHER FUNDS	MAGIC FUND'S % OF TOTAL INVESTMENT	YEAR FUNDED
MINOT (Cont.)					
Diversified Industries	87,000	Rent Subsidy <i>Withdrawn After Approval</i>	552,500	15.3	1991
Edu-Craft/Closed	30,000	5 Year Loan	110,000	21.4	1992
Electronics Services Ent., Inc.	113,000 9,150	Loan Rent Subsidy	250,000	32.8	1996 1996
Ever-Fresh Products, Inc.	47,500	5 Year Loan	1,239,500	3.7	1995
Faxx Foods			<i>Withdrawn After Approval</i>		
Fjeld Manufacturing/Closed	50,000	Loan	90,000	35.7	1991
Flexi-Coil, Inc.	32,800 50,000 90,000	Grant/Water Line Grant/Site & Bldg Interest Buy Down	2,611,000	6.2	1995 1995 1995
Fold-N-Form	75,000 70,000 8,000	5 Year Loan Grant Int Buy Down	300,000 1,000,000 30,000	20.0 6.5 2.6	1993 1995 1996
FP Bourgault	90,000 13,500 51,000	Pace Int Buy Down Grant - Water Ext Main Grant	1,425,700	11.0	1994 1994 1994
Gold Star Parts	18,312	Interest Buy Down	227,907	7.4	1991
Granite Springs Water	7,500	Interest Buy Down	250,000	2.9	1994
Infrared Solution, Inc.		<i>Cancelled</i>			
Interstate Brands	150,000	Grant	700,000	17.6	1993

COMMUNITY COMPANY	FUNDS APPROVED	TYPE OF FUNDS	OTHER FUNDS	MAGIC FUND'S % OF TOTAL INVESTMENT	YEAR FUNDED
MINOT (Cont.)					
Jackets By Price	35,415	Interest Buy Down	200,000	15.0	1991
Lite Form, Inc.	100,000	5 Year Loan	312,000	24.3	1992
Mikela Corporation	15,000	5 Year Loan	210,000	6.7	1994
Miller Sheet Metal	3,900	Interest Buy Down	133,400	2.8	1991
Minot Milling Company	710,000	Grant	29,290,000	2.3	1996
Minot Restaurant Supply	10,246	Interest Buy Down	218,906	4.5	1991
Minot Vocational Workshop	53,200	Interest Buy Down	1,229,00	4.2	1994
Monarch Products	10,000	Interest Buy Down	175,000	5.4	1995
MSU(Small Business Mgt Prog)	20,000	Grant	121,702	14.1	1994
Northwest Molding & Mfg (Sold to Niess Enterprises)	40,000	Grant	215,000	15.7	1995
Oral Logic	150,000	5 Year Loan	1,000,000	13.0	1991
	50,000	Loan Guarantee	600,000	7.7	1993
	30,000	Interest Buy Down	641,000	4.5	1994
Pet Chef/GTZ/Closed	30,000	5 Year Loan	105,000	22.2	1992
Pro-Entry	30,000	Subordinated Loan Pace Int Buy Down	165,000	42.5	1991
	20,000	Equity Investment			1992
	72,000				

COMMUNITY COMPANY	FUNDS APPROVED	TYPE OF FUNDS	OTHER FUNDS	MAGIC FUND'S % OF TOTAL INVESTMENT	YEAR FUNDED
MINOT (Cont.)					
ProMark One	300,000 75,000 240,000	Grant Grant Grant	995,000 400,000	35.2 15.8	1993 1993 1994
RFI, Inc./Closed	19,336 21,500	Interest Buy Down Relocation Assist Grant	1,959,164	2.0	1991 1991
Rice Lake Products	16,500	Interest Buy Down	200,000	7.6	1994
Scherr's Cabinet	7,488	Interest Buy Down	35,000	17.6	1991
Science & Nature Int., Inc./Closed	50,000	4 Year Loan	125,000	28.6	1992
Soaring Eagle Outerwear	100,000 76,800 50,000 40,000	1 Year Loan Rent Subsidy Loan Guarantee Grant	350,000	43.3	1992 1991 1991 1993
Sykes Enterprises, Inc.	2,000,000 670,000 100,000	Grant Grant - Infrastructure Misc.	3,700,000	42.8	1996
Terhorst Manufacturing	15,135 34,805 26,500 10,000 90,000 20,000 83	Interest Buy Down Interest Buy Down Interest Buy Down Interest Buy Down Interest Buy Down Grant Amended	353,424 0	12.4 6.6 2.2 9.1 100.0	1992 1991 1993 1994 1995 1992 1992
Uniband, Inc.	125,000	Loan convertible to grant	2,350,000	5.0	1996
Vertical Solutions	37,500	5 Year Loan	107,500	25.9	1994

MOHALL

Accel Dakota Midwest Telemark	2,560	Interest Buy Down	Withdrawn After Approval 215,120	1.2	1993
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COMMUNITY COMPANY	FUNDS APPROVED	TYPE OF FUNDS	OTHER FUNDS	MAGIC FUND'S % OF TOTAL INVESTMENT	YEAR FUNDED
NEW TOWN					
Symbiotic Lab	4,000	Grant	55,150	6.8	1996
PLAZA					
Plaza Betterment, Inc.	10,000	5 Year Loan	44,000	18.5	1992
POWERS LAKE					
Northwest Veterinary Services	1,500	Interest Buy Down	104,500	1.4	1994
RAY					
Pro Link/Closed	10,500	5 Year Loan	140,000	7.0	1993
RUGBY					
City of Rugby (Robodyne)	130,000	5 Year Loan	201,650	39.2	1992
Rugby Manufacturing	55,000	Interest Buy Down	1,905,000	3.1	1996
	5,000	Grant			1996
The Connections Telemarketing	40,000	Grant	408,600	8.9	1996
St. Michel Rentals	2,500	Grant	76,000	3.2	1994
SAWYER					
Punkin Patch Pheasant Ranch	500	Grant	36,000	1.4	1993
STANLEY					
IGF Insurance	6,391	Lease Buy Down	6,391	50.0	1992
Stanley EDC (Jack & Jill)/Closed	25,000	1 Year Loan	187,000	11.8	1992
Stanley EDC/Veterans Home	<i>Withdrawn After Approval</i>				
TOWNER					
Kelly Publishing	7,500	Grant	97,900	9.3	1991
	2,550	Interest Buy Down			1991
Towner CDC (Dairy Project)	12,500	Interest Buy Down	750,000	1.6	1993
TURTLE LAKE					
Jesz Recycling /Relocated to Minot	\$ 4,000	Grant	68,110	5.5	1991

COMMUNITY COMPANY	FUNDS APPROVED	TYPE OF FUNDS	OTHER FUNDS	MAGIC FUND'S % OF TOTAL INVESTMENT	YEAR FUNDED
VALLEY CITY					
Heartland Products, Inc.	25,000	5 Year Loan	505,000	9.8	1992
	30,000	5 Year Loan			1994

WATFORD CITY

DBK, Inc.	<i>Withdrawn After Approval</i>				
Iron Steer Ent., Inc.	5,000	5 Year Loan	115,000	4.2	1993
Impact Telemarketing	20,000	Loan Guarantee	244,000	7.6	1996

WESTHOPE

Deva Lifewear	7,100	Interest Buy Down	840,000	3.2	1993
	20,900	10 Year Loan			1993
	4,000	Interest Buy Down	4,000	50.0	1996

WILDROSE

Wildrose EDC/Grocery Store	5,000	Grant	41,777	10.7	1995
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ZAP

Mercer-Oliver EDC/ Western Munitions	65,000	6 Year Loan	1,725,000	3.6	1995
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	FUNDS APPROVED	OTHER FUNDS	TOTAL FUNDS
TOTAL RURAL FUNDED:	\$1,396,341	\$19,041,714	\$20,438,055
TOTAL MINOT FUNDED:	\$7,485,809	\$58,332,295	\$65,818,104
GRAND TOTAL (1990-1996):	\$8,882,150	\$77,374,009	\$86,283,159

A2. SUMMARY OF PROPOSALS AND APPLICATIONS

There were nineteen proposals to the MAGIC Fund in 1996, all of which were invited for a full application. Eighteen application were submitted of which seventeen were approved. There was no action taken on the BCAC application for \$17,500 to support the Manufacturing Technology Partnership Program.

A3. SOURIS BASIN PLANNING COUNCIL

Intermediary Relending Program

In 1996, the Souris Basin Planning Council (SBPC) was awarded an Intermediary Relending Program (IRP) loan through the United States Department of Agriculture-Rural Development. The award is a \$500,000 loan to Souris Basin Planning Council amortized over a thirty year period at an interest rate of one percent per annum. The loan was matched with a \$25,000 equity grant from the Minot Area Growth by Investment and Cooperation (MAGIC) Fund. SBPC, as the intermediary, then loans the monies to Ultimate Recipients, which may include, but are not limited to businesses, cities and counties. The new program will be locally known as the Souris Basin Planning Council Intermediary Relending Program (SBPC IRP).

APPENDIX B

B1. EMPLOYER'S ACTUAL and PROJECTED FULL-TIME EQUIVALENT (FTE) JOBS CREATED/RETAINED:

COMMUNITY/COMPANY	1996 ACTUAL FTE	1996 PROJECTED FTE	199X PROJECTED FTE
BERTHOLD			
Larry's Meat Shop	2.25	2	5
Tumbleweed Cafe	6	6	6
BOTTINEAU			
Bottineau Developers, Limited	52.75	54	54
Bottineau Winter Park	17.75	17.75	17.75
Chem Sharp	Sold	11	
Dakota Optical	Withdrawn after approval		
North Central Cattle Feeders	.25	17	17
Rodeo Shop Chaps	2.25	5	5
BOWBELLS			
Bowbells Inn	Sold		
Nelson Plumbing & Heating	1	2	2
BURLINGTON			
Yale Hoppers	Closed		
CARPIO			
Carpio EDC (Cafe)	4	1.5	1.5
CROSBY			
Crosby Self Serve	6.75	3.50	6
Quality Pork Co-op	3	4	4
DEVILS LAKE			
Sagen, Inc.	2	1	1
DUNSEITH			
Image Systems, Inc.	Withdrawn after approval		
ESMOND			
City of Esmond (SCI)	Closed		

COMMUNITY/COMPANY	1996	1996	199X
	ACTUAL FTE	PROJECTED FTE	PROJECTED FTE
FESSENDEN			
Central Dakota Dev Corp	34.50	41	41
Nilles Drug	2	1	1
GARRISON			
Golden Age Aviation	Closed		
Great Plains Development	49.50	36	44
GLENBURN			
Glenburn CDC/Cafe	1.25	2.50	2.5
Mickey's Kitchen	Sold		
GRANVILLE			
Shave & a Haircut	1	1	1
HARVEY			
Amberland Foods	5	3	3
Harvey Farmers Elevator	8	9.5	9.5
Harvey Tire Center	5.75	2	2
NuGrain Products Company	4.75	17	32
TJ Manufacturing	Closed		
Wood -N-You	2.5	2.5	7
HAZEN			
Brite Flite	Closed		
Impact Telemarketing	49	44	44
Noble Games	82.50	67	95
KENMARE			
Incabar	2	7	7
Kenmare Dental Clinic	3	4	4
North Dakota Envelope Company	6.25	8	8
LANSFORD			
Lansford CBE (Schupp's Dakota Deli)	6	4.50	4.5
LEEDS			
Leeds EDC	12	45	55
Land & Development)			
Ledds EDC (Uniband Data)	41	83	83

COMMUNITY/COMPANY	1996	1996	199X
	ACTUAL FTE	PROJECTED FTE	PROJECTED FTE
LIGNITE			
City of Lignite (Medical Clinic)	1	.25	.25
MAKOTI			
MDC (Grocery Store)	.5	3	3
MINOT			
Abacus Accounting, Inc.	No Longer in Minot Closed		
Banton Ind.			
Cal Dak Cabinets	17	11	11
Central Machining & Pump	17.75	41.50	41.50
Cloverdale Foods	193	48	48
Creative Media	13.25	12	20
Dacotah Marketing	103.50	36	80
Dakota Custom Furniture	4.25	6	6
DD Schmidt Enterprises, Inc.	21.25	14	14
Degelman Industries	15.75	22	22
Edu-Craft	Closed		
Electronics Services Ent., Inc.	0	31	45
Everfresh Products, Inc.	.5	15	15
Faxx Foods	Withdrawn after approval		
Flexi-Coil, Inc.	62	50	105
Fold-N-Form	With Terhorst		
Granite Springs Water	10	11	11
Infrared Solutions, Inc	Withdrawn after approval		
Interstate Brands	201	245	245
Lite Form, Inc.	With Terhorst	8	9
Management Solutions	Closed		
Mikela Corporation	2	8	8
Minot Milling Company	0	0	25
Minot Vocational Workshop	264	38	38
Monarch Products	24.25	19	19
Niess Enterprises	8	7	12
Northwest Molding & Mfg	Sold		
Oral Logic	43	165	165
Pet Chef/CTZ	Closed		
Pro-Entry	Closed		
Pro-Mark One	303	510	510
Rice Lake Products	3.75	9	9
Scher's Cabinet	12	2	2
Science & Nature Int., Inc.	Closed		

COMMUNITY/COMPANY	1996	1996	199X
	ACTUAL	PROJECTED	PROJECTED
	FTE	FTE	FTE
MINOT (Cont.)			
Soaring Eagle	51	80	80
Sykes Enterprises, Inc.	360	400	400
Terhorst manufacturing	49.75	73	88
Uniband, Inc.	101.5	123	123
Vertical Solutions	4.75	8	8
MOHALL			
Accel Dakota	Withdrawn after approval		
Midwest Telemark	73		
NEW TOWN			
Symbiotic Lab	1	3	3
PLAZA			
Plaza Betterment, Inc.	no response		
POWERS LAKE			
Northwest Veterinary Service	7.75	8	8
RAY			
Pro-Link	Closed		
RUGBY			
City of Rugby (Robodyne)	19	206	278
Rugby Manufacturing	71	65	87
St Michel Rentals	n/a		
The Connections Telemarketing	41	20	40
SAWYER			
Punkin Patch Pheasant Ranch	2.5	6	6
STANLEY			
IGF Insurance	7.25	10	10
Stanley EDC (Jack & Jill)	Closed		
Stanley EDC (Veterans Home)	Withdrawn after approval		
TOWNER			
Towner CDC (Dairy Project)	15	8	8

COMMUNITY/COMPANY	1996	1996	199X
	ACTUAL	PROJECTED	PROJECTED
	FTE	FTE	FTE
VALLEY CITY			
Heartland Prouducts, Inc.	5.5	27	27
WATFORD CITY			
DBK, Inc.	Withdrawn after approval		
Impact Telemarketing	6.5	27	36.5
Iron Steer Ent., Inc.	Closed		
WESTHOPE			
DEVA Lifewear	29	24	28
WILDROSE			
Wildrose EDC (Grocery Store)	1.5	3	3
ZAP			
Mercer-Oliver EDC (Western Munition)	12	37	37
TOTAL ACTUAL RURAL JOBS	707.5		
TOTAL ACTUAL MINOT JOBS	1886.25		
TOTAL ACTUAL JOBS in 1996	2593.75		

B2: FORM USED TO COLLECT EMPLOYMENT DATA

REPORT OF JOBS CREATED OR RETAINED AND BENEFITS PROVIDED BY COMPANIES FUNDED BY THE MAGIC FUND

Name of Company: _____ City: _____

Name of person completing report: _____ Job Title: _____

Telephone Number: _____ Fax Number: _____

Year Funded by MAGIC Fund: _____

Please indicate the total number of jobs as of December 31, 1996 and by category:

Total Employees

Full Time (32 or more hours/week)

3/4 Full Time (21-31 hours/week)

1/2 Full Time (16-20 hours/week)

Part Time (1-15 hours/week)

Total wages paid to all employees for the year ending December 31, 1996 as reported on your W-3 transmittal report to the IRS (Social Security Administration) \$ _____.

Please check (X) the benefits which your company offers to employees:

	YES	NO
Health	_____	_____
Dental	_____	_____
Life Insurance	_____	_____
Retirement	_____	_____
Other: (specify)	_____	_____

Estimated percentage of the above benefits paid for by your company? _____ %

Do employees working less than 32 hours/week receive the benefits indicated above? Yes _____ No _____

Does the number of your employees fluctuate by more than 10 % within the year due to the seasonality of your products or services? Yes _____ No _____

If yes, the what is the average number of employees (full time equivalent employees) for the year? _____

Comments: _____

Thank you for completing this report. The information is used to measure economic growth in this region and is compiled for the MAGIC Fund Annual Report. If you have any questions call the BCAC at (701)858-3825 or use our toll free number 1-800-777-0750 ext 3825. Please fax or mail this completed report by March 7th to:

Jeanne Sauer

Business & Community Assistance Center

900 North Broadway

Minot, ND 58703

Fax (701)858-3831

APPENDIX C

C1. MARKETING MATCH FUNDING LEVEL:

COMMUNITY <i>Miles from Minot</i> A: 60 miles B: 61-90 miles C: 91 miles or more	1996 APPROVED MAGIC FUND MATCH	1996	COMMUNITY MATCH	USE OF FUNDS
Alexander	C	\$1,000	\$1,500	Repairs to community stagecoach, new telephone system for motel.
Anamoose	B	1,250	1,250	Community signs
Berthold	A	1,500	1,500	Grant to cafe, city water, sewer, and garbage expenses. Tax incentive on purchase of house in town.
Beulah	C	1,500	2,500	Billboard project, promotional services for community.
Bottineau	B	1,750	8,561	Vestibularis project and city of Bottineau promotion.
Bowbells	B	1,250	2,000	Securing new telemarketing business and setting them up in vacant building.
Burlington	A	2,000	2,000	Adverting and promoting the Burlington area.
Butte	B	1,250	1,250	Highway signs, improvements to campgrounds in park to promote hunting season.
Carpio	A	1,500	1,500	Internet, road signs, advertising, stationary, paving improvements.
Center	C	1,250	1,250	Billboard advertising
Coleharbor	A	1,500	1,500	Using funds to get a small cooperative to move to the community.
Columbus	C	1,000	1,000	Helped local grocery store open its doors. Travel expenses to Northwest Alliance of Area ED Councils.
Crosby	C	1,500	1,500	Durum survey for value added project, Grant for Community that cares, Grant to retain theater
Drake	B	1,250	1,300	Highway sign to show services.
Esmond	C	1,000	1,000	Internet, other advertising, park and city improvements
Garrison	A	2,000	4,200	Video production of community
Glenburn	A	1,500	4,300	Operating community cafe
Granville	A	1,500	1,500	Postage and printing, start-up money for new business.
Grenora	C	1,000	1,000	Advertised sodium deposit resources and promoted a health clinic.
Harvey	B	1,750	1,750	Economic brochures and new city signs
Hazen	C	1,500	2,000	Billboard sign

COMMUNITY <i>Miles from Minot</i> A: 60 miles B: 61-90 miles C: 91 miles or more	1996 APPROVED MAGIC FUND MATCH	1996 COMMUNITY MATCH	USE OF FUNDS

Karlsruhe	B	1,250	*1,000	Welcome to Karlsruhe billboard
Kenmare	A	2,000	14,916	Hired marketing director.
Lansford	A	1,500	1,500	Lansford community advertising, sign repair
Leeds	C	1,250	1,500	Community brochure
Lignite	B	1,000	1,057	Sidewalks, windows, paint, upkeep
Maddock	C	1,250	1,250	Internet and other promotional items
Makoti	A	1,500	3,300	Web site, econ dev seminar, business retention
Max	A	1,500	1,600	New brochures for the community.
Mohall	A	1,750	1,860	Hired Econ Dev Director, internet home page.
Newburg	A	1,500	1,500	Purchase and fix up house in town to rent to goose hunters.
New Town	B	1,750	1,750	Internet home page and print media
Parshall	A	400	400	Special events for tourism and promotion
Pick City	B	1,200	1,200	Billboard advertising, tourism promotion
Powers Lake & Battle View	A	1,250	1,250	Fishing derby, city park improvements.
Ray	C	1,250	*443	Advertising, membership in NW Regional Alliance to develop straw board, city repairs.
Rugby	A	2,000	2,000	Video promoting city of Rugby
Sawyer	A	1,500	0	To date, has not been utilized
Sherwood	A	1,250	*1,000	Marketplace "97" support, super dairy project.
Stanley	A	2,000	2,000	Promoted Veteran's Home, Completed Phase III of BUILD program, completed marketing plan.
Stanton	C	1,500	1,500	Highway billboards
Tioga	B	1,750	1,750	Community assessment survey
Towner	A	1,500	1,500	City promotion for ND Cowboy Hall of Fame. Dairy stabilization and the Home Rule Charter.
Turtle Lake	A	1,500	1,500	Updated and printed Turtle Lake Directory
Velva	A	1,750	1,750	Feasibility study for golf course, marketing survey for potential business.
Watford City	C	1,500	1,500	Promotion for the ND Cowboy Hall of Fame.
Westhope	A	1,750	3,787	Community brochure, marketing, purchase sergers for sewers for DEVA Lifewear.

TOTAL: **\$68,100** **\$98,674**

** Note: The amount of the community match is less than the MAGIC Fund Match because a portion of the amount approved was not spent at the time of the report. The remainder of the community match will be made when the balance of the funds are invested.*

C2. HISTORICAL MAGIC FUND MARKETING MATCH:

1991	\$28,600
1992	\$46,800
1993	\$56,000
1994	\$64,250
1995	\$65,700
1996	\$68,100

C3. FUNDING FORMULA:

In 1992, the MAGIC Fund adopted a funding formula for the Marketing Match Program that recognizes the funded communities' distance from Minot and population. In this funding formula, the MAGIC Fund approves a base figure, and the percentages indicated in the following population/distance matrix is applied to each community's request. This formula was continued in 1996.

If the Community Has a POPULATION of	And the Distance from Minot is: UP TO 60 MILES	61 MILES TO 90 MILES	91 MILES OR MORE
1 to 499	75.00%	62.50%	50.00%
500 to 999	87.50%	75.00%	62.50%
1000 Plus	100.00%	87.50%	75.00%

1996 Base Figure: \$2,000

Percentages are applied to the base figure to calculate maximum amount for the community.