

KANDIYOHI COUNTY AND CITY OF WILLMAR ECONOMIC DEVELOPMENT COMMISSION (EDC)
FINANCE COMMITTEE
MINUTES
December 8, 2015
EDC Board Room, Willmar

Present: Matt Behm, Nick Dalton, Bruce Peterson, Justin Schnichels and Randy Zinda

Excused: Gary Gilman, Les Nelson and Russ Weeks

Guests: Mark Bonnema, Jim Gilmore, Kyaw Hang, Mike Malone, Scott Marquardt, Ron Snyder and an interpreter for Hang

Staff: Steve Renquist, Executive Director and Connie Schmoll, Business Development Specialist

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

Vice Chairperson Nick Dalton called the meeting to order at approximately 12:05 p.m. followed by self introductions.

NEW BUSINESS

Loan applications. Mike Malone presented the loan request of Bonnema Hardware & Flooring, Inc. Bonnema Properties, LLC will hold the real estate and Bonnema Hardware & Flooring, Inc. will hold the business. The loan application, credit report and financial information were reviewed. Lake Region Bank has approved its loans to Bonnema. The sources and uses for the funds was reviewed. Bonnema is expecting to receive final funds from the sale of Touching Hearts at Home in mid-January, a portion of which will be deposited into a bank account for one year to cover unexpected expenses. Joe Shemon has agreed to assist with transition of the business and it is believed he will stay for a minimum of one year. Bonnema has a friend who owns a hardware store, who has agreed to mentor him. Bonnema will be adding handyman services and intends to restart the property management services to include opening and closing seasonal cabins and will be modifying the paint department. His expertise is in the flooring department. Bonnema anticipates store hours will be 8:00 a.m. to 6:00 p.m. Monday through Saturday and Sundays from 11:00 a.m. to 4:00 p.m. He plans to rent out office space in the southwest corner of the building and noted there are also apartments on the top floor. Bonnema will add tools and equipment not currently in inventory and he may add an equipment rental department. It is unknown if the present employees will stay on after he purchases the business. Jim Gilmore will assist with the current inventory and projected Bonnema should have a 10% increase in sales by being open on

Sunday. Bruce Peterson disclosed he will abstain from voting due to a relationship with a local flooring person. Scott Marquardt indicated Southwest Initiative Foundation (SWIF) will be considering a \$70,000 loan contingent upon the EDC's loan being approved. SWIF's loan would be at 6% fixed interest, seven-year amortization and second position in collateral. The EDC would be in third position for collateral.

[Bonnema, Malone, Gilmore and Marquardt were excused from the meeting.]

IT WAS MOVED BY Nick Dalton, SECONDED BY Justin Schnichels, to recommend to the Kandiyohi County and City of Willmar Economic Development Commission's Joint Operations Board that it approve a five-year \$40,000 Revolving Loan Fund loan to Bonnema Hardware & Flooring, Inc. at 5.25% interest with the EDC holding a third position security interest. MOTION CARRIED with Bruce Peterson abstaining.

Steve Renquist provided background on the Happy Family Asian Grocery Store loan applicant and the Karen population of which there are approximately 300 residents in the Willmar area. At present, most live in the west side trailer park in Willmar. The applicant is seeking \$60,000 for the project from various sources. Committee members noted SWIF's loan application includes jobs between \$7-\$13 per hour, however, no labor costs are included in the projections.

[Kyaw Hang, Hang's interpreter, Scott Marquardt and Ron Snyder joined the meeting.]

Kyaw Hang's family members will work at the store and take little salary until the store gets up and running. It was noted approximately 500 Karen people plus individuals from other Asian countries live in Worthington and that community has four Asian markets. The utilities estimate given in the projections is based on information from other grocers. Two realtors are working on a potential location for the grocery store. Hang did not believe the Karen population would visit a downtown Willmar location.

[Bruce Peterson was excused from the meeting.]

Hang's wife Ma Pyone and his daughter Play Htoo will be involved in the grocery store. Htoo is attending school for accounting and currently manages a market in the Twin Cities, but will move to Willmar to work full-time at the store. A son-in-law who has worked with start-up Asian markets lives in Minneapolis and is available to mentor Hang. Hang will remain employed at Willmar Poultry. Some supplies will be obtained in Minneapolis, but a majority of the supplies will be delivered. Hang estimated 50% of the products will be perishable and 50% non-perishable. Ron Snyder stated it is not unusual for the Karen population to work 50+ hours per week. He noted more families are moving into the Willmar area and estimated the population will increase to 400-450 in the next year. There are approximately 30 Filipino families in Willmar. Hang is one of four who want to start an Asian market in Willmar. Marquardt indicated SWIF's loan committee has not yet met to consider this loan request.

[Kyaw Hang, his interpreter, Scott Marquardt and Ron Snyder were excused from the meeting.]

Following a brief discussion, the committee tabled a decision on Hang's loan request based on too many unanswered questions, Hang securing a location, the committee receiving updated projections with a lease included and receiving SWIF's decision on their loan.

Peaceful Thymes. It was the committee's consensus to recommend to the EDC's Joint Operations Board that it extend interest-only payments through March 2016 at the request of Elsie Kashmark for the EDC's loan to Peaceful Thymes Gifts & Garden.

ADJOURNMENT—There being no other business, the meeting was adjourned at approximately 1:34 p.m.

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