

Survey of City Job Development Authorities
North Dakota League of Cities
May 7, 2008

Survey questions:

1. Has your JDA/EDC taken an equity position in a business?
2. Circumstances under which the JDA/EDC took the equity position, including the amount and terms of assistance.
3. What type of due diligence was done to ensure tax money was protected in taking the equity position?
4. What actions were taken if the JDA/EDC assistance failed, for example, were there claw back provisions and were they exercised?
5. What actions were taken if the JDA/EDC assistance succeeded? How did the JDA/EDC extract itself from the business?

Ashley JDA:

The Ashley JDA has not taken an equity position in a business.

Beulah JDA:

The Beulah JDA has not taken an equity position in a business.

Bowman EDC:

The Bowman EDC has not taken an equity position in a business.

Cooperstown EDC:

The Cooperstown EDC has not taken an equity position in a business.

Devils Lake Development Corporation:

1. Yes, through the City of Devils Lake.
2. The equity position (\$100,000) was part of the incentive package given to a new company. Other forms of incentives included loans.
3. Standard due diligence as for a loan.
4. No, there were no claw back provisions. The City fell under the same insolvency, dissolution as the other shareholders.
5. A set redemption schedule.

Ellendale JDA:

The Ellendale JDA has not taken an equity position in a business.

Hazen Community Development:

1. Yes.
2. During the year 2005, after individual and joint meetings with the principles of AWM Staffing, Inc., and after consulting with other lender participants and reviewing the business plan of AWM, Hazen Community Development (HCD) joined the North Dakota Development Fund, Lewis and Clark Regional Council, and Mercer County Economic Development in the purchase of preferred stock in the amount of \$68,750. The company is currently growing and doing well and dividends are expected to be paid in 2008.
3. HCD, as stockholders, had the opportunity to review monthly business reports and unlimited dialogue with the company principles and management. HCD's financial risk was minimized by the joint investments of public, private and owner. The overall risk to HCD was calculated in a worst case scenario. HCH had the funds available with the opportunity to receive dividends as well as the potential for the company to buy back the stock.
4. The business is healthy at this point in time.
5. HCD is still involved as an investor in this business.

Kenmare EDC:

The Kenmare EDC has not taken an equity business in a business.

Mayville-Portland EDC:

1. Yes.
2. The equity positions were part of a funding package that included both debt and equity.
3. Our EDC has taken unsecured position historically.
4. No.
5. We will require full return of principal and a nominal rate of return.

Rolla Job Development Authority:

1. Our city JDA has not taken an equity position in a business. Any formal financial relationship has been in the form of a subordinated debt or loan guarantee. In all cases the file was professional administered by a local commercial bank with all of their due diligence practices and with a very satisfactory success ratio.
2. Having used the above structure, we have offered other manners of assistance which have been more in line with the providing of business technical management, offering workshops, business and financial planning, etc.
3. Not applicable.
4. Not applicable.
5. Not applicable.

Rugby JDA:

The Rugby JDA has not taken an equity position in a business.

Underwood EDC:

The Underwood EDC has not taken an equity position in a business.

Watford City EDC:

The Watford City EDC has not taken an equity position in a business.

Wishek JDA:

1. The Wishek JDA has invest \$5,000 in shares of an economic development project in Kulm, ND
2. The JDA invested this money to help the locally formed company generate cash to pursue the project.
3. A prospectus was provided; several discussions with company principles; and receive updates on the project as they are issued.
4. Not applicable. The project is still in the development stage.
5. Not applicable.