

KANDIYOHI COUNTY AND CITY OF WILLMAR ECONOMIC DEVELOPMENT COMMISSION (EDC)
FINANCE COMMITTEE
MINUTES
March 20, 2018
EDC Board Room, Willmar

Present: Matt Behm, Nick Dalton, Kerry Johnson, Les Nelson, Bruce Peterson, Justin Schnichels, Russ Weeks, Jeff Welker and Randy Zinda

Excused: Bob Carlson

Guest: Ashley Rath, D.C., Family Roots Chiropractic

Staff: Aaron Backman, Executive Director and Connie Schmoll, Business Development Specialist

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

Chairperson Matt Behm called the meeting to order at approximately 12:04 p.m. Added to the Agenda under New Business was the Pep's Barber Shop loan.

MINUTES—

IT WAS MOVED BY Les Nelson, SECONDED BY Bruce Peterson, to approve the minutes of the October 10, 2017 meeting as emailed. MOTION CARRIED.

NEW BUSINESS

[Dr. Ashley Rath joined the meeting.]

Family Roots Chiropractic. Connie Schmoll introduced Dr. Ashley Rath, owner of Family Roots Chiropractic, who will be submitting a loan application through the EDC's Revolving Loan Fund program for consideration at next month's meeting. Dr. Rath will be out of town at the next meeting, but Mike Schmid of Granite Community Bank will attend. Dr. Rath gave her background and stated she opened a new chiropractic office in Spicer in January 2018. She and her husband own storage rentals and are looking at expanding their business assets. They plan to purchase the building in which her chiropractic office is located from Jerry Reiter and a partner. The building currently has three tenants, a construction company, accountant and trucking company. The Raths are looking for gap financing of \$20,000 for a down payment on the building. They plan to apply for a \$10,000 loan through the Spicer Economic Development Authority (EDA).

[Dr. Rath was excused from the meeting.]

Pep's Sports Barber Shop loan. Aaron Backman requested this committee recommend writing off the loan to Pep's Sports Barber Shop as uncollectible. The current unpaid balance is \$7,766.95.

IT WAS MOVED BY Kerry Johnson, SECONDED BY Jeff Welker, to recommend to the Kandiyohi County and City of Willmar Economic Development Commission Joint Operations Board that the loan to Pep's Sports Barber Shop be determined uncollectible and the remaining balance of \$7,766.95 be written off. MOTION CARRIED.

Childcare Center Loan. Schmoll reported the loan applicant for a childcare center in Willmar withdrew its loan application after discovering the site chosen would require significant modifications and remodeling the building made the project unfeasible. The EDC is hoping the project will be revived at a new location. The loan applicant was Somali and wanted to cater to the Somali culture, but would have the center open to any culture. Committee members stated the application was missing a lot of detail and was not signed. It was also noted that all of the surveys completed were by Somali families and the organization's structure had the appearance of being religious or faith-based, which would preclude it from receiving SBA funding. Schmoll stated the applicant could not get licensing without having a location in place and the licensing would address any religious aspects. The African Development Center had approved financing of \$300,000. It also applied for funding through Southwest Initiative Foundation (SWIF) and First Children's Finance would provide technical assistance.

Schmoll distributed a Gap Analysis Summary of Kandiyohi County's childcare supply/demand done by First Children's Finance and a spreadsheet showing the excess/shortfall in the region (note: FCC = family child care; ccc = childcare centers) (see attached). The number of licensed family childcare centers across the state has decreased by 27% between 2000 and 2015, which is an issue that needs to be addressed.

REPORTS

Historic 313 on Fourth Street LLC. Backman reviewed the Balance Sheet and Profit & Loss Statement for Historic 313 on Fourth Street as of March 15, 2018 (copies on file). Preservation Alliance of Minnesota (PAM) paid off the loan with North American State Bank and SWIF. Doug Gasek of PAM indicated PAM may be interested in doing another project in downtown Willmar, if this project continues to go well. PAM's attorney will be making a proposal to buy out the loan with Willmar Downtown Development. Backman stated he receives monthly financial reports from PAM and updates on the building. Foxhole Brewhouse is performing well and PAM purchased tables/chairs for the common area and installed lights. Spurs continues its construction and needs to finish the air handling system in the kitchen. Spurs was required to pay rent for the first time this month and has been pre-approved for a loan through the Latino Economic Development Center to complete construction.

Midtown Plaza. Backman reported Midtown Plaza is open with three active businesses on the main level: Ain-U-Shams grocery, which is close to opening its deli; Sahrina's, which sells perfumes, fragrances and purses; and Badane, a tailor shop. A transportation broker is on the second floor. A salon and clothing business are also planned.

Peaceful Thymes Gifts & Garden Center. Backman reported SWIF refinanced and increased its loan to Peaceful Thymes Gifts & Garden Center, which resulted in lower payments. There was no change in the EDC's loan and it remains in second position. However, SWIF required a new Intercreditor Agreement be signed and due to the short notice given, the request was brought directly to the EDC's Joint Operations Board, which approved the new Intercreditor Agreement.

Urban Escape Boutique. Backman reported the EDC's loan to Urban Escape Boutique closed on March 1, 2018. Eryn Hannig of Urban Escape Boutique purchased and is renovating the former Marketing Concepts building. Marketing Concepts moved into the building owned by Larry Rice on High Avenue in Willmar.

Coffee & More. Schmoll reported Coffee & More opened in January and has had unplanned expenses resulting in loss of business. Schmoll asked the committee if it would consider accepting interest-only payments on the EDC's loan for six months. Kerry Johnson reported additional expense was incurred in construction and has caused some difficulty. United Prairie Bank is doing a complete deferral of its loan, as well as possibly the Spicer EDA. Coffee & More is current on all of its loans.

IT WAS MOVED BY Bruce Peterson, SECONDED BY Russ Weeks, to recommend to the Kandiyohi County and City of Willmar Economic Development Commission's Joint Operations Board that it approve interest-only payments for six months for Coffee & More beginning April 15, 2018. MOTION CARRIED with Kerry Johnson abstaining.

Other. Schmoll reported she is working with a catering business in Raymond that will cater exclusively to the dairy. The committee received an updated chart for the outstanding Revolving Loan Fund loans. All loans are current. Schmoll reported Happy Family Asian Grocery has added product lines. She occasionally meets with Play, who attended WORKUP's STARTUP Bootcamp. Schmoll has talked with Play about signage, which the Kandi Mall is also discussing. Backman has discussed the strip mall with the Kandi Mall manager. Backman reported Snap Fitness' loan is scheduled to be paid off in January 2019.

ADJOURNMENT—There being no other business, the meeting was adjourned at approximately 1:02 p.m.

NEXT MEETING—The next committee meeting is 12 noon, Tuesday, April 10, 2018 at the EDC office.



Kandiyohi County Child Care Supply / Demand / Gap Analysis Summary

Zip Code Analysis										
Zip Code	City	CCC #	CCC Capacity	FCC #	FCC Capacity	Total Capacity	Exptd Capacity*	Under '6' Working	Expected Under '5**	Plus/Minus/Total
56201	Willmar	5	331	58	626	957	861	1885	1583	-722
56209	Atwater	0	0	5	52	52	50	227	191	-141
56216	Blomkest	0	0	1	10	10	10	51	43	-33
56251	Kandiyohi	0	0	0	0	0	0	106	89	-89
56253	Lake Lillian	0	0	1	10	10	10	50	42	-32
56273	New London	0	0	14	156	156	140	386	324	-184
56279	Pennock	0	0	0	0	0	0	90	76	-76
56281	Prinsburg	0	0	2	20	20	20	54	45	-25
56282	Raymond	0	0	5	54	54	50	110	92	-42
56288	Spicer	0	0	7	74	74	70	296	249	-179
56289	Sunburg	0	0	0	0	0	0	36	30	-30
Total		5	331	93	1002	1333	1211	3291	2764	-1553

*Expected capacity is an internal calculation of First Children's Finance based upon historical data collection.

**Expected Under '5' is the adjusted calculation from the US Census totals of children with all parents working Under '6'

The Zip Code Analysis provides insight into zip codes that are experiencing a negative gap in care availability for expected number of children seeking care. These totals will be

How is the Gap Supported Today?

When a community is experiencing a gap in care, the first question is how these children are being served currently. The child care gap in a community is serviced through multiple ways and each has it's own set of separate impacts to children, families, and the community.

- Variances (Historical)
- Legal Unlicensed Care
- Un-employment
- Under-employment
- Out of Area Care
- Family, Friends, & Neighbors

Sources include the American Community Survey 5 year Estimates; MN DHS Licensing Lookup; MDE Analytics and Reporting; Internal First Children's Finance Data; Sources of Information used to compile this report were accessed from data compiled on 3/16/2018.

Id2	Geography	* # of children	FCC count	CCC count	FCC capacity	CCC capacity	Total capacity	Excess/shortfall	Necessary growth to meet need
27105	Nobles County, Minnesota	1,244	40	6	478	264	742	-502	68%
27101	Murray County, Minnesota	469	17	1	208	76	284	-185	65%
27067	Kandiyohi County, Minnesota	2,307	96	10	1,030	529	1,559	-748	48%
27093	Meeker County, Minnesota	1,122	34	5	390	376	766	-356	46%
27011	Big Stone County, Minnesota	274	16	0	190	0	190	-84	44%
27151	Swift County, Minnesota	494	24	1	284	66	350	-144	41%
27063	Jackson County, Minnesota	616	26	4	304	159	463	-153	33%
27127	Redwood County, Minnesota	816	46	2	538	80	618	-198	32%
27023	Chippewa County, Minnesota	712	28	5	326	221	547	-165	30%
27133	Rock County, Minnesota	548	35	1	414	20	434	-114	26%
27073	Lac qui Parle County, Minnesota	293	18	2	206	30	236	-57	24%
27081	Lincoln County, Minnesota	345	24	0	282	0	282	-63	22%
27129	Renville County, Minnesota	803	31	6	368	290	658	-145	22%
27173	Yellow Medicine County, Minnesota	514	33	2	384	40	424	-90	21%
27085	McLeod County, Minnesota	1,998	95	13	1,144	587	1,731	-267	15%
27033	Cottonwood County, Minnesota	494	33	4	408	99	507	13	-3%
27083	Lyon County, Minnesota	1,598	96	13	1,152	561	1,713	115	-7%
27117	Pipestone County, Minnesota	473	33	5	404	122	526	53	-10%

*Estimate: EMPLOYMENT STATUS -
Own children of the householder
under 6 years - All parents in family in
labor force