

KANDIYOHI COUNTY AND CITY OF WILLMAR ECONOMIC DEVELOPMENT COMMISSION (EDC)
FINANCE COMMITTEE
MINUTES
January 12, 2016
EDC Board Room, Willmar

Present: Matt Behm, Gary Gilman, Les Nelson, Bruce Peterson, Justin Schnichels and Randy Zinda

Excused: Nick Dalton and Russ Weeks

Guests: Berny Berger, Kyaw Hang, Play Htoo, Htet Lin and Pastor Ron Snyder

Staff: Connie Schmoll, Business Development Specialist

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

Chairperson Matt Behm called the meeting to order at approximately 12:03 p.m. followed by self introductions.

MINUTES

IT WAS MOVED BY Bruce Peterson, SECONDED BY Russ Weeks, to approve the minutes of the November 10 and December 8, 2015 meetings as emailed. MOTION CARRIED.

UNFINISHED BUSINESS

Loan application. Connie Schmoll updated the committee on new information provided by Kyaw Hang, including new cash flow projections with rent payments for the store's location in the Kandi Mall strip mall. Schmoll indicated Berny Berger gave a breakdown of inventory as 30% frozen, 60% dry goods and 10% fresh.

[Berny Berger, Kyaw Hang, Play Htoo, Htet Lin and Pastor Ron Snyder joined the meeting.]

Kyaw Hang reported he opened a business bank account in Willmar, secured a lease on a location, obtained the business name Happy Family Asian Grocery Store and purchased insurance for the store. Play Htoo and Htet Lin will manage the store. Htoo stated they plan to buy their equipment and inventory in St. Paul as they have friends there who will help them and they set up an account with a friend who is an Asian foods wholesaler. They also have a friend in St. Paul, who will help them start up their store. Berny Berger stated Southwest Initiative Foundation (SWIF) approved a \$17,000 loan contingent upon receiving loans from the EDC and the Willmar Area Multicultural

Business Center. SWIF is also a trustee with Kiva, a microfinance crowd funding program for low-income individuals, and Hang has raised approximately half of the \$5,000 applied for through this program. Hang plans to open the store February 1, 2016. It is possible the store may be able to jointly purchase inventory with the Golden Palace, which is at the same location. Lin discovered daily sales at the Worthington Asian markets were \$1,000-\$3,000 per day during their first month. Hang will have a broad inventory of Asian foods with most being specific to Myanmar. Pastor Ron Snyder stated there are 33 Filipino families plus Vietnamese in the area who currently purchase their products in St. Cloud or St. Paul. Snyder stated the area turkey industry has started rehiring and additional Karen residents are arriving. There are more than 40 Karen family units (300 people) in Willmar. Berger noted they estimated high for everything in the financial projections to make sure there is enough capital. Hang stated he has contacted vendors and is ready to purchase equipment once the loans are approved. A lease has been signed for \$500 per month for six months with the first month free and the location already has sinks and plumbing. Snyder stated the Kandi Mall is considering putting a sign in the mall showing the tenants located in the strip mall. Berger stated SWIF's loan is a term of six years at \$300 per month. SWIF will provide full technical assistance to the family and will pay for Htoo to attend business management courses at Ridgewater College. Htoo is currently taking college business courses. Berger noted SWIF monitors its loans very closely. The loan request to the EDC is \$18,000. Hang was cautioned to make sure he has all funding in place before moving forward with any purchases.

[Berger, Hang, Htoo, Lin and Pastor Snyder were excused from the meeting.]

Following the committee's discussion of the loan application,

IT WAS MOVED BY Bruce Peterson, SECONDED BY Russ Weeks, to approve an \$18,000 loan from the Kandiyohi County and City of Willmar Economic Development Commission's (EDC) Revolving Loan Fund Program to Happy Family Asian Grocery Store, LLC at 5.5% interest for six years to match the terms by the Southwest Initiative Foundation (SWIF) and the terms being requested of the Willmar Area Multicultural Business Center (WAM-BC) with the EDC being in a second security position behind SWIF and in front of WAM-BC on all business assets and receiving a personal guaranty from Kyaw Hang, owner of the business. MOTION CARRIED.

NEW BUSINESS

Loan guidelines. Chairperson Behm recommends the Revolving Loan Fund Program manual state a loan commitment is good for a period of 90 days to align with the EDC's Entrepreneur's Loan Guarantee Program. It was also recommended that upon a loan being approved, EDC staff send a commitment letter to the borrower outlining the loan terms and specifying it is good for 90 days.

IT WAS MOVED BY Bruce Peterson, SECONDED BY Gary Gilman to amend 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.

REDstar Creative loan. Chairperson Behm informed the committee he received a request to access loan funds approved in December 2014 for REDstar Creative DBA WORKUP. By consensus, the committee determined the borrower exceeded the reasonable time limit for accessing loan funds, but the committee encouraged Betsy Bonnema to reapply for a loan. Schmoll will inform Bonnema.

Historic 313 loan. Chairperson Behm informed the committee he received an email from Steve Renquist forwarding a request from Lance Peterson, a board member of Willmar Downtown Development, Inc., to delay Historic 313's initial loan repayments for six months to allow them to complete building renovations and allow tenants to occupy space and initiate receipt of lease payments. Chairperson Behm tried contacting John Christianson prior to this meeting to discuss this request, but was unable to reach him. The committee felt it did not have enough information to make a decision on this informal request. Schmoll will inform Peterson that a representative of Historic 313 must appear before this committee to make a formal request for any changes in the loan.

Other. Schmoll informed the committee she was contacted by Oscar Oakes regarding his purchase of the Madden Upholstery building in Spicer, where he will do service and sales, who asked if he would be able to receive a second loan from the EDC. The committee's initial review was that Oakes may be able to borrow approximately \$24,000 from the EDC's Revolving Loan Fund. Schmoll recommended Oakes meet with his banker first and then apply to the EDC, if gap financing is needed. Schmoll gave an update on Peaceful Thymes Gifts & Garden Center's loan. All Revolving Loan Fund loans are current.

ADJOURNMENT—There being no other business, the meeting was adjourned at approximately 1:07 p.m.

NEXT MEETING—The next committee meeting is 12 noon, Tuesday, February 9, 2016 at the EDC office.