

KANDIYOHI COUNTY AND CITY OF WILLMAR ECONOMIC DEVELOPMENT COMMISSION (EDC)
FINANCE COMMITTEE
MINUTES
June 12, 2018
EDC Board Room, Willmar

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

Excused: Bob Carlson and Kerry Johnson

Guest: Linda Mathiasen of LDMarketing

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. and extended a welcome to Linda Mathiasen of LDMarketing.

MINUTES—

IT WAS MOVED BY Les Nelson, SECONDED BY Bruce Peterson to approve the minutes of the March 20, 2018 meeting as emailed. MOTION CARRIED.

NEW BUSINESS

WAM-BC Loan Pool Acquisition. Aaron Backman provided background on the Willmar Area Multicultural Business Center (WAM-BC). They were previously located in downtown Willmar and relocated to an office at the EDC approximately a year and a half ago. Benefits of the location change included an opportunity for more interaction with EDC to serve diverse entrepreneurs and realize a reduction in office rent. The WAM-BC board recently reevaluated its future options, which included a loan pool transfer proposal. Linda Mathiasen has been working with WAM-BC as to its dissolution or continuation. Mathiasen highlighted the minutes from a June 9th meeting between WAM-BC, EDC and Southwest Initiative Foundation (SWIF) (see attached). WAM-BC's loan fund balance is currently \$46,874.70 with a loan portfolio in good standing valued at \$26,295.50 and a general operating balance between \$4,000-\$5,000. WAM-BC staff have delivered letters and made several attempts to call and send registered mail non-current loan recipients to reinstate payments. Discussion held to consider Conciliation Court action as two of the loans are in default. Mathiasen will assist WAM-BC in preparing

additional letters to non-performing borrowers and if no payments are received, next steps will be discussed. Backman shared the WAM-BC outstanding loans (see attached). During the meeting on June 9th, the WAM-BC board reviewed a joint proposal from SWIF and EDC to assume the role of administrator for the revolving Microenterprise Loan Fund for diverse business entrepreneurs. Backman shared WAM-BC preferred to keep the funds local and asked the EDC to receive its assets, including the outstanding loans and to assist with dissolving the WAM-BC after all outstanding expenses have been paid and IRS Form 990 filed. Scott Marquardt of SWIF offered to assist the EDC with a smooth transition and effective dissolution process.

Backman commented the EDC would need to respect the current terms of WAM-BC's loans even though the interest rates are considerably lower and the terms are shorter. Mathiasen reported some of WAM-BC's current borrowers are interested in expanding their businesses; however, WAM-BC does not have the technical expertise or staff to do new loans. Backman stated the EDC could assist those businesses through the EDC's Revolving Loan Fund.

Committee members presented various questions:

- Jeff Welker: Will the same loan criteria go forward?
Backman mentioned having a Legacy Fund or Entrepreneurship Loan Fund. These loans are not typical loans and are more moderate risk-related, and suggested the Committee explore how to structure the new loan fund
- Les Nelson inquired if there are personal guarantees and Backman responded there are.
- Bruce Peterson questioned the impact on staff; Backman said there will be some impact but not overwhelming.
- Behm feels it is a good step for the EDC.
- Russ Weeks inquired if the loans will be only for Latinos or other diverse populations.
- Backman replied he cannot promise the fund will be only for diverse populations or for a specific ethnic group; everyone must be treated the same.
- Loan guidelines could remain the same or change per the Finance Committee's direction. Suggestion made to write conditions into loans, if possible.

Chair Behm, Nick Dalton and Welker volunteered to review the outstanding loans (before the next committee meeting).

Conciliation Court for non-performing loans discussed again. The two non-performing loans may need to be written off.

Next Steps. Backman commented if the Finance Committee approves of the EDC taking over the WAM-BC revolving Microenterprise Loan Fund for diverse entrepreneurs, he will bring it before the EDC Joint Operations Board EDC Joint Powers Board at their July meetings. If both Boards approve, the process may be finalized in September 2018.

IT WAS MOVED BY Russ Weeks, SECONDED BY Les Nelson, to recommend that the Kandiyohi County and City of Willmar Economic Development (EDC) accept transfer of the Willmar Area Multicultural Business Center (WAM-BC) current loan fund, its revolving Microenterprise Loan Fund and its outstanding loans and non-performing loans and assist WAM-BC in its dissolution process. MOTION CARRIED.

ADJOURNMENT—There being no other business, the meeting was adjourned at approximately 11:55 a.m.

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



June 11, 2018

Kandiyohi County and City of Willmar
Economic Development Commission
222 20th St SE, Willmar, MN 56201

Dear Aaron Backman,

On behalf of Willmar Area Multicultural Business Center (WAM-BC), I am writing to inform you that the board of WAM-BC is seeking to dissolve the nonprofit in the near future. One of its assets is a revolving Microenterprise Loan Fund for diverse business entrepreneurs. We would like to invite the Kandiyohi County and City of Willmar Economic Development Commission (EDC) to be the future administrator of the Fund.

The low-interest Microenterprise Loan Fund currently has seven loans with an approximate cash value of \$46,875 and a current loan portfolio value of approximately \$26,295. With your acceptance to be the new administrator, we would like to work directly with the EDC and its attorney to dissolve WAM-BC and transfer the Loan Fund and any remaining general operating balance.

Over the years, we have appreciated working directly with the EDC and most recently, renting office space from you. This close proximity has enabled our staff and board to partner with the EDC to serve diverse entrepreneurs in Kandiyohi County. We see your organization as having the best capacity to continue the WAM-BC legacy and encouraging diverse business startups and expansion to create jobs, drive innovation, and a catalyst for future economic growth and prosperity among minority and diverse ethnic populations. We welcome the opportunity to become advisory committee members of the Microenterprise Loan Fund.

In closing, please contact me with questions and to receive additional information as needed. We look forward to hearing the EDC's interest. Thank you for your consideration to become the new Loan Fund administrator.

Sincerely,

Jennifer Mendoza, WAM-BC Board Chair