

MINOT AREA GROWTH BY INVESTMENT AND COOPERATION

MAGIC FUND

OPERATING PROCEDURES

**AS APPROVED BY THE MAGIC FUND ON
JANUARY 23, 2004**

GENERAL PURPOSE

This document is to provide for an operating procedure and companion document for the MAGIC Fund General Policy Guidelines as adopted by the City Council of the City of Minot on June 2, 2003. It is intended to standardize the application, processing, evaluation criteria, contract guidance, contract compliance, and public reporting requirements for any individual or organization receiving direct or indirect financial support from the MAGIC Fund.

A. APPLICATION

Except for communities requesting marketing-match funding, every request for funding that will be considered by the MAGIC Fund Committee and the City Council, requires a completed application as provided in these operating procedures.

At least one representative of the company applying for MAGIC Funding must present the application to the MAGIC Fund Screening Committee. In addition, the representative of the company must be available to the MAGIC Fund Screening Committee to answer any questions they may have regarding the application for funding. All applications for funding will be submitted to the City via a community economic development agency or an agency designated by the City to receive such applications, i.e. SBPC, MADC or SBDC.

Communities requesting marketing-match funding will submit an application in accordance with the application procedures established by the MAGIC Fund Screening Committee.

B. PROCESSING

1. All applications for funding that are to be presented to the MAGIC Fund Screening Committee for consideration, must be submitted to the City by the service agency at least two weeks prior to the scheduled MAGIC Fund Committee meeting.
2. The City Council will conduct the final review for all applications for funding. The City Council will make the determination as to granting final approval or disapproval of the applications.
3. Confidentiality shall be observed as provided in the MAGIC Fund Guidelines.

Special Application Processing Requests

1. In rare occasions, the MAGIC Fund Screening Committee may recommend to the City Council that the interval, as provided for in the MAGIC Fund Policy Guidelines, be shortened. Specific rationale for such a consideration must be provided in writing to the chairman of the MAGIC Fund Screening Committee. A copy of the request will be provided to the Minot City Finance Office.

C. SPECIAL REQUIREMENTS AND EVALUATION CRITERIA

1. Business Plan Requirements for Applicants for MAGIC Funds

- A. Each business entity requesting funding from the MAGIC Fund will append a copy of the current business plan to their funding application. Although it is

recognized that business plans can be formatted in a variety of ways, each submitted business plan should contain sufficient information about the venture requesting funding to allow for a complete understanding of the business and its proposed new activities.

B. For the purpose of perusing funding support from the MAGIC Fund, a full time job is defined as a 32-hour workweek. All jobs of fewer hours per workweek will be defined as part-time.

C. The following specific data is required in the format shown.

Job Categories:

Expected Full and Part-time Employees		As Of (Expected Date)	
Salary/Wage Category	Full-Time	Part-Time	Total
Executive			
Management			
Supervisor			
Line/Staff			
Total			

Wage And Salary Information:

Wage and Salary Pay Expectations									
						As of (Expected Date)			
Wage/Salary Category		Total Employed			Total Payroll This Category				
Executive									
\$0-40,000									
40,001-45,000									
45,001-50,000									
50,001-55,000									
55,001-60,000									
60,001-65,000									
65,001-70,000									
70,000+									
Management									
\$0-30,000									
30,001-35,000									
35,001-40,000									
40,001-45,000									
45,001-50,000									
50,001+									
Supervisor									
\$0-20,000									
20,001-25,000									
25,001-30,000									
30,001-35,000									
35,001+									
Line and Staff									
\$0-10,000									
10,001-15,000									
15,001-20,000									
20,001-25,000									
25,001-30,000									
35,001-35,000									
35,001-40,000									
40,001+									
Total									

Benefits Expectations:

Employees Benefits Expectations				As Of (Expected Date)			
Category	Number	Value	Number	Value	Number	Value	Total
	Health		Pension		Other		Value
Executive							
Management							
Supervisor							
Line/Staff							
Note: Please list the benefits here that you have included in the "Other" category.							

D. CONTRACTS

1. A Contract Committee of four consisting of a City Council representative, a City Finance representative, a MAGIC Fund Screening Committee representative and a service provider representing the project, with the assistance of legal council, will structure each development contract and forward it to the City Council along with the project being recommended for approval by the MAGIC Fund Screening Committee. A member of the business/organization requesting MAGIC Funding will be invited to participate in each contract development session. Contract terms may include any or all of the following as well as other conditions that are deemed appropriate:
 - a. Type and number of jobs to be provided.
 - b. Salaries and benefit levels to be provided.
 - c. Conditions required for the disbursement of funds.
 - d. Statement of work.
 - e. Timing and conditions for contract evaluations.
 - f. Structure of reporting requirements and documentation supporting the expenditure of tax funds by the receiving organization.

(1) The total annual salary paid out by the company in terms of job categories, such as executives, managers, supervisors, and line employees.

(2) A tabulation of the number of employees in annual salary categories, listed by brackets (i.e., \$20,000-\$25,000, \$25,001 - \$30,000, etc.). Full-time and part-time employees are to be reported separately. Part-time wage category brackets are to be established by hourly wages paid. (Jobs requiring 32 hours per workweek or more will be reported as full-time equivalent positions.) Number of employees receiving benefits, type of benefits provided, and dollar value of benefits. Examples include health insurance, life insurance, pensions, vacations, sick leave, etc. *Note-The form and exact substance of these reports will be specified in the contract. See section C, paragraph 1.*

(3) Value of annual goods and services purchased in the Minot trade area.

(4) Benevolent activities, including volunteer hours of employees and services provided to the community.

g. Forgiveness of debt.

h. Collection provision (s) - "Claw Backs".

i. Guarantees (collateral or security to protect the City's interest).

j. Period of the contract.

k. Timing and method of payments.

l. The development contract will call for providing receipts and invoices prior to the expenditure of funds by the City.

m. The contract will be included as a part of the recommendation for funding from the MAGIC Fund Committee to the City Council for action.

2. Information for consultants and service providers.

When the City enters into contracts with consultants or service providers, the expectations, performance standards, and criteria will be built into the contract. These expectations, performance standards, and criteria will be the basis for establishing the compensation they receive.

E. CONTRACT COMPLIANCE AND PUBLIC REPORTING REQUIREMENTS

Evaluation for all current/active contracts will be on-going and any indication of a significant contract deviation will be reported to the City Council as soon as is practicable.

On an annual basis, a representative of the City will review and report to the City Council the status of current/active contracts between the City of Minot and MAGIC Fund recipients. At a minimum it will include all items identified within the terms of the contract and any other information deemed pertinent

for the City Council. This information will be presented in concert with the report of the MAGIC Fund Screening Committee on the preceding year presentation by May 15th of each subsequent year.

Notice of the meeting, at which the report is presented, will be published in a block ad of the local newspaper as well as on the City website.

APPENDIX A.

MAGIC FUND APPLICATION

I. MAGIC FUND CONTACT OFFICE OF RESPONSIBILITY: _____

II. PREVIOUS MAGIC FUND PROPOSALS/APPLICATIONS: _____

III. THE FIRM

A. Name of Company: _____

B. Corporate Address: _____

C. Project Address: _____

D. Telephone: _____

E. Form of Business Ownership: _____

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

<u>Name</u>	<u>Address</u>	<u>Percent of Ownership</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____

G. Product or Service: _____

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

I. Current Company Status:

1. Full-Time Employees: present # _____

2. Part-Time Employees: present # _____

J. Primary Bank Account (s)

1. Name: _____

2. Address: _____

3. Telephone: _____

4. Contact Person: _____

5. Working Capital Line of Credit: _____

K. Company Attorney:

1. Name: _____
2. Address: _____
3. Telephone: _____

IV. PROJECT FUNDS SOURCE/USE STATEMENT

Source	Amount/Form	Use
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

V. ALL APPLICANTS:

- A. Enclose any other information, including a key insurance person, which may be available to assist us in processing your application as efficiently as possible.**
- B. Enclose information concerning any pending or threatened 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).**

VI. SPECIFIC NEW BUSINESS VENTURE REQUIREMENTS:

A. List Three Professional and Three Personal References:

1. (professional) _____
2. (professional) _____
3. (professional) _____
4. (personal) _____
5. (personal) _____
6. (personal) _____

- B. Signed personal financial statements for all principals who hold more than a 20% interest in the venture.**

VII. SPECIFIC LIST OF REQUIRED ATTACHMENTS FOR EXISTING BUSINESS (expansion/retention/relocation)

- A. A completed MAGIC Fund application.**
- B. 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.**
- C. Enclose a venture plan covering the expansion, retention, or relocation. This document must include three years pro forma financial statements and the job creation documentation required by the MAGIC Fund Operating Procedures, dated _____.**
- D. You may attach a brief extract of the venture plan (not more than two pages) description of the business, description of the project, trade area served, type of jobs to be created, community impact, and any other development information that may help describe this project.**

The data, which you supply to this department, will be used to access your firm's qualifications for MAGIC Fund funding. We will not be able to process your financial application without it. There is a possibility this data will become a public record if and when the project is approved. If so, at that time the data may be examined by anyone.

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.

DATE: _____, 20_____.

SIGNATURE OF OFFICER OF APPLICANT OR OWNER IF SOLE PROPRIETOR

TITLE: _____

Evaluation Worksheet

Job Creation Proposal Evaluation Basic Criteria And Values

(Applicant information only)

Category

Expected employee occupational categories, wages, and salaries expected by the end of the MAGIC Fund contract 60%

Consider: Number of jobs and proposed wages and salaries
Current Living Wage
Occupational categories and ND state or national average salaries and wages for these categories.
Other factors deemed important

Value and types of expected benefits being paid by end of the MAGIC Fund contract 20%

Consider: Types of benefits being offered
Total value of benefits
ND and national benefit averages for this industry
Other factors

Expected corporate citizenship 10%

Consider: Local purchases
Benevolent activities
Community service and volunteerism
Other factors

Other factors of consideration 10%

Consider: History of company
Requested funding vs. return
Other factors