

GROWTH INITIATIVE FUND

2024 ACTIVITY REPORT

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2024 Board of Directors

The GIF Board consists of seven directors, and each is appointed for 3-year terms, for a maximum of 3 terms. These directors are appointed by specific entities with GFMEDC making four appointments and Cass County, City of Fargo and City of West Fargo each making one appointment.

City of West Fargo Appointment

Steve Dusek, Chair

GFMEDC Appointments

Lisa Yoney, Vice Chair

Julie Whitney, Treasurer

Mark Voigt, Secretary (March-December)

Michelle Schumacher (January-February)

Josh Teigen

City of Fargo appointment

Hari Panjini

Cass County Appointment

Tom Seymour

Chief Administrative Officer

Joe Raso, President

Greater Fargo Moorhead Economic
Development Corporation

As per the Bylaws, the purpose of Growth Initiative Fund, Inc. (GIF) shall be to promote economic development in Cass County, North Dakota. The GIF shall exist to create and manage financial programs to grow and diversify the economy in Cass County.

The business activity of GIF is managed and administered by the Greater Fargo Moorhead Economic Development Corporation (GFMEDC). The GIF is a separate non-profit (structured as a Type 1 Supporting Organization of GFMEDC) and the organizational membership is composed of those persons who are directors of GFMEDC.

2024 Administrative Activity

The GIF Board reviews the GIF Policies document on an annual basis, with any revisions coming via a vote of the Board. Policy updates that occurred in 2023 include:

- Revising loan portfolio allocation levels. While not necessarily set in stone, setting portfolio levels by individual program will ideally help the board better review the current asset mix.
- Adding a comment that the Early Ventures Microloan Program still exists as a program, but the decision made by the board was to not actively pursue and accept new applications for the time being. This is due to a combination of the board uncertainty of the microloan program and the GIF running low on available funds.

2024 Loan Funding Activity

PACE & Flex PACE Programs - The intent of the PACE Program is participation with Bank of North Dakota (BND) and a lead lender to buy down the interest rate on loans to new or expanding primary sector businesses in the County. GIF shall act as the "community" as provided in the North Dakota Century Code, and administer the programs in accordance with and the rules and regulations of the BND. PACE will have certain capital and/or job requirements, while Flex PACE does not have specific job requirements.

Loan Approvals in 2024

ANVIL DESIGN & MANUFACTURING

Flex PACE | Fargo

Approved Amount \$102,000

Funded Amount \$98,556

Anvil specializes in engineering services, including manufacturing and metal fabrication. They serve a variety of sectors, the biggest being ag and energy. This loan is part of the \$1.6 million project where the company purchased a 15,500-sf building, as they were at capacity at their previous 3,000-sf facility. They hope to create 9 new jobs over the next three years.

DAKOTA TIMBER

Flex PACE | Horace

Approved Amount \$102,000

Not yet funded in 2024

A manufacturer of high-quality, wood products with an emphasis on sustainability and low impact production. This \$2.21 million project the involves the construction of a 13,000-sf building, along with the initial creation of 1 new job.

GRAND FARM

Flex PACE | Wheatland

Approved Amount \$110,000

Funded Amount \$104,860

Grand Farm is a collaborative network of growers, corporations, startups, educators, researchers, government and investors working together to solve problems in agriculture through AgTech and innovation. This loan was for the financing portion of the new 25,000 sf innovation building, with a capital investment of \$7.8 million. In addition to the \$200,000 BND Flex PACE matching grant from this loan, it also enabled an additional \$300,000 grant from the ND Dept. of Ag. They estimate creating 6 new jobs.

DAKOTA MONUMENT

Flex PACE | Fargo

Approved Amount \$9,000

Funded Amount \$5,522

A manufacturer of which their primary business is designing, engraving, lettering, distribution and installing cemetery memorials, but also provides custom stone fabrication, mostly related to granite countertops. The company invested \$107,000 into a new crane and forklift, and plan to create 2 new jobs.

GALVANIZERS

PACE | West Fargo

Approved Amount \$187,000

Not yet funded in 2024

Galvanizers is a structural steel manufacturing and a hot dip galvanizing plant. The company is investing \$3.25 million into the purchase of a variety of new equipment as well as upgrades and improvements to their building, which includes a 2,000-sf addition. They plan to create 3 new positions.

INTERNATIONAL MARKETING SYSTEMS

Flex PACE | Fargo

Approved Amount \$62,000

Not yet funded in 2024

IMS engages in light manufacturing with a focus on rope, cord, paracord, yarn, string, etc.. This \$749,000 project was for the acquisition of an additional 13,400-sf building as part of their growth plans. They estimate adding 8 new positions.

Loan Approvals in 2024 Continued

LAB LIQUIDATORS

Flex PACE | Fargo

Approved Amount \$70,000

Funded Amount \$65,819

A comprehensive solutions provider in the field of lab equipment liquidation, refurbishment and resale. After renting several 4,300 combined sf of a shop and storage units, the company invested \$800,000 into the purchase of an 18,000-sf to operate under one roof, initially utilizing 13,000-sf with ability to expand further into the space. They plan to add 3 new full-time staff and several part-time.

WEISGRAM METAL FAB

Flex PACE | West Fargo

Approved Amount \$76,000

Funded Amount \$73,605

A long- and short-term contract manufacturer that offers tube and structural material laser cutting; plate laser cutting; CNC machining; metal fabrication and forming; tooling and R&D; painting and washing; production and custom welding; and robotic welding. After \$4.25 million in Flex PACE projects over the past three years, the borrower's new investment of approximately \$1.37 million into a sorting and automation system that will increase efficiency of sorting parts by automating an otherwise very labor-intensive process. No new job creation is anticipated.

MAC COMPANY

Flex PACE | West Fargo

Approved Amount \$42,000

Funded Amount \$38,857

A startup skid-steer manufacturer with a patented design that combines the advantage of a traditional skid-steer with those of a small articulated loader. This financing is related to a \$1 million working capital loan, that supports inventory and A/R as the company increases production in their 16,000-sf facility, and this is in addition to a \$1 million LIFT loan provided by the State of North Dakota. They hope to create 27 new positions over 3 years.

YOU BETCHA

PACE | Horace

Approved Amount \$255,000

Funded Amount \$252,163

You Betcha creates online marketing services, videos and podcasts, as well as merchandising & apparel. After quickly outgrowing their 8,000 square foot facility, to enable this growth and eliminate capacity constraints, this project invested approximately \$8.25 million into the new 25,000 square foot facility. They plan to create 3 new positions.

2024 approvals will help access \$1.98 million in matching state interest buydown funds for applicants, as well as a \$300,000 state ag diversification & development grant. Below are the approval metrics by City of the project.

| 2024 Approvals By City | GIF Approved | Number of Approvals | Estimated Capital Expenditures | New Full-Time Jobs | Added Square Feet | BND Matching Grants |
|------------------------|--------------------|---------------------|--------------------------------|--------------------|-------------------|---------------------|
| Fargo | \$243,000 | 4 | \$3,269,000 | 22 | 43,500 | \$474,529 |
| West Fargo | \$305,000 | 3 | \$6,616,000 | 30 | 18,000 | \$600,735 |
| Horace | \$357,000 | 2 | \$10,785,000 | 4 | 30,000 | \$700,000 |
| Wheatland | \$110,000 | 1 | \$7,800,000 | 6 | 25,000 | \$200,000 |
| Total | \$1,015,000 | 10 | \$28,470,000 | 62 | 116,500 | \$1,975,264 |



Loan Fundings in 2024, Loan Approval In A Prior Year

AGASSIZ SEED & SUPPLY

Flex PACE | West Fargo

Approved Amount \$102,000

Funded Amount \$93,731

A processor and distributor of a variety of seeds and products for agriculture, lawn & turf, forage harvest and erosion control. With this project, they are investing approximately \$1.6 million in capital, related to the improvements and expansion of their buildings – adding 12,000 new sf that will increase production, storage and efficiencies. In addition, they anticipate creating 4 jobs.

MARV HAUGEN ENTERPRISES

Flex PACE | Casselton

Approved Amount \$145,000

Funded Amount \$141,859

A manufacturer and distributor a of skid-steer and forklift attachments. The company is investing \$2.4 million in a 17,500-sf building addition to more than double their current footprint and they project adding 8 new positions.

CORVENT MEDICAL

PACE | Fargo

Approved Amount \$112,000

Funded Amount \$107,643

A manufacturer and distributor of medical ventilators and accessories. This project totaling approximately \$1.8 million in capital investments is related to CorVent relocating from their 2,300-sf office & lab space to a newly fitted 14,600 sf space. In addition to the facilities and equipment investments, they anticipate adding 38 new positions.

2024 TOTALS

\$1,015,000 Approved Funding

\$982,614 Funded in 2024

| All-Time Funded Loans By City | Loan Amount | # Loans | Capital | Jobs | Sq Ft | BND Match |
|-------------------------------|---------------------|------------|----------------------|--------------|------------------|---------------------|
| Fargo | \$13,448,997 | 202 | \$ 428,867,000 | 5,359 | 3,802,000 | \$22,512,000 |
| West Fargo | \$4,168,660 | 68 | \$179,174,000 | 1,144 | 1,783,000 | \$7,842,000 |
| Casselton | \$876,401 | 12 | \$23,473,000 | 85 | 188,000 | \$1,699,000 |
| Horace | \$1,142,252 | 8 | \$34,385,000 | 115 | 205,000 | \$2,192,000 |
| Mapleton | \$404,907 | 4 | \$19,021,000 | 127 | 184,000 | \$859,000 |
| Kindred | \$78,332 | 2 | \$1,632,000 | 3 | 3,000 | \$172,000 |
| Davenport | \$2,990 | 1 | \$72,000 | 3 | 0 | \$6,000 |
| Enderlin | \$5,600 | 1 | \$745,000 | 4 | 6,000 | \$11,000 |
| Wheatland | \$104,860 | 1 | \$7,800,000 | 6 | 25,000 | \$200,000 |
| Total | \$20,232,998 | 299 | \$695,169,000 | 6,846 | 6,196,000 | \$35,493,000 |

Grants in 2024

Along with a consortium of other area lenders, the GIF committed \$7,500 over 3 years (2022-2024) to assist with the supporting an additional ND Small Business Development Center consultant. The third \$2,500 payment was paid in 2024.

2024 Asset Funding Activity

The GIF was funded primarily between 1994-2001 by three public entities and was intended to be a revolving loan fund. Total public entity contributions were \$7,295,404:

- Cass County - \$4,221,276
- City of Fargo - \$2,743,143
- City of West Fargo - \$330,985

The fund had grown to approximately **\$8.4 million** in assets from a combination of interest income and some occasional cash injections by GFMEDC, in order to comply with the IRS Public Charity Status and Public Support Test part of the annual tax returns (which is no longer an issue due to a structure change in 2018). However, due to varying factors, such as:

- \$7-8 Million is not quite the same as it was 10-20 years ago;
- Bank of North Dakota (BND) PACE program increased its matching interest buydown grant amounts several years ago, which in turn make the GIF loans larger;
- Increased GIF activity both in number and size of loans over the past 5+ years;

the total fund amount appears to no longer be large enough to “revolve”. Assuming current average loan activity, it is estimated that the GIF would need \$3.4 million in additional funds over the next 5+ years in order to maintain that average loan activity, without needing to pause or limit new loan applications due to unavailable funds. With no injections of new funding, the GIF could only average \$750,000 in new loans through 2031. This would mean new loan activity would only be at 57% of recent average loan activity.

GFMEDC staff presented a funding request of one-half mill, or approximately \$670,000, to the Cass County Commission in July. While the Commission did not approve the request, they were supportive of the GIF as the program and ROI has proven to be successful in Cass County. They encouraged GFMEDC to come back again in the future for another request.

GFMEDC staff presented a funding request of \$650,000, to the West Fargo Economic Development Advisory Committee in August and the committee recommended an approval of the request. GFMEDC then presented to the West Fargo City Commission in August for the request, which the Commission approved the \$650,000 in new funding for the GIF.

GFMEDC staff did not make a request to the City of Fargo in 2024.

With available funds down to \$533,000 at that time, the City of West Fargo’s contribution of \$650,000 helps to stretch out our ability to finance more business expansions a bit further, and in the meantime, not stifle the ability for our region’s primary sector growth. In 2025, GFMEDC will continue to assess available cash and determine any next steps for additional requests to any of the public entities.