

KANDIYOHI COUNTY AND CITY OF WILLMAR ECONOMIC DEVELOPMENT COMMISSION (EDC)
JOINT OPERATIONS BOARD OF DIRECTORS (OB) MEETING
MINUTES
February 11, 2016
EDC Office, Willmar

Present: Art Benson, Rollie Boll, Donna Boonstra, Robert Carlson, Gary Gilman, Linda Kacher and Kelly TerWisscha

Ex Officio: Bruce Peterson and Doug Reese

Staff: Connie Schmoll, Business Development Specialist

Guest: Aaron Backman

Media: Carolyn Lange, West Central Tribune

Secretarial: Nancy Birkeland, Legal & Administrative Assistants, Inc. (LAA)

President Robert Carlson called the meeting to order at approximately 11:01 a.m.

President Carlson informed the board that TerWisscha Construction looked at the sound issue in the EDC office, but nothing will be presented to the board until potential costs are received. Kelly TerWisscha indicated any sound issues between tenants should be corrected by the landlord.

IT WAS MOVED BY Gary Gilman, SECONDED BY Rollie Boll, to approve the revised Agenda and Consent Agenda. MOTION CARRIED.

CONSENT AGENDA—

- Approve:
1. Minutes of January 14, 2016 meeting
 2. Financial reports as of January 31, 2016
 3. Purchase of Microsoft Office for 5 office computers at an approximate cost of \$1,683
 4. Payment of bills
 - a. Invoices 1024 and 1054 from Burgett Law Firm, PLLC in the total amount of \$2,000
 - b. Invoice KCEDDec15 from REDstar for \$4,203.75 from the Marketing and Public Relations Committee's budget

- Accept:
- Committee Minutes
1. Ag Producers Planning Subcommittee 1/7/2016
 2. Broadband and Advanced Technology 1/4/2016
 3. Finance 1/12/2016
 4. Marketing and Public Relations 1/25/2016
 5. Leisure Travel 11/2/2015 and 1/14/2016

REPORTS

Willmar. Bruce Peterson reported he met with Willmar Schools regarding its site plan; he concluded discussions with a developer for a new retail development on First Street; the Mills property on Benson Avenue was surveyed; next Tuesday an ordinance hearing will be held for the sale of property to Dooley's; the Willmar City Council and staff held a retreat, which resulted in direction to move ahead with short-term projects and bring them back to the council.

[Aaron Backman joined the meeting.]

Backman was welcomed to the meeting. Backman noted he is looking forward to working with this board and welcomed calls at any time.

EDC/MinnWest Technology Campus. Connie Schmoll reported Prinsco now occupies a full building at MinnWest Technology Campus (MWTC); ProCore is also expanding at MWTC; and she continues to work with Lake Lillian on the sale of the convenience store/gas station for which there is a potential buyer.

President Carlson announced the Joint Powers Board, at its annual meeting on January 28, took the following actions: formally removed Steve Renquist and Jean Spaulding from all financial accounts and added Backman and Schmoll to all of the EDC's financial accounts; reappointed Art Benson, Carlson and Rollie Boll to three-year terms on this board; re-elected the same officers for 2016: Harlan Madsen, chair; Ron Christianson, vice chair; Doug Reese, secretary and Denis Anderson, treasurer; and reappointed Doug Reese as this board's liaison.

UNFINISHED BUSINESS—

December 2015 financials. Nancy Birkeland informed the board that Jim Ruff, the EDC's auditor, instructed her to zero out the sick leave benefits payable lines on the December 2015 Balance Sheet for the Director and Assistant Director. Ruff reviewed the calculations approved by this board prior to the payout of vacation and sick leave benefits to Renquist and Spaulding and felt the amounts were correct. Also, the amount in the December 2015 Profit & Loss Statement under the Director's payroll taxes in the amount of \$21,576.00 was actually the payout to Renquist for his vacation and sick leave. The amount is accurately reflected in the payroll summary. Ruff was informed of this inaccurate reporting and will look into why QuickBooks categorized it as Director's payroll taxes rather than salary.

NEW BUSINESS—

City of Lake Lillian funding. Schmoll informed the board the EDC received a funding request for \$1,000 from the Lake Lillian Civic & Commerce Association to assist with testing of the underground tanks at the convenience store/gas station. The Business Retention and Expansion/Recruitment Committee recommended approval of the request and because of the timing, it was presented to the Joint Powers Board, which approved the request. The EDC

received \$1,000 from Lake Lillian Civic & Commerce for its match; thus, the EDC will send a \$2,000 check to Lake Lillian Civic & Commerce for this testing. Schmoll obtained approval from Denis Anderson, Joint Powers Board treasurer, and the EDC's attorney to receive the \$1,000 match. Schmoll commended the city of Lake Lillian for supporting the proposed sale of the convenience store/gas station.

Vietnam Traveling Memorial Wall advertising/donation. Schmoll provided information on the Vietnam Traveling Memorial Wall, which will be at Robbins Island in Willmar July 1-4, 2016. A request has been received for the EDC to either place an ad in a booklet to be printed or make a contribution toward the expense of hosting the Memorial Wall. Ad costs are quarter page \$250, half page \$500 and full page \$1,000. The board did not feel the request fell within the mission of the EDC.

COMMITTEE REPORTS

Agriculture and Renewable Energy Development. Schmoll reported the committee and two subcommittees continue to meet monthly. The Ag Investment Planning Subcommittee is getting close to sending a letter seeking investors; the Ag Producers' Survey Planning Subcommittee meets tomorrow and the Agriculture and Renewable Energy Development Committee received a proposal to do a renewable energy study.

Broadband and Advanced Technology. Donna Boonstra reported the Request for Proposal (RFP) for the feasibility study was sent out; the committee has had several meetings with local legislators; talking points for the legislators has been developed; and the committee is working on funding issues and gathering testimonials that will be presented to the Minnesota Department of Employment and Economic Development (DEED) and legislators. Schmoll reported the RFP was reviewed by the County Attorney and sent to five firms, all of which responded that they will be looking at it. Haug Implement is willing to testify on behalf of local farmers, who have inadequate Internet service. It was noted Federated Telephone Cooperative must complete Swift County and have a certain number of Swift County subscribers before it will move into Kandiyohi County. Linda Kacher stated broadband needs to be looked at in long terms as it is not a short-term project. Part of the feasibility study will show what the county currently has and what providers are in the county. The committee approved endorsement of the Resolution Supporting the Minnesota Broadband Vision developed by the Minnesota Border-to-Border Broadband Conference by Conference Attendees and recommends this board also endorse the Resolution.

IT WAS MOVED BY Donna Boonstra, SECONDED BY Linda Kacher, to endorse the Resolution Supporting the Minnesota Broadband Vision Created at the Minnesota Border-to-Border Broadband Conference by Conference Attendees.
MOTION CARRIED.

Backman commented it is great the board is focusing on broadband and provided information on an \$11 million Fiber-to-the-Home project done in Windom, a community with a population of 4,600 and the first community to do fiber optics in the state. Once Windom's network was completed, they worked with a consortium of eight communities to install a 125-mile fiber ring

three years ago and contracts with the city enterprise, WindomNet. Backman noted businesses will relocate if they do not have adequate broadband services and it is important for Kandiyohi County to move forward. Schmoll reported Kandiyohi County will manage all funds related to the feasibility study, including the \$25,000 grant, contracting and completion of the feasibility study. The EDC will receive \$2,500 for coordinator fees.

Business Retention and Expansion/Recruitment. Schmoll stated the workforce subcommittee would like to see an additional goal of having workforce move up the ladder. The committee will be holding meetings in other communities on a quarterly basis.

Finance. Schmoll reported the committee approved amending the Revolving Loan Fund program manual, which was included in the board packet (see attached).

IT WAS MOVED BY Linda Kacher, SECONDED BY Kelly TerWisscha, to ratify the amendment to the Revolving Loan Fund program Manual to add a section for disbursement of funds as follows: The borrower will sign all loan documents before funds are disbursed. Loan funds must be fully disbursed within 90 days from the date the loan is approved by the EDC Joint Operations Board of Directors. MOTION CARRIED.

Schmoll stated the Finance Committee received a request by Historic 313 on Fourth Street, LLC to defer all loan payments for six months to allow them to complete the build out of the building and obtain tenants for the space. Backman noted it is helpful to have a vision for a project, but projects often need a developer to move it forward. It was noted restructuring a loan is preferable to having a project fail. Backman stated that ultimately the wins are the jobs and tax base that will be created. The board requested the Finance Committee receive monthly reports from Historic 313 on Fourth Street, LLC per the Loan Agreement.

IT WAS MOVED BY Kelly TerWisscha, SECONDED BY Gary Gilman, to approve deferment of principal and interest payments by Historic 313 on Fourth Street, LLC through July 2016 and to reamortize the existing balance, including deferred interest, with full payments to begin August 15, 2016. MOTION CARRIED.

Marketing and Public Relations. Schmoll reported a flyer announcing the EDC's new website was included in the most recent Chamber ADvantage and on February 16 a newsletter insert will be in the *West Central Tribune*. The committee will publish quarterly newsletters this year. The KDJS Job Fair will be held March 22 at the Willmar Conference Center and TEDxWillmarLive will be held February 16 at MWTC.

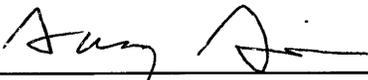
Leisure Travel. Donna Boonstra attended the last Leisure Travel Committee meeting and reported they are seeking volunteers to represent the county at upcoming sport shows.

Other. Backman stated he intends to attend each committee's meetings and will examine the number of committees and meetings held. Backman indicated he may have an interest in the EDC's Convention and Visitors' Board position and Leisure Travel Committee. The EDC's committee structure will be reviewed during a planning session to be held in early April.

Art Benson reported the junior curling nationals were held in Willmar with excellent success. There were 20 teams consisting of five members plus 20 coaches and family members and approximately 60-65 local volunteers bringing in an estimated \$100,000 to the county. There was not a lot of local attendance at the games. Schmoll noted she reviewed the Curling Club's business plan and informed them she could assist in some manner, such as continued review of the business plan and operating pro forma. The club secured a grant writer, which should be helpful.

NEXT MEETING—The next board meeting is **11:00 a.m., Thursday, March 10, 2016**, in the EDC's board room, 222 20th Street SE, Willmar.

ADJOURNMENT—There being no further business, the meeting was adjourned at approximately 12:21 p.m.



Gary Gilman, Secretary

APPROVED: 3/10/2016:



Robert Carlson, President

Connie:

I am sending our \$1,000.00 check which represents our matching funds for the recently approved grant from the EDC. I understand the EDC will now issue a check in the amount of \$2,000.00 payable to the Lake Lillian Civic & Commerce Association. You can send that check to: Kris Kaiser, P.O. Box 43, Lake Lillian, MN 56253. The C&C will then deposit those fund into our general account and then arrange to present the \$2,000.00 to the prospective buyer of the convenience store property to help offset the costs of the environmental testing that has been completed.

As part of the charitable gambling contribution (matching funds) we will need the enclosed form signed and dated. This form is kept internally in our records and is required by the Gambling Control Board for all contributions made to a unit of Government.

Thanks again, Connie, for yours and the EDC's help on this project. We are hopeful and excited that we will once again have a convenience store/gas station in our City!

Take care.

Kris Kaiser

LG555 Government Approval or Acknowledgment for Use of Gambling Funds

Keep this completed form attached to the LG100C in your organization's records.
 You do not need to submit this form to the Gambling Control Board or to the Department of Revenue.

ORGANIZATION AND EXPENDITURE INFORMATION (attach additional sheets if necessary)

Organization Name: Lake Lillian Civic & Commerce		License Number: 02920	
Address: P.O. Box 43	City: Lake Lillian	MN	Zip Code: 56,253

- Amount of proposed lawful purpose expenditure: \$ 1,000.00
- Check one expenditure category:
 - A. Contribution to a unit of government**—United States, state of Minnesota, or any of its subdivisions, agencies, or instrumentalities.
 - B. Wildlife management project or activity** that benefits the public at large, with approval by the Minnesota Department of Natural Resources (DNR).
 - C. Grooming and maintaining snowmobile or all-terrain vehicle trails** established under Minnesota Statutes, Sections 84.83 and 84.927, including purchase or lease of equipment, with approval by the DNR. All trails must be open to public use.
 - D. Supplies and materials for safety training and educational programs** coordinated by the DNR, including the Enforcement Division.
 - E. Citizen monitoring of surface water quality testing** for public waters by individuals or nongovernmental organizations, with Minnesota Pollution Control Agency (MPCA) guidance on monitoring procedures, quality assurance protocols, and data management, providing that data is submitted to the MPCA.

3. Describe the proposed expenditure, including vendors:

To be used towards funds for underground testing of fuel tanks for proposed purchase of local convenience store/gas station in community.

- **NO FINANCIAL OR OTHER BENEFIT:** I affirm that the contribution or expenditure does not result in any monetary, economic, financial, or material benefit to our organization, in compliance with Minn. Rule 7861.0320, subp. 17, para. C.
- **FOR DNR-RELATED PROJECTS:** I affirm that when lawful gambling funds are used for grooming and maintaining snowmobile or all-terrain vehicle trails or for any wildlife management project for which reimbursement is received from a unit of government, the reimbursement funds must be deposited in our lawful gambling account & recorded on form LG100C.
- **FOR SURFACE WATER QUALITY TESTING:** I affirm that MPCA guidance has been consulted in developing the monitoring plan and that the data collected will be submitted to the MPCA. Send form for signature to: Manager, Water Monitoring Section, Minnesota Pollution Control Agency, 520 Lafayette Road North, St. Paul, MN 55155.
 Website: www.pca.state.mn.us

Wendy Lund
 Chief Executive Officer's Signature 320-664-4111 1-11-16
 Daytime Phone Date

Wendy Lund
 Print Name

GOVERNMENT APPROVAL/ACKNOWLEDGMENT

- Check one. By signature below, the representative of the unit of government:
- Government**—DNR acknowledges the contribution which will not be used for a pension or retirement fund.
 - Wildlife**—DNR approves the wildlife management project or activity.
 - Trails**—DNR approves the grooming/maintaining of snowmobile and/or all-terrain vehicle trails.
 - Safety training**—DNR approves the supplies/materials for DNR safety training and educational programs.
 - Water quality testing**—MPCA approves the surface water quality testing project.

Unit of Government: Economic Development Commission Phone: 320-235-7370

Address: 222 20th Street SE City: Willmar, MN Zip: 56201

Print Name: _____ Title: _____

Signature: _____ Date: _____

Questions? Contact the Minnesota Gambling Control Board at 651-539-1900. This form will be made available in alternative format (i.e. large print, braille) upon request. The information requested on this form will become public information, when requested by the Board, and will be used to determine your compliance with Minnesota statutes and rules governing lawful gambling activities.



APPROVED

by Joint Powers Board 1/28/2016

Kandiyohi County & City of Willmar
ECONOMIC DEVELOPMENT COMMISSION

Name of applicant Lake Lillian Civic & Commerce Association Name of contact person Kris Kaiser
Telephone 320-220-1414 Cell 320-220-1414 Email kaiserkris@ymail.com

Describe your organization, its mission and goals:

We are a community-based organization comprised of local residents. Our mission reads: To encourage community development by promoting local business, sponsoring community events, and offering volunteer opportunities. Our objective is to instill the spirit of community caring for its members and citizens.

Is your organization nonprofit corporation or governmental entity?

Amount requested \$ 1,000.00. Will the funds be matched? Yes No . If yes, how will they be matched?

Funds to be donated by our charitable gambling fund as a lawful purpose expenditure.

For what purpose will the requested funds be used? Provide a copy of your budget.

There is a potential buyer for our local grocery store/gas station. The buyer needs to have testing completed on the underground fuel tanks in order to decide if the transaction will happen. The Lake Lillian Civic & Commerce Association would like to show our support by assisting with the cost of the tank testing and the grant funds, if approved, would be used to help offset those costs. We feel this is crucial for the vitality of our city.

If your request is for an event and is "seed money," can the event be profitable and self-supporting in future years?

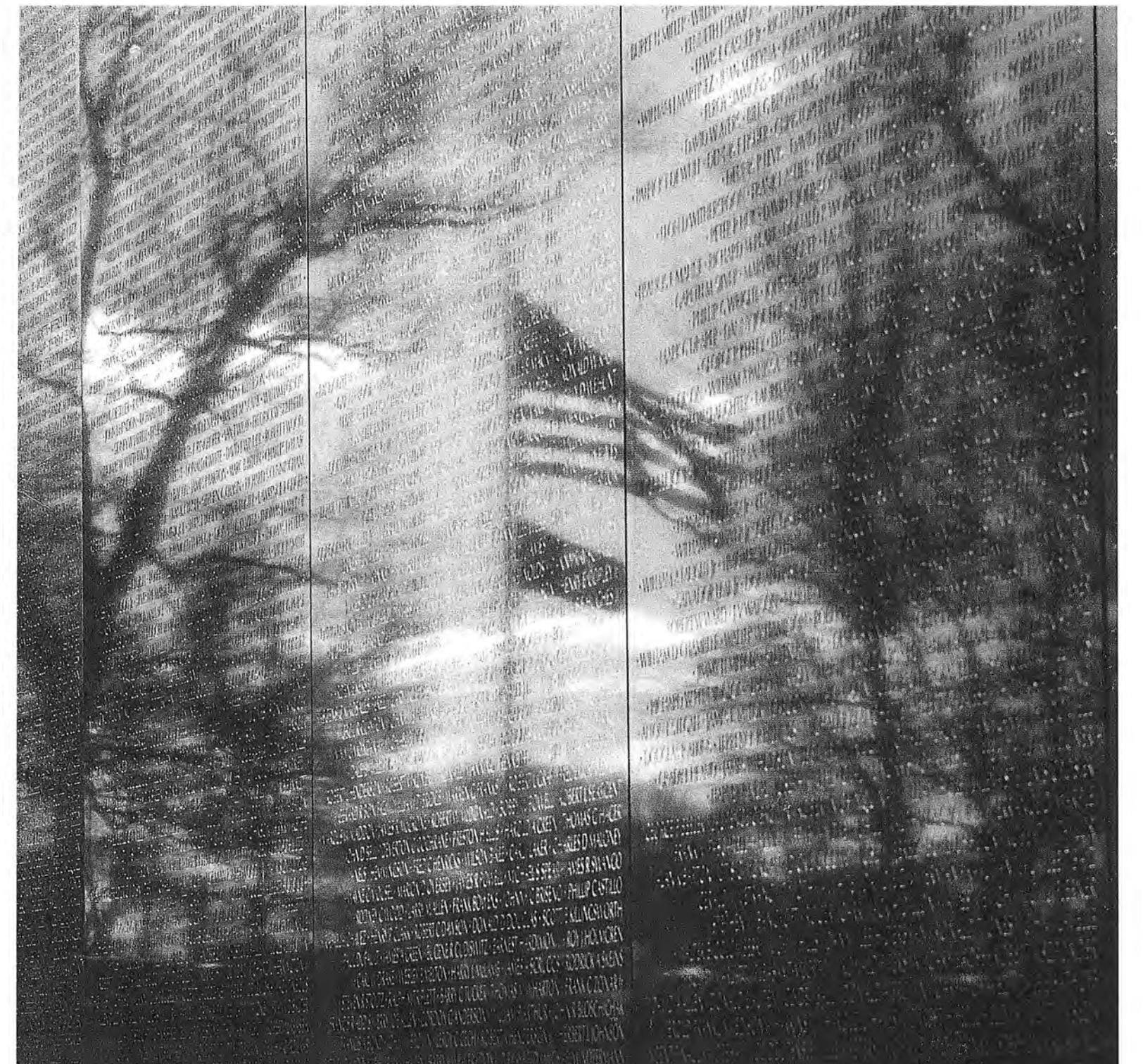
Please explain: Having a grocery store/gas station in our community is vital to the sustainability of our city. We are currently without these services and this has definitely had an impact on our other businesses. Our businesses count on the traffic that flows through our city and having these services would benefit all of our businesses as a whole.

Does the request fit within the EDC's mission (To be a catalyst for economic growth of the greater Kandiyohi County area.) and goals?

Please explain: The Lake Lillian Civic & Commerce Association feels that this request most definitely fits within the EDC's mission and goals. A grocery store/gas station is very important to any community but especially in a rural/elderly community such as Lake Lillian. This business will benefit summer/lake traffic in addition to encouraging stability for existing residents and future possibilities.

If funded, your federal tax ID number must be provided. EIN #41-1484962

Return this application to: Kandiyohi County and City of Willmar Economic Development Commission
222 20th Street SE | P.O. Box 1783 | Willmar, MN 56201 | edc@kandiyohi.com



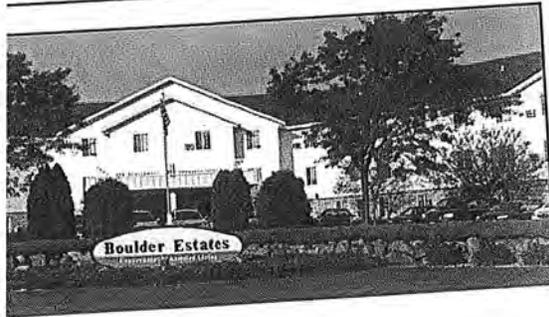
THE
VIETNAM TRAVELING
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July 11-13, 2014 | Marshall, Minn.

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Thank you, Veterans!

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 507-532-0080
 marshall@appleamerican.com



Boulder Estates is an active senior living community that offers both independent living and assisted living apartments. The mission of Boulder Estates is to establish a stable foundation for adults over the age of 55 through service, community, choice and individuality.

Boulder Estates 601 Village Dr. Marshall, MN 56258
 507-532-3834 jim.knudson@boulderestates.org



Thank you to all Veterans who have served with honor to protect American freedom at home and abroad

Catholic United Financial



Dan Markell, FIC
 Sales Representative
 Vietnam Veteran
 (507) 530-6433
 dmarkell@catholicunited.org

Life Insurance
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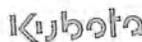


KESTELOOT ENTERPRISES INC.



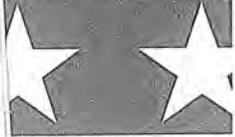
Marshall Sales & Rental: (Next to Independent Lumber)
 504 Baseline Road | Marshall, MN 56258
 Phone: (507) 829-3053

Green Valley Location:
 2517 County Road 8 | Marshall, MN 56258
 Toll free: (866) 317-8344 | Phone: (507) 532-0100



Quarter page = \$250.

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Over \$75,000 Donated

Over the past 1 1/2 year, the Tracy Eagles have generously made donations to area organizations, local athletes, scholarships for graduating seniors, individuals needing assistance with cancer treatment travel expenses, etc. Most of this money comes from the Tracy Eagles Charitable Gambling proceeds

Your local Eagles Aerie 3918 and their Auxiliary members take pride in giving back to the Tracy Community & surrounding area.

New Members Welcome	
1st Year Fee	\$35.00
Yearly Fee After 1st Year	\$25.00

Auxiliary Membership	
1st Year Fee	\$30.00
Yearly Fee After 1st Year	\$20.00

Free 1st Year Membership to all Police, Fire and Ambulance personnel. Also to honorably discharge military men and women.

People Helping People

- OPEN TO THE PUBLIC for various dinners and events.
- BOX CAR DAYS FOOD STAND open to the public
- THANKSGIVING MEAL free for paid members and otherwise open to the public.

Space Available For Small Parties



TRACY EAGLES BOARD OF DIRECTORS
 Front row, from left: David Spencer, Secretary; Don Polzine, Gambling Manager/Inside Guard; Kurt Enderson, President.
 Back row: Jim Quigley, Trustee; Brian Carlson, Trustee; Tony Peterson, Trustee. Not pictured: Steve Meyer, Treasurer; Larry Bornitz, Chaplain; and Dale Klein, Conductor.



EAGLES AUXILIARY BOARD OF DIRECTORS
 Front row, from left: Barb Cooreman, Trustee; Eilene Vandromme, Trustee; Ruth Sanders, Vice President, Past Madam. Back row: Nancy Williams, President; Stacy Carlson, Secretary; Sherry Spencer, Treasurer. Not pictured: Sandra Sanders, Chaplain; Judy Gordon, Outside Guard; Tiffany Molitor, Inside Guard and Katy Benson, Trustee.

Tracy Eagles Aerie 3918

154 4th St Tracy, MN 56175 629-4789

The Fraternal Order of Eagles is an international non-profit organization uniting fraternally in the spirit of liberty, truth, justice, and equality, to make human life more desirable by lessening its ills and promoting peace, prosperity, gladness and hope.

NEW MEMBERS ARE ALWAYS WELCOME! STOP BY FOR INFORMATION.



Full page \$1,000,

Resolution Supporting
the Minnesota Broadband Vision
Created at the Minnesota Border-to-Border Broadband Conference
by Conference Attendees

The Vision

“Everyone in Minnesota will be able to use convenient, affordable, world-class broadband networks that enable us to survive and thrive in our communities and across the globe.”

WHEREAS, broadband, or high speed Internet, is essential today and increasingly essential for community vitality, including competitive economic development, affordable and quality health care, equitable education and effective government; and

WHEREAS, vast areas of Minnesota and thousands of Minnesotans lack access to affordable and reliable broadband services that meet or exceed the federal broadband standard of 25/3 Mbps; and

WHEREAS, the long- and short-term benefits of achieving our broadband vision will be spread widely across our entire Minnesota community while failing to reach our broadband vision will sentence some rural areas to second class status and permanent decline;

NOW, THEREFORE, the Kandiyohi County and City of Willmar Economic Development Commission and its Broadband and Advanced Technology Committee adopt the Minnesota Broadband Vision and encourages the Minnesota Legislature and Governor to provide sufficient leadership, resources and legal framework to ensure that the State of Minnesota achieves this vision by 2020.

Revolving Loan Fund

MANUAL



Adopted by Kandiyohi County Economic Development Partnership, Inc. Board 11/10/1998

Revised by EDC Finance Committee 4/13/2010

Adopted by EDC Joint Operations Board 5/13/2010

Ratified by EDC Joint Powers Board 10/28/2010

Revised by EDC Joint Operations Board 2/13/2014

Revised by EDC Finance Committee 1/12/2016

Ratified by EDC Joint Operations Board 2/11/2016

Introduction

A Revolving Loan Fund has been established by Kandiyohi County and is administered by the Finance Committee (Committee) of the Kandiyohi County and City of Willmar Economic Development Commission (EDC). The Revolving Loan Fund is intended to be a permanent revolving loan fund where money is available for new loans on a continuing basis as loans are repaid.

The purpose of the fund is to provide alternative (gap) financing to for-profit businesses to promote job retention, job creation and the stimulation of private investment in an effort to strengthen and diversify the economy and the tax base of Kandiyohi County. Loans will serve as matching funds to create up to 100% leverage project financing with other borrowing sources to assist existing or new businesses meeting the program eligibility. Loan money is intended to complement, not replace, existing local development and private financing efforts.

Definitions

BORROWER must be a for-profit business in Kandiyohi County. Said business shall be identified per the North American Industry Classification System (NAICS).

COMPLETE APPLICATION shall include: form completed as provided by the EDC and all items described in Application Content.

LENDING INSTITUTION is any financial institution in Kandiyohi County or located outside Kandiyohi County doing business with a company located or expanding in Kandiyohi County.

NON REAL ESTATE LOAN is any secured loan, except real estate, with a maturity greater than 1 year but not more than 10 years, which is on an amortizing schedule and repays from cash flow. The need and economic reasonableness of the loan must be firmly established. The term of the loan must not exceed its economic purpose.

REAL ESTATE LOAN is any loan secured by real estate with a maturity greater than 5 years but not more than 15 years. The extension of funds for real estate related projects will be considered on projects that will increase the property tax of the area while supplying a satisfactory security level on the Revolving Loan Fund's capital. This type of loan should clearly best satisfy the borrowing needs relative to the purpose of the loan and the ability to repay. It is necessary to provide security within the total project financing package.

REVOLVING LOAN FUND LOAN is a loan used for the primary purposes of purchasing equipment, purchasing or expanding an existing facility or constructing a new facility in Kandiyohi County.

Loan Guidelines

1. Applicants must be for-profit businesses located in Kandiyohi County, meet the eligibility guidelines of the program, and be in an eligible industry category under the Small Business Administration (SBA) guidelines.
2. Applicants must have adequate collateral and cash flow to service the debt and show additional lending to meet up to the 100% leverage guidelines.

3. The Committee shall recognize that adequate collateral is not a primary consideration in approving loans.
4. Applicants must provide a minimum of 10% owner equity as part of the 100% leverage guidelines. EDC participation not to exceed 25% of total project.
5. Applicants must provide with their application a personal credit report for principal owner(s) with 20% or more ownership.

Loan Terms

1. Minimum amount of loans—\$5,000
2. Maximum amount of loans for one borrower—\$50,000
3. The loan term shall be no less than 1 year and may be negotiated up to 15 years based upon the productive life of the assets.
4. EDC will take a security interest position in any equipment or real estate financed.
5. EDC will require personal guaranties of the applicant(s).
6. EDC will accept subordinate position loans.
7. The Revolving Loan Fund's collateral must be adequately insured.
8. Recipients will be charged a 1% loan origination fee plus all costs associated with the loan.

Disbursement of Funds

The borrower will sign all loan documents before funds are disbursed. Loan funds must be fully disbursed within 90 days from the date the loan is approved by the EDC Joint Operations Board of Directors.

Administration

1. The administration and operation of the Revolving Loan Fund program will be the responsibility of the Committee. The Committee will present all loan applications for final approval to the EDC Joint Operations Board of Directors.
2. The Committee will operate within the guidelines stated in this document.
3. Loan applications should be submitted to the EDC office, 222 20th Street SE, P.O. Box 1783, Willmar, MN 56201.
4. The Committee will advise the EDC Joint Operations Board of Directors of its activities quarterly.
5. The Committee may contract with the financial institution that originates the loan to service the loan.
6. The Committee will invest all available funds in short-term investment financial instruments. These funds will be deposited in a local financial institution in an effort to provide funds for commercial bank loans.
7. If a financial institution services the loan, it will receive the 2% interest above Wall Street Journal prime as its fee.
8. Because of the nature of the information that will be considered in the administration of the Revolving Loan Fund, the meetings of the EDC Finance Committee will be open to Committee members, the involved lending institution and affected business parties only.
9. Because of the potential for conflicts of interest in the loan decision process, any Committee member who has a potential conflict of interest in a loan request is required to reveal their position to the full Committee. The Committee member with the conflict will be allowed to

- assist in the application process and participate in the discussion of the loan request, but will abstain from the motion and voting on the motion to approve or reject the loan.
10. The Committee will not participate in the application process.
 11. The Committee will not approve incomplete applications.
 12. The Committee will recognize the increased risk associated with lower equity levels and will not recommend for approval loans that it believes do not provide sufficient cash flow opportunities to support repayment of the obligation.
 13. Applications that have the potential to create up to 100% leverage project financing must be based on the appraised market value of the property.
 14. The participating bank shall provide to the EDC quarterly reports.
 15. The Committee will review annually the information from the participating banks about the Revolving Loan Fund loans.
 16. It may be necessary for the Committee to review periodically and modify its policy for loans in response to changing money market conditions, portfolio structure and local market conditions.

Interest Rate and Repayment Terms

The interest rate will be fixed at Wall Street Journal prime rate plus 2% at the time of closing. The interest rate will be computed as simple interest and will be fixed for a period not to exceed five years and adjusted for a similar period using the same index and margin. All loans will be structured to fully amortize over the term of the loan. Borrowers will be required to set up automatic payments from their checking account for the monthly loan payments under this program.

Application Content

Borrower shall provide a completed Application form as provided by the EDC, which shall include the following items:

1. A business plan, including:
 - a. History of the business
 - b. Market analysis and strategy
 - c. Products
 - d. Manufacturing process; and
 - e. Financials (including those designated below)
2. Business organization documents, including Articles of Incorporation, Bylaws and Certificate of Incorporation.
3. Certificate of Good Standing (obtained for corporations from Secretary of State) or Certificate of Assumed Name, if applicable.
4. Federal tax returns filed by the business for the past 3 years (unless in business less than 3 years).
5. Income statements and balance sheets from the past 3 years plus current within 90 days (unless in business less than 3 years).
6. Current debt schedule as outlined in the Application form.
7. Current detailed accounts receivable and accounts payable listing including an aging.
8. Income and cash flow projections for the next 2 years. [The projection must show a positive cash flow after one year.]

9. A detailed expense budget for the project showing how the requested funds would be spent and during what time periods. The budget should make clear how the major elements of expense were estimated. Applicant(s) should specify when the loan is desired and in what amount.
10. Personal credit report for each principal owner.
11. Statement of source of equity for the project, and how it will be obtained and appraised.
12. Commitment letter regarding any financing the applicant's lending institution will provide for the project.
13. Signed personal financial statements dated as of the date of application for principal owner(s) with 20% ownership or more.