

KANDIYOHI COUNTY AND CITY OF WILLMAR ECONOMIC DEVELOPMENT COMMISSION (EDC)
FINANCE COMMITTEE
MINUTES
October 11, 2016, 2016
EDC Board Room, Willmar

Present: Matt Behm, Nick Dalton, Gary Gilman, Les Nelson, Bruce Peterson, Lyn Zeppelin and Randy Zinda

Excused: Justin Schnichels

Absent: Russ Weeks

Staff: Aaron Backman, Executive Director

Secretarial: Diane Beck, Legal & Administrative Assistants, Inc. (LAA)

Chairperson Matt Behm called the meeting to order at approximately 12:05 p.m.

MINUTES

IT WAS MOVED BY Les Nelson SECONDED BY Nick Dalton to approve the minutes of the September 13, 2016 meeting as emailed. MOTION CARRIED.

NEW BUSINESS

Inspirations Books and Gifts Update. Aaron Backman provided an update on Inspirations Books and Gifts and stated the child support issue will not be considered under the probate or any portion of the loan default. Dalton shared an update from Bob Carlson and the bank's attorney. Early disbursement was approved and the allocated money from Inspirations Books and Gifts will be processed. Backman inquired when the EDC should issue the \$23,253.88 check and Dalton suggested payment at the Finance Committee meeting on November 8, 2016.

Loan repayment of loan guarantor payout. Backman discussed a draft Promissory Note prepared by the EDC regarding a defaulted EDC loan guarantee in the amount of \$7,980.37 (see attached). Backman discussed the Promissory Note with the individual, who has a desire to make the EDC whole. A Loan Amortization Schedule was prepared showing payments of \$250/month at 5.5% interest commencing on November 15, 2016 with final payment on September 15, 2019. No additional late penalties were added to the balance. Backman inquired if the Finance Committee would be supportive of the Promissory Note. Discussion held. Peterson commented the person may change their mind following the election. Backman prefers to have the Promissory Note finalized prior to the election. Dalton inquired if discussions were held with Heritage Bank; Backman responded there has been no contact with Heritage Bank. Behm stated it is a good idea

to pursue Backman's suggestion. The committee concurred to support the Promissory Note to recoup the monies that were lost. The topic will be placed on the November 8, 2016 Finance Committee agenda.

Other. Backman noted all Entrepreneurs' Loan Guarantee Program and Revolving Loan Fund loans are current.

Historic 313 on Fourth Street LLC update. Backman provided an update (see attached). Backman expressed concerns over changes to the Spurs Restaurant lease and has discussed his concerns with the Preservation Alliance of Minnesota and Willmar Downtown Development. Dalton commented there is a need for a project manager to get things moving. Les Nelson will meet with Donn Winckler, who attends the Willmar Downtown Development meetings regarding progress of the project and report at the next meeting. Peterson suggested inviting the Willmar Downtown Development and Preservation Alliance of Minnesota to a meeting at the EDC or at the site to discuss the process, timeline, etc. Backman will contact John Christianson, Willmar Downtown Development member, and possibly Gus Wordell of North American State Bank, the lead lender of Historic 313 on Fourth Street. Backman reported an MSNBC producer and film crew from "Your Business" visited Willmar last week and interviewed Bev Dougherty and Jeff Madsen of Historic 313, as well as other local and ethnic businesses in Willmar. Backman was interviewed at the EDC office. "Your Business" should air on October 23, 2016.

ADJOURNMENT—There being no other business,

IT WAS MOVED BY Bruce Peterson, SECONDED by Gary Gilman to adjourn the meeting.

The meeting was adjourned at approximately 12:50 p.m.

NEXT MEETING—The next committee meeting is **12 noon, Tuesday, November 8, 2016** at the EDC office.

PROMISSORY NOTE

DRAFT

For value received, the undersigned, promises to pay to the order of the **Kandiyohi County and City of Willmar Economic Development Commission**, the principal sum of **Seven Thousand Nine Hundred Eighty and 37/100 Dollars (\$7,980.37)** together with interest at the rate of **5.5%** per annum from **October 15, 2016** on the unpaid principal balances from time to time until paid in full. Principal and interest shall be paid at **222 20th Street SE, P.O. Box 1783, Willmar, MN 56201**, or at such other place as designated by the holder of this Note, in **monthly** of **\$250.00** commencing with the first payment due **November 15, 2016** until **September 15, 2019**, when the entire principal balance and accrued interest shall be due and payable in full. The maker of this Note shall have full prepayment privilege in multiples of \$100.00, without penalty on any installment payment date.

Upon any default in the payment of interest or principal, this Note shall become immediately due and payable at the option of the holder hereof.

The makers, endorsers, sureties and guarantors hereof hereby severally agree to pay all costs of collection, including reasonable attorney's fees and legal expenses, in case any payment shall not be made when due, and severally waive presentment for payment, notice of non-payment, protest and notice of protest and diligence in enforcing payment or bringing suit against any party hereto. The endorsers, sureties and guarantors hereof hereby severally consent that the time of payment may be extended (whether or not longer than the original period), or this note renewed, from time to time without notice to them and without affecting their liability hereon. Payable at a definite time subject to any acceleration.

Dated at Willmar, Minnesota, this _____ day of October, 2016.

Stephen Peppin, individually and
doing business as Pep's Sport's Barber Shop

Loan Amortization Schedule

Enter values	
Loan amount	\$ 7,980.37
Annual interest rate	5.50 %
Loan period in years	5
Number of payments per year	12
Start date of loan	10/15/2016
Optional extra payments	\$ -

Loan summary	
Scheduled payment	\$ 250.00
Scheduled number of payments	60
Actual number of payments	35
Total early payments	\$ -
Total interest	\$ 667.71

Lender name: Payoff of 2005 Loan to Stephen Peppin DBA Pep's Sport's Barber Shop

Pmt No.	Payment Date	Beginning Balance	Scheduled Payment	Extra Payment	Total Payment	Principal	Interest	Ending Balance	Cumulative Interest
1	11/15/2016	\$ 7,980.37	\$ 250.00	\$ -	\$ 250.00	\$ 213.42	\$ 36.58	\$ 7,766.95	\$ 36.58
2	12/15/2016	7,766.95	250.00	-	250.00	214.40	35.60	7,552.55	72.18
3	1/15/2017	7,552.55	250.00	-	250.00	215.38	34.62	7,337.16	106.79
4	2/15/2017	7,337.16	250.00	-	250.00	216.37	33.63	7,120.79	140.42
5	3/15/2017	7,120.79	250.00	-	250.00	217.36	32.64	6,903.43	173.06
6	4/15/2017	6,903.43	250.00	-	250.00	218.36	31.64	6,685.07	204.70
7	5/15/2017	6,685.07	250.00	-	250.00	219.36	30.64	6,465.71	235.34
8	6/15/2017	6,465.71	250.00	-	250.00	220.37	29.63	6,245.34	264.97
9	7/15/2017	6,245.34	250.00	-	250.00	221.38	28.62	6,023.97	293.60
10	8/15/2017	6,023.97	250.00	-	250.00	222.39	27.61	5,801.58	321.21
11	9/15/2017	5,801.58	250.00	-	250.00	223.41	26.59	5,578.17	347.80
12	10/15/2017	5,578.17	250.00	-	250.00	224.43	25.57	5,353.73	373.36
13	11/15/2017	5,353.73	250.00	-	250.00	225.46	24.54	5,128.27	397.90
14	12/15/2017	5,128.27	250.00	-	250.00	226.50	23.50	4,901.78	421.41
15	1/15/2018	4,901.78	250.00	-	250.00	227.53	22.47	4,674.24	443.87
16	2/15/2018	4,674.24	250.00	-	250.00	228.58	21.42	4,445.67	465.30
17	3/15/2018	4,445.67	250.00	-	250.00	229.62	20.38	4,216.04	485.67
18	4/15/2018	4,216.04	250.00	-	250.00	230.68	19.32	3,985.37	505.00
19	5/15/2018	3,985.37	250.00	-	250.00	231.73	18.27	3,753.63	523.26
20	6/15/2018	3,753.63	250.00	-	250.00	232.80	17.20	3,520.84	540.47
21	7/15/2018	3,520.84	250.00	-	250.00	233.86	16.14	3,286.97	556.60
22	8/15/2018	3,286.97	250.00	-	250.00	234.93	15.07	3,052.04	571.67
23	9/15/2018	3,052.04	250.00	-	250.00	236.01	13.99	2,816.03	585.66
24	10/15/2018	2,816.03	250.00	-	250.00	237.09	12.91	2,578.93	598.56
25	11/15/2018	2,578.93	250.00	-	250.00	238.18	11.82	2,340.75	610.38
26	12/15/2018	2,340.75	250.00	-	250.00	239.27	10.73	2,101.48	621.11
27	1/15/2019	2,101.48	250.00	-	250.00	240.37	9.63	1,861.11	630.74
28	2/15/2019	1,861.11	250.00	-	250.00	241.47	8.53	1,619.64	639.27
29	3/15/2019	1,619.64	250.00	-	250.00	242.58	7.42	1,377.07	646.70
30	4/15/2019	1,377.07	250.00	-	250.00	243.69	6.31	1,133.38	653.01
31	5/15/2019	1,133.38	250.00	-	250.00	244.81	5.19	888.57	658.20
32	6/15/2019	888.57	250.00	-	250.00	245.93	4.07	642.65	662.28
33	7/15/2019	642.65	250.00	-	250.00	247.05	2.95	395.59	665.22
34	8/15/2019	395.59	250.00	-	250.00	248.19	1.81	147.40	667.03
35	9/15/2019	147.40	250.00	-	147.40	146.73	0.68	0.00	667.71

Historic 313 on 4th Street LLC—EDC Report

Progress Update—9-1-16

1. *SPURS RESTAURANT (Incubator #1)*
 - a. *Progress on hold to make yet another lease wording change so tenant is comfortable that they will get a return on their investment to date.*
2. *PIZZA/WINE BAR (Incubator #3)*
 - a. *Tenants working with Jeff Madsen on business plan, their own loan (secured) while lease details are worked out.*
3. *MINNESOTA-LOCAL (Incubator #2)*
 - a. *Anchor tenant will sign when they are sure the project will move forward.*
 - b. *Floor plan in process, will not need another State plumbing review as it is a retail store, not a food prep area.*
4. *RENOVATION:*
 - a. *Sprinkler system is in, still waiting for contractor to install electrical panel. Progress held up due to still resolving yearly inspection contract and negotiating best price.*
 - b. *Scheduling with roofer and Magnuson to place HVAC unit for food side. plus Spurs hood and air exchange.*
 - c. *Budget for this loan plus Mid-Minnesota are on track. Contracts are in place for electrician, plumber and HVAC to complete requirements of these loans. We are also adding separate meters for water and electrical for Foxhole and incubator spaces within this budget.*
5. *MARKETING:*
 - a. *Producer and film crew from “Your Business” on MSNBC spent 2 days (9 hours) filming Beverly, Jeff and one of Jeff’s new successful business startups as well as the Historic 313 Building. They were extremely impressed with the Project, the Business Plan, the unique technical assistance provided new entrepreneurs, the complexity of the project and the vision. We will give you a heads up when it airs.*