

KANDIYOHI COUNTY AND CITY OF WILLMAR ECONOMIC DEVELOPMENT COMMISSION (EDC)

FINANCE COMMITTEE

SPECIAL MEETING MINUTES

March 24, 2020

EDC Board Room, Willmar, Minnesota

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

Excused: Travis Jones

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

Secretarial: Nancy Birkeland, Legal & Administrative Assistants, Inc.

Aaron Backman called the meeting to order at approximately 12:03 p.m. Present in person at the EDC Office were Backman and Connie Schmoll. Committee members and Nancy Birkeland were present via teleconference.

Backman explained Governor Walz's Executive Orders 20-04 and 20-08 ordering certain businesses to close relative to the COVID-19 pandemic. Backman stated economic development partners have been communicating about the business closures and what could be and is being done. The Small Business Administration (SBA) is creating an Economic Injury Disaster Loan (EIDL) Program, which has yet to be approved by Congress. Backman provided information on the EIDL noting it is anticipated the SBA will take three to four weeks to approve loan applications. Yesterday, the Minnesota Department of Employment and Economic Development announced it is working on a Small Business Emergency Loan (SEBL) Program. Applicants will need to provide a turn down letter from a bank in order to apply.

Backman is proposing the EDC allocate \$150,000 from its unrestricted funds to create a COVID-19 Business Assistance Loan Program. Schmoll reviewed the proposed policies, including eligible applicants, eligible loan activities, loan conditions and collateral (see attached).

Kerry Johnson questioned if the EDC will defer payments on any of its current loans. As to its current borrowers, Backman felt the EDC would consider deferrals or interest-only payments on a case-by-case basis.

As to the proposed emergency loan program, Backman stated the intent is to make the application process simple; thus, a bank turn-down letter would not be required for the EDC's new loan program. The Application form would be made available online or at the EDC office. The EDC would get the information out as to the new program as soon as it is approved. Schmoll stated the Application form will include the loan requirements.

Les Nelson suggested the Application include a narrative as to what the funds will be used for and why the funds are needed. Backman agreed the Application could include a use/purpose of funds question.

Justin Schnichels questioned if a \$5,000 maximum was too limiting. Backman stated the EDC has limited funds and with a \$5,000 maximum, the EDC could do 30 loans, if needed. Backman suggested the Finance Committee review and approve loan applications in groups of five or six, possibly once a week. Schmoll noted this new program is not meant for businesses that may already have been in trouble financially prior to the pandemic.

IT WAS MOVED BY Les Nelson, SECONDED BY Kerry Johnson, to recommend to the Kandiyohi County and City of Willmar Economic Development Commission Joint Powers Board that it approve creating a COVID-19 Business Assistance Loan Program with the recommended changes using \$150,000 from EDC unrestricted funds.

MOTION CARRIED.

Schmoll received a letter from Mohamoud Mohamed of Willmar Child Care Center that was sent to all of its lenders. Licenses and inspections are not being done until after the pandemic is over. The Child Care Center is requesting three to six month deferral. Schmoll noted it is scheduled to begin full payments on April 1, 2020. All lenders are communicating with each other. Backman stated Scott Marquardt of Southwest Initiative Foundation sent an email to speak with the director of the African Development Center, the lead lender, to discuss next steps. It was the consensus of the Finance Committee to wait to take any action until the lead lenders have made a decision on the request. Les Nelson informed the committee that the Willmar Child Care Center has not paid its 2019 real estate taxes to Kandiyohi County.

ADJOURNMENT—There being no other business, the meeting was adjourned at approximately 12:35 p.m.

NEXT MEETING—The next scheduled committee meeting is 12 noon, Tuesday, April 14, 2020 at the EDC office.



COVID-19 Business Assistance Loan Program

The Kandiyohi County and City of Willmar Economic Development Commission (EDC) exists to be a catalyst for economic growth of the greater Kandiyohi County area. The EDC provides both technical assistance and financial assistance to businesses located in Kandiyohi County.

On March 16, 2020, in response to federal and state leaders pronouncing a state of emergency due to the fast moving COVID-19 outbreak, Minnesota Governor Walz signed Executive Order 20-04 to order temporary closure of Minnesota restaurants and bars to dine-in customers. Two days later, on March 18th, Governor Walz further ordered the closing of other places of public accommodation, including all salons, barbershops and other businesses in Executive Order 20-08. Other recommended measures include social distancing by individuals in all public places and limits on the number of people congregating in any gathering.

The safety measures implemented to protect people during the health emergency (pandemic) have potential to significantly affect small businesses. The EDC has decided it is in the best interest of businesses and the overall economy of the area to create an emergency assistance fund for businesses that have been forced to close or significantly reduce their operations.

1. Goals and Objectives

- Provide emergency financing for businesses that are experiencing financial hardships due to the executive orders related to COVID-19 business restrictions.
- Allocate up to \$150,000 in EDC resources for this program.
- Ensure that all of these short-term loans will be beneficial to Kandiyohi County and are paid back in a timely manner.
- Facilitate business survival, especially for small businesses, during this pandemic.
- Enhance, to the greatest extent possible, the retention of jobs throughout the County.

2. Eligible Applicants

- All eligible business categories must be referenced in Governor Walz's Executive Orders (EO 20-04 and EO 20-08).
- All eligible applicants must have a physical, commercial location, whether owned or leased, that is located in Kandiyohi County.
- All eligible applicants must be registered with the Minnesota Secretary of State and have been in business since December 1, 2019.
- All eligible applicants must be current with Kandiyohi County property taxes.

Applicants are encouraged to review the Governor's Executive Orders 20-04 and 20-08 listed in Appendix A for further definition and clarification of businesses that are or are not eligible for this COVID-19 Business Assistance Loan. The EDC retains final authority to determine if a business is eligible or not, and whether to approve a loan or not.

3. Eligible Loan Activities

- Operating capital to sustain the business until longer-term assistance programs are available.
- Inventory or equipment needed to resume or re-structure operations of the business.
- Other activities having sufficient merit as determined by EDC policy and Board approval on a case-by-case basis.

4. Other Considerations

- Compliance with all government regulations, including Minnesota Department of Health requirements.
- COVID-19 Business Assistance Loan funds will be available for as long as the EDC determines prudent. It is currently anticipated that funding will be available until July 1, 2020.
- The EDC reserves the right to limit the amount of funds available for this program at any time.

5. Conflict of Interest

- No EDC Board member, County Commissioner or City Councilmember in Kandiyohi County will be eligible to participate in this program.
- Any Board member that may indirectly or directly gain financially from loan transactions shall immediately inform the EDC Board(s) of any potential conflict of interest, and shall abstain from any related votes.
- If a potential conflict of interest exists, all necessary steps will be taken to ensure that the loan application is processed in full accordance with EDC Board policies, and local and State regulations.

6. Loan Conditions

- Maximum loan amount is \$5,000. Applicants may request funding one time under this program.
- Interest rate will be 0% percent.
- Recipients will be charged a 1% loan origination fee plus all costs associated with the loan, which will be due from the borrower at the time of closing.
- Loans will be for a maximum length of 24 months. Borrowers may prepay without penalty.
- Loan repayments may be deferred for up to six months.
- Repayment terms for loans will be determined on an individual basis, so long as the total principal balance is repaid within 24 months of the date of the first draw of loan funds by the borrower.
- Upon default of the loan, or the permanent closure or sale of the business, the loan immediately becomes due and payable in full.
- Loans are not transferable unless the transfer is approved by the EDC Board.
- Loan payment method will be automatic withdrawal ("ACH").

7. Application Requirements

- The "COVID-19 Business Assistance Loan" application must be completed in its entirety by the applicant and submitted to the EDC Office located at 222 20th Street SE, P.O. Box 1783, Willmar, MN 56201; or submitted electronically to edc@kandiyohi.com in order to be considered.
- Applications will be considered and acted on by the EDC's Finance Committee.
- The most recent federal tax return filed by the business.
- Income statements and balance sheets for the past year or current within 90 days, if the business has been in business less than one year.
- Personal credit report for each principal owner.

8. Collateral

- Personal and/or corporate guarantees will be required from all owners or partners with 20% or more ownership.

APPENDIX A

Businesses cited in Governor's Emergency Executive Order 20-04 as follows:

Beginning no later than March 17, 2020 at 5:00 p.m., and continuing until March 27, 2020 at 5:00 p.m., the following places of public accommodation are closed to ingress, egress, use and occupancy by members of the public:

- a. Restaurants, food courts, cafes, coffeehouses, and other places of public accommodation offering food or beverage for on-premises consumption, excluding institutional or in-house food cafeterias that serve residents, employees and clients of businesses, child care facilities, hospitals and long-term care facilities.
- b. Bars, taverns, brew pubs, breweries, microbreweries, distilleries, wineries, tasting rooms, clubs, and other places of public accommodation offering alcoholic beverages for on-premises consumption.
- c. Hookah bars, cigar bars, and vaping lounges offering their products for on-premises consumption.
- d. Theaters, cinemas, indoor and outdoor performance venues, and museums.
- e. Gymnasiums, fitness centers, recreation centers, indoor sports facilities, indoor exercise facilities, exercise studios, and spas.
- f. Amusement parks, arcades, bingo halls, bowling alleys, indoor climbing facilities, skating rinks, trampoline parks, and other similar recreational or entertainment facilities.
- g. Country clubs, golf clubs, boating or yacht clubs, sports or athletic clubs, and dining clubs.

Businesses cited in Governor's Emergency Executive Order 20-08 as follows:

Paragraph 1.e. of Executive Order 20-04 is amended by the following additions (indicated by underlined text) and deletions (indicated by strikethroughs): *Gymnasiums, fitness centers, recreation centers, indoor sports facilities, indoor exercise facilities, exercise studios, and spas tanning establishments, body art establishments, tattoo parlors, piercing parlors, businesses offering massage therapy or similar body work, spas, salons, nail salons, cosmetology salons, esthetician salons, advanced practice esthetician salons, eyelash salons, and barber shops. This includes, but is not limited to, all salons and shops licensed by the Minnesota Board of Cosmetologist Examiners and the Minnesota Board of Barber Examiners.*

All other provisions of Executive Order 20-04 remain in effect.

Applicant Information

DBA - Legal Name of the Business: _____

<input type="checkbox"/> Sole Proprietorship	<input type="checkbox"/> Partnership	<input type="checkbox"/> Corporation	<input type="checkbox"/> LLC
Length of Time in Business	Years Months	Fed Tax Id#	MN State License
Mailing Address		City	ZIP
Location Address		City	ZIP
Business Phone	()	Business Fax	()
E-Mail Address		Web Address	
Contact Name		Title	
Amount of Funding Requested	\$ _____		

Principal #1

Name	DOB	SS#
Address	City	ZIP
Percentage of Ownership _____%		

Principal #2

Name	DOB	SS#
Address	City	ZIP
Percentage of Ownership _____%		

Primary Lender

Name	Phone	Ref#
Address	Fax	
Contact	Title	

LOAN PROGRAM POLICY

AUTHORIZATION FOR RELEASE OF INFORMATION

I declare that the information provided in this application and on the accompanying exhibits is true and complete to the best of my knowledge. The Kandiyohi County and City of Willmar Economic Development Commission (EDC) has the right to verify any information contained in this application, including credit reports on the individuals and the business, and may contact any individuals and institutions involved with the proposed project. The lenders named herein have the right to share information with the EDC, its Finance Committee and boards as is necessary to approve the application for its loan funds.

Signature/Title of Applicant: _____ Date: _____

Signature/Title of Applicant: _____ Date: _____

Submit completed application to:

Kandiyohi County and City of Willmar EDC
222 20th Street SE
P.O. Box 1783
Willmar, MN 56201

For questions, call 320-235-7370 or toll free 866-665-4556 or email edc@kandiyohi.com

Principal 1/Applicant

Date

Principal 2/Applicant

Date