



TO: Mayor Shaun Sipma
Members of the City Council

FROM: John R. Zakian, DR Grant Program Manager & Chief Resilience Officer

DATE: October 22, 2018

SUBJECT: **City Council Approve Amended Language for MAGIC Fund Policy Guidelines**

I. RECOMMENDED ACTION

City Council approve amended language for MAGIC Fund Policy Guidelines

II. DEPARTMENT CONTACT PERSONS

John R. Zakian, DR Grant Program Manager & Chief Resilience Officer, 423-4528

III. DESCRIPTION

A. Background

The City Council as part of the 2018 Budget Deliberation and Approval process requested that a task force be established to review the MAGIC Fund uses, and its policies for the purpose of recommending amended language to more clearly define scope and uses of the Fund as well as to promote transparency and clarity. The task force which comprises the Mayor, City Council President, Executive Directors and Chairpersons of MADC and the Minot Area Chamber of Commerce, the city Finance Director, and the city Chief Resilience Officer have been meeting throughout 2018 assessing the history of the MAGIC fund and scrutinizing the policies and procedures. Since the release of the IEDC report in the Spring of this year, it has also been used as a basis to assess and review the MAGIC Fund guidelines which were last adjusted and amended in 2009. The recommended adjustments and clarifications of the MAGIC Fund guidelines are the result of this extensive review and assessment.

B. Proposed Project

The proposed changes to the MAGIC Fund guidelines are based on the underlying fundamentals of clarity, transparency and accountability as well as reflection of best practices in the field of economic development in the creation and uses of these types of incentive funds.

Key changes reflecting clarity include:

- Defined specific uses of the funds
- Applicant eligibility standards
- Establishing limits with defined exceptions in amount of MAGIC fund per applicant
- Eliminating ambiguity such as adding language that specifies that MADC staff will vet each application prior to being considered by the Screening Committee
- Enhanced guidelines governing payment of funds to approved applicants

Key changes reflecting transparency include:

- Defining balance in use of funds between loan and grant
- Requiring specific details to be provided by applicants including financial statements, business plans, and proof of matching funds
- Requiring clearly defined and measurable performance benchmarks for each recipient of funds

Key changes reflecting accountability include:

- Clear factors and framework to be employed when considering an application by the Magic Fund Screening Committee
- Establishing an annual review in December led by the City Council with input from the Screening Committee and MADC to determine any adjustments or changes for the ensuing calendar year for the focus of uses of the MAGIC Fund

IV. IMPACT:

A. Strategic Impact:

The amended MAGIC Fund guidelines provide the means to provide Minot residents with a clear description and framework for the mission and purpose of the MAGIC Fund to increase business and jobs, and can also be used as an effective marketing tool to attract new investment into the city

B. Service/Delivery Impact:

By providing clarity and accountability to the guidelines, MADC and the Screening Committee are provided with an effective framework in which to consider applications and as guidance for the City Council in making final decisions.

C. Fiscal Impact:

N/A

V. ALTERNATIVES

N/A

VI. TIME CONSTRAINTS

N/A

VII. LIST OF ATTACHMENTS

- i.* Amended MAGIC Fund guidelines (proposed changes in red)