

STARK

DEVELOPMENT CORPORATION

2013

PROGRESS

Report

Your Economic
Development
Office for Dickinson,
Stark County
and the Surrounding Area

Message from Stark Development Corporation

Every year at this time I take a pause to look back at our history and ahead to our future. Remember Stark County ten years ago? Things were pretty good. We were seeing steady, strong incremental growth. The new Super Wal-Mart was drawing customers from quite a distance. West River Community Center was drawing state-wide attention. We were seeing employment growth in our Primary Sector and the new wealth thus generated was powering job growth across the board. Community Leaders had recognized a few years earlier that quality of place was essential to draw and keep young people and the combined efforts of the public and private sectors contributed to Stark County's momentum.

Back then we were watching with interest the new activity in the oil industry that had started in Saskatchewan and moved into eastern Montana. Soon the industry ramped up further and moved into the Williston area with gusto. Before long it was clear we were in the mix for major changes in our economic profile. Those changes affected everybody in one way or another. A new approach to economic development was needed since low cost financing was not an energy industry issue. Facilitating orderly growth and accommodating rapid workforce growth moved to the forefront.

This is not to say that we forgot about the need to continue down the path of diversifying our economy. Clearly the rapid growth we experienced put a strain on many businesses as personnel rosters were re-shuffled, business volumes changed, and wages rose. Given that one of the first things companies considering a new location look for is available labor, we knew then and know now that we need to make a strong business case to those companies to sustain our growth.

Now that most of the major players in the energy sector have sorted out their acreage positions, we find ourselves in another phase of adjustment. Our boom-years investments in long-term energy production, housing expansions, day care, infrastructure, transportation and production automation are paying off. We have plenty of growth ahead and are launching that growth from a much higher level than before this oil play. Back in 2004 in Stark County we had about 11,000 people employed and weekly wages averaged less than \$500.00. Our 2013 numbers show over 21,000 employed and average weekly wages doubled to about \$1,000.00. Years ago we talked about North Dakota's "Big Four" Cities. We hoped that one day people would talk in terms of the "Big Five" as Dickinson grew. As it turns out both Williston and Dickinson are now growth engines for the state. Now it's the "Big Six".

What will drive the sustainability of our economic growth? I think we all know that many businesses, organizations and strong-willed individuals will need to work together to make it happen. Without question there is a lot of room for growth simply to meet the needs of our growing population. As we move towards a more natural balance between energy, agriculture, manufacturing, transportation, retail and a myriad of services we will see less leakage of Stark County business to other areas. Better accommodation of the needs and wants of our people will have somewhat of a snow-ball effect, building on the momentum we see already.

Economic development is changing again for us. Among our premier issues is workforce growth. Unlike the energy industry which has succeeded with re-assigning people to specific locations as needed and drawing new workers with high wages, other sectors cannot play those cards as strongly. We are working with workforce development leaders State-wide and our local educators to improve the quality and quantity of people wanting to advance themselves. We also support quality of place enhancements, like affordable housing and child care availability. Helping young people and young families choose Stark County as the place they decide to make their lives is the biggest reason for continuing with economic development.

Stark Development Corporation is called upon more frequently than ever to be involved in issue and policy discussions. Transportation development/improvement and planning and zoning are a couple of examples. We want to continue to grease the wheels of investment in manufacturing. We support automation in manufacturing which requires more highly trained and therefore better compensated people. With limited numbers of workers available it makes sense to emphasize quality of jobs over quantity.

Stark County will keep changing gears as needed. We all have a much more important stake in an industry that is highly volatile. Given the uncertainty of the timing and degree of future economic activity, we intend to be on the alert for actions that will make a difference while continuing to be judicious about spending taxpayer generated funds where they will leverage the greatest benefit for our people of Stark County.

Gaylon Baker
Executive Vice President

2013 BOARD OF DIRECTORS

OFFICERS

T.J. Herauf - Coca Cola Bottling Company - President
Ryan Jilek - Custom Data, Inc. - Vice President
Dan Kovash - Kovash & Dasovick PC - Treasurer
Ron Lisko - Stark County JDA - Secretary

DIRECTORS

Nate Bouray - Ebeltoft . Sickler . Lawyers . PLLC
Bruce Dolezal - American Bank Center
Joe Frenzel - Everett Real Estate
Ambrose Hoff - Stone Mill, Inc.
Floyd Hurt - Mayor of South Heart
Mary Nordsvan - Maus & Nordsvan, P.C.
Peggy O'Brien - City of Belfield
Reed Reyman - St. Joseph's Hospital & Health Center
Paul Schuetzler - Consolidated Telcom
Carson Steiner - Dickinson City Commissioner
Kirk Wald - Terrenus Resources, LLC
Ken Zander - Stark County Commissioner

EX-OFFICIO

Shawn Kessel - Dickinson City Administrator

STARK DEVELOPMENT CORPORATION STAFF

Gaylon Baker - Executive Vice President
Danita Tysver - Administrative Assistant

"YOUR SUCCESS IS OUR GOAL"

STARK DEVELOPMENT CORPORATION'S MISSION

To Assist Southwest North Dakota by Facilitating Quality Business Opportunities and Quality of Place.

STARK DEVELOPMENT CORPORATION'S VISION

Stark Development Corporation is to be the Recognized Leader in Economic Development.

STARK DEVELOPMENT CORPORATION'S GUIDING PRINCIPALS

- Long term, high quality
- Investment in fixed assets
- Quality of Life
- Emphasis on existing business
- Take educated risks
- Encourage youth involvement (Participant and Leadership)
- Promotion of Southwest Region
- Healthy community
 - Financial
 - Cultural
 - Built
 - Social
 - Natural
 - Human
 - Political
- Recruitment
- Entrepreneurship
- Support regional emerging energy and manufacturing industries

FINANCIAL INCENTIVES UTILIZED BY STARK DEVELOPMENT CORPORATION

PACE Programs

The PACE family of programs at the Bank of North Dakota are designed to encourage specific types of economic activity within the State of North Dakota.

The programs have two major elements:

- The participation by Bank of North Dakota (BND) with a local lender in a community based loan, and
- The participation by the PACE Fund with the local community in reducing the borrower's overall interest rate by as much as 5%.

PACE Program (Partnership in Assisting Community Expansion)

The PACE Fund assists North Dakota communities to expand their economic base by providing for new job development.

- Borrower can be any person or entity whose business is in manufacturing, processing, value-added processing and targeted service industries. Targeted service industries are businesses involved in data processing, telemarketing, telecommunications, major tourist attractions, holding companies involved in leasing assets to entities otherwise defined as a PACE qualified business, and all other service companies and wholesalers that generate 75% or more of their sales outside of the state of North Dakota.
- Proceeds of a loan may be used to purchase real property, equipment and certain working capital requirements. The program cannot be used to refinance any existing debt or for relocation within North Dakota.
- Within one year a minimum of one job needs to be created and retained for every \$100,000 of total loan proceeds.
- A lead lender is required for BND's participation. The lead lender is responsible for servicing the loan. Application to Stark Development Corporation is required to ascertain availability of the community participation in the interest buydown.
- The PACE Fund may provide an interest rate buy down up to a maximum of \$300,000. In all cases, the buy down must be matched by the community at the designated participation level described under Community Percentage Factor. In addition, the PACE Fund's participation is limited to the amount required to buy down the interest to the lower of 5% below the yield rate but in no event may the interest rate be more than 500 basis points below the national prime rate. The borrower's rate shall never fall below 1% at any time.
- The community's portion of the buy down cannot be funded in any way, directly or indirectly, by the borrower or any individual or organization that has a financial interest in the borrower.
- The lead financial institution may charge an origination fee of up to 1% of the total loan amount, which shall be shared with BND. A minimum PACE origination fee of \$250 is charged by BND and may be included in the origination fee.



Flex PACE Program

The Flex PACE feature of the PACE program provides interest buy down to borrowers that do not fit into the traditional definition of a PACE qualifying business. Under Flex PACE, the community determines eligibility and accountability standards. Flex PACE allows communities the ability to provide assistance to borrowers with a business focus or need outside of the current requirements of PACE, such as jobs retention, technology creation with no new jobs, retail, smaller tourist businesses and essential community services.

- Job creation is not a requirement of Flex PACE, but jobs will be tracked for informational purposes.
- Existing PACE program parameters (ex. interest rate buy down maximum, community match, BND participation amount, default) apply.

Flex PACE Affordable Housing Program

The Flex PACE Affordable Housing program is designed to assist in the financing of affordable multi-family housing units for individuals in areas of North Dakota affected by oil and gas development.

- Can be used in conjunction with other state or federal programs targeted to affordable housing.
- Maximum of \$25,000 of BND interest buydown available per unit committed to affordable housing.
- Will be in effect until June 30, 2015.
- Borrower can be any profit or non-profit.
- Proceeds of a loan may be used for the permanent financing of the affordable multi-family housing units.
- The interest buydown shall not exceed the projected amount of the rental relief provided over the term of the affordable housing project.
- The local housing authority or other local government agency will verify current market rates at the time of application and the rental concessions made as a part of the affordable housing loan request.
- The local group will provide annual verification of the borrower's affordable housing compliance.



STARK DEVELOPMENT CORPORATION FOCUSES ON CHILD CARE NEEDS

An Improving Southwest North Dakota Child Care meeting was held at the Strom Center in Dickinson which many Community Leaders from the region attended. At the meeting a recommendation was made to assemble and produce a checklist of resources and steps to take to assist in launching a new day care operation whether at the Family, Group or Center level.

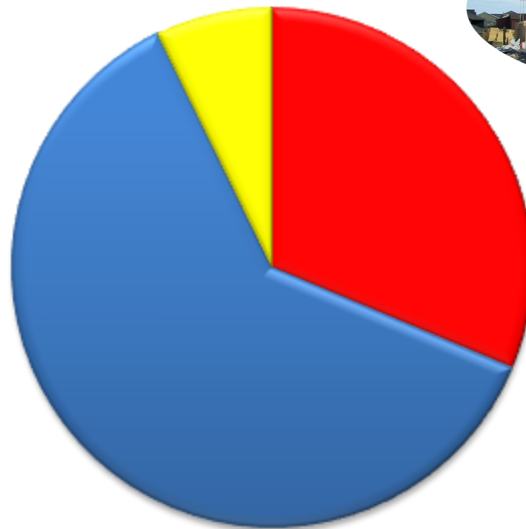
Stark Development Corporation compiled Child Care Provider Resource Guides for opening a Child Care Business in your home or a center. The guide includes lists and checklists of contacts and possible funding sources. These guides are specific to Dickinson and Stark County area.

Stark Development Corporation ran a marketing campaign to advise the public the Resource Guides were available. The Guides are located on our website and also available to pick up at our office.



2013 SDC ECONOMIC DEVELOPMENT PROJECTS APPROVED

Organization	Objective	SDC Cost Share	Total Project Cost
Flex PACE Projects			
KinderKidz Learning Center	Child Care Facility Expansion	\$7,638	\$400,000
Baker Boy	Automation Equipment Purchase	\$130,000	\$2,500,000
Total Flex PACE Investment		\$137,638	\$2,900,000
Grants			
Housing Solutions, LLC	Affordable Housing - 42 Units	\$80,000	(Project was not funded at state level)
Beyond Shelter, Inc.	Phase I Senior Affordable Housing - 33 Units	\$126,000	\$8,200,000
Beyond Shelter, Inc.	Phase II Senior Affordable Housing - 39 Units	\$78,000	\$7,940,000
KinderKidz Learning Center	Child Care Facility Expansion	\$6,000	\$400,000
Total Grants		\$290,000	\$16,540,000
Total Economic Development Projects		\$427,638	\$19,440,000



- Flex PACE Investment
- Grants
- Community Development

2013 SDC COMMUNITY DEVELOPMENT ASSISTANCE APPROVED

Organization	Objective	SDC Contribution
Theodore Roosevelt Expressway Association	Membership Dues for US Hwy 85 Corridor Improvements	\$15,000
Destiny Dickinson	Funding for Retail Sector Expansion	\$5,000
Dickinson Theodore Roosevelt Airport	Jet Service Environmental Assessment Study	\$12,500
Theodore Roosevelt Expressway Association	Annual Meeting Sponsor	\$250
Dickinson Area Chamber of Commerce	Leadership Dickinson Sponsor	\$250
Dickinson Young Professionals	Sponsorship for 5 Individuals to attend the Great Plains Young Professionals Summit	\$1,000
Total Community Development		\$34,000



Would like to thank the Dickinson City Commission, the Stark County Commission, the Stark County Jobs Development Authority, and our dues-paying Members for funding to help make our projects possible.

- Amber Waves, Inc. *
- American Bank Center **
- Baker Boy **
- Beyond Shelter, Inc.
- Bremer Bank **
- Border States Electric Supply **
- Budget Rent-A-Car **
- City of Belfield
- Coca-Cola Bottling Company **
- Consolidated **
- Custom Data, Inc. **
- Dacotah Bank **
- Dakota Community Bank **
- Dickinson Area Chamber of Commerce **
- The Dickinson Press & Advertiser **
- Dickinson Ready Mix **
- Dickinson State University **
- Division of Vocational Rehabilitation **
- Ebeltoft . Sickler . Lawyers . PLLC **
- Everett Real Estate, Inc. **
- Feinberg Properties, LLC
- Fisher Sand & Gravel Company **
- Funshine Express **
- Gate City Bank **
- Great Plains National Bank **
- Heiser Motors, Inc. **
- Home and Land Company
- Integrated Production Services
- Job Service North Dakota **
- Kadrmas, Lee & Jackson **
- Killdeer Mountain Manufacturing **
- Kolling & Kolling, Inc. **
- Kovash & Dasovick PC **
- Marathon Oil Corporation
- Maus & Nordsven PC **
- Medora Corporation **
- Midcontinent Communications
- Montana-Dakota Utilities Company **
- Muriel E. Hurt, Realtor **
- Pennysaver **
- Precision Machine & Welding, Inc. **
- Roers Development, Inc.
- Roughrider Electric Cooperative **
- Sax Motor Company **
- Service Printers **
- Steffes Corporation **
- St. Joseph's Hospital & Health Center **
- Stone Mill, Inc.
- TMI Systems Design **
- Wal-Mart **
- Wells Fargo Bank **
- Western Cooperative Credit Union **

** Member for 10 Plus Years

* Member for 5-9 years

If you would like to become a member of Stark Development Corporation membership dues are \$100 for 24 or fewer employees and \$250 for 25 or more employees.

To become a member of Stark Development Corporation please contact us at 225-5997.



Dickinson, ND & Stark County Economy at a Glance

WORKFORCE (Job Service North Dakota)

	2011	2012	2013
Stark County Employment	17,447	18,411	21,171
Stark County Unemployment Rate	1.7%	1.6%	1.4%
ND Unemployment Rate	2.9%	2.8%	2.7%
US Unemployment Rate	8.2%	7.4%	6.5%

SALES TAX COLLECTIONS (OFFICE OF ND STATE TREASURER)

	2011	2012	2013
Belfield	\$494,297	\$863,850	\$917,894
Dickinson	\$7,501,214	\$10,594,317	\$10,952,340
Richardton	\$174,453	\$163,804	\$134,093
South Heart	0	0	\$120,671
Stark County	\$8,169,964	\$11,620,970	\$12,124,998

TAXABLE SALES & PURCHASES (OFFICE OF ND STATE TAX COMMISSIONER)

(first three quarters of the year only)	2011	2012	2013
Dickinson	\$507,075,425	\$758,264,890	\$864,777,275
Stark County	\$559,993,482	\$866,335,622	\$944,332,774

REAL ESTATE (HOME AND LAND COMPANY)

Dickinson - Residential	2011	2012	2013
# of MLS Single Units Sold	278	434	451
MLS Average Sale Price - Single Family	\$177,276	\$231,573	\$246,147

TRANSPORTATION (DICKINSON THEODORE ROOSEVELT AIRPORT)

	2011	2012	2013
Airport Passenger Boardings	18,963	23,864	35,125

BUILDING PERMITS (CITY OF DICKINSON)

	2011 Permits/Values	2012 Permits/Values	2013 Permits/Values
Commercial Structures	41/\$70,997,806	119/\$208,723,710	74/\$176,703,374
Public Structures	3/\$1,970,000	0	3/19,425,001
Single Family Structures	137/\$30,996,262	589/\$128,308,698	286/\$70,359,108
Duplex	0	41/\$6,812,883	0
Multi-Family & Rowhousing	74/\$19,551,072 (194 units)	33/\$45,189,830 (846 units)	18/\$51,768,119 (554 units)
Alteration/Additions	156/\$20,781,324	111/\$19,219,867	169/\$43,192,063
Misc. Permits/Fees Remitted to the City	843/\$692,916	2,897/\$2,589,418	2,052/\$1,564,148