

KANDIYOHI COUNTY AND CITY OF WILLMAR ECONOMIC DEVELOPMENT COMMISSION (EDC)
FINANCE COMMITTEE
MINUTES
March 14, 2016
EDC Board Room, Willmar

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

Absent: Russ Weeks

Guests: Zack Mahboub, New Minnesotan Realty, LLC; Dave Schneider, Attorney; and Laura Warne, Home State Bank

Staff: Aaron Backman, Executive Director

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

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

NEW BUSINESS

Loan Application. Laura Warne stated Zack Mahboub is remodeling the main floor of the former Erickson building and is renting it to various tenants. The total projected remodeling costs have been certified for \$400,000. Home State Bank will have first position with a construction loan of \$320,000 of which Southwest Initiative Foundation (SWIF) will contribute \$120,000 subordinate to Home State Bank. It is suggested the EDC and Mid-Minnesota Development Commission have a shared third position. If needed, West Central Interpreting Services has the ability to provide gap funding. Mahboub provided information on his business West Central Interpreting Services. The appraisal done by Holmgren Appraisals, LLC gives a market value of \$530,000. Remodeling the basement will be Phase 2 of the project and will include an event and meeting space. Mahboub has outsourced his bookkeeping and accounting services. Life insurance will be obtained on Mahboub. Aaron Backman reported the EDC has been working with Mahboub since about November 2016. Backman proposes the EDC's loan be for interest only for the first 12 months at 5.5% interest, which deviates one-quarter percent from the EDC's Revolving Loan Fund Manual of 2% above Wall Street prime rate. Mid-Minnesota Development Commission will be considering a \$50,000 seven-year loan at 4% interest. Mahboub stated the project is estimated to take three to six months to complete. Bruce Peterson stated a plan review is needed by the City of Willmar to make sure it complies with codes. A Phase 1 environmental review was done, the structural issues have been resolved and the building is ADA compliant. Quality Title of Willmar will issue title insurance. Dave Schneider stated the half floor in the building was removed and the top floor has been completely remodeled. Mahboub has researched the original look of the building. At this

time, he plans to return the exterior facade to that of the 1950s and 1960s, which would be Phase 3 of the project.

[Mahboub, Schneider and Warne were excused from the meeting.]

MINUTES

IT WAS MOVED BY Les Nelson, SECONDED BY Nick Dalton, to approve the October 11 and November 8, 2016 meeting minutes. MOTION CARRIED.

NEW BUSINESS CONTINUED

Chairperson Behm and Les Nelson announced they will abstain from voting on the loan request. Home State Bank anticipates closing its loan the first week of April. SWIF has been supportive of the project and it is anticipated it will approve its loan participation agreement with Home State Bank this week. Les Nelson stated he anticipates Mid-Minnesota Development Commission will also approve its loan this week. Following additional discussion,

IT WAS MOVED BY Bruce Peterson, SECONDED BY Justin Schnichels, that the Finance Committee recommends the Kandiyohi County and City of Willmar Economic Development Commission Joint Operations Board approve a seven-year \$30,000 Revolving Loan Fund loan to New Minnesotan Realty, LLC. at 5.5% interest with interest-only payments for the first 12 months and taking a shared third-position security interest with Mid-Minnesota Development Commission. MOTION CARRIED with Matt Behm and Les Nelson abstaining.

UNFINISHED BUSINESS

Historic 313 on Fourth Street. Backman reported he has had conversations with Preservation Alliance of Minnesota (PAM) about the Historic 313 on Fourth Street project. The committee discussed use of the various loan funds for the project. The project is current with all lenders. Backman announced PAM took over control of the project from Willmar Downtown Development. PAM's Executive Director and Real Estate Program Coordinator toured the building, met with Foxhole Brewhouse about its expansion, met with several contractors about completing the space and have had discussions with Spurs.

Election of Chair and Vice Chair. Chairperson Behm asked for elections for chair and vice chair for a term of two years.

IT WAS MOVED BY Gary Gilman, SECONDED BY Bruce Peterson, to re-elect Matt Behm as chairperson of the Kandiyohi County and City of Willmar Economic Development

Commission Finance Committee and Nick Dalton as vice chairperson for a two-year term. MOTION CARRIED.

Other. Peterson reported he met with a business this week that is looking at doing three separate retail projects in Willmar.

ADJOURNMENT—There being no other business, the meeting was adjourned at approximately 1:10 p.m.

NEXT MEETING—The next committee meeting is **12 noon, Tuesday, April 11, 2017** at the EDC office.