

KANDIYOHI COUNTY AND CITY OF WILLMAR ECONOMIC DEVELOPMENT COMMISSION (EDC)
FINANCE COMMITTEE
MEETING MINUTES
July 14, 2020
Via Teleconference

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.

Chairperson Matt Behm called the meeting to order at approximately 12:04 p.m. followed by roll call.

AGENDA—There were no changes to the Agenda.

MINUTES—

IT WAS MOVED BY Justin Schnichels, SECONDED BY Kerry Johnson, to approve the Minutes of the June 9 and June 16, 2020 meetings as emailed. MOTION CARRIED.

UNFINISHED BUSINESS—There was no unfinished business.

NEW BUSINESS

Immigrant Business Disaster Relief Grant Reviews. The committee reviewed the following grant applications:

- Mude Transportation Inc. Backman provided information on Mude Transportation. The business has six employees and the grant would be used for rent. EDC staff is recommending a grant of \$750.

IT WAS MOVED BY Randy Zinda, SECONDED BY Justin Schnichels, to approve a \$750 grant under the Immigrant Business Disaster Relief Grant program to Mude Transportation Inc. MOTION CARRIED.

- Sewn Edge. Connie Schmoll provided information on Sewn Edge, a Hmong clothing alteration business located in the Kandi Mall. It has had reduced business and then closed when the Kandi Mall was closed due to the Governor's Orders. The business has two employees and would use grant funds for rent and utilities. Staff is recommending a grant of \$650. The business is registered with the Minnesota Secretary of State and a copy of the financials was received.

IT WAS MOVED BY Nick Dalton, SECONDED BY Jeff Welker, to approve a \$650 grant under the Immigrant Business Disaster Relief Grant program to Xiong Yang doing business as Sewn Edge. MOTION CARRIED.

- Oriental Relaxing Massage 2019 LLC. Schmoll provided information on Oriental Relaxing Massage located at the Kandi Mall. Schmoll met with the owners through an interpreter as they speak Mandarin Chinese. The tax returns were received along with proof of registration with the Secretary of State. The business has three employees. The grant would be used for rent. EDC staff is recommending a grant of \$750. The business was closed by the Governor's Orders and has now reopened.

IT WAS MOVED BY Kerry Johnson, SECONDED BY Randy Zinda, to approve a \$750 grant under the Immigrant Business Disaster Relief Grant program to Oriental Relaxing Massage 2019 LLC. MOTION CARRIED.

COBAL Program. Backman stated there were no loan applications received. The Joint Operations Board approved a two-month extension of the program to September 1, 2020. Assistance has been provided to 62 businesses with 34 having applied for a COVID-19 Business Assistance Loan (COBAL) and 25 being approved.

CARES Act Reimbursement. Backman stated the small business/nonprofit planning team organized by Kandiyohi County has been meeting and developing criteria for the CARES Pandemic Relief (CPR) Program. The County Commissioners have asked that the application form be kept short and simple. A report of where dollars are spent and for what purpose will need to be given. The application will ask if the business has been awarded any other funding relief during the pandemic. The EDC Joint Operations Board gave administrative approval to its Finance Committee, however, the County Commissioners have ultimate authority. Backman has cautioned the County Board that there will be no review of credit reports or financials at the county level. The county is requesting evidence of at least a 25% reduction in revenues between March 1 and May 30, 2020 compared to the same period in 2019.

The committee reviewed the proposed Small Business Application form, including Eligible Applicants, Ineligible Applicants and Application Requirements. There will be a separate application for nonprofit businesses. The application deadline for businesses is October 29, 2020.

Comments included:

- Last month the committee recommended showing a 30% reduction in revenues.

- Financial statements for the second quarter of 2019 and 2020 will be compared.
- What kind of financial statement (compiled or audited)?
- Will request the most recent income tax return, but that does not show monthly income and expenses. Could request a six-month profit and loss statement.
- Should ask nonprofit organizations if they received EIDL or PPP funds.
- Not aware of the nonprofit organizations being ineligible for the grant, if they received federal funds.

Schmoll reviewed the Grant Application for Nonprofit Organizations, which is different from the business application. The County has made it clear that it wants nonprofit businesses included in these grants. Nonprofit organizations will be allowed to request up to a \$50,000 grant, which was strongly supported by the County Board. The reason for a nonprofit grant is different from a business due to mission and need. The application deadline is October 23, 2020. The most recent federal 990 return and six months of income and expenses are required. It was noted that only the social service component of a religious organization is eligible. The application requests the number of employees impacted by the COVID-19 pandemic and how many are in Kandiyohi County.

Backman reported Kandiyohi County is recommending 25% or \$1,308,900 be transferred to the EDC for the grant program. Backman stated there are 32 units of government that will be receiving CARES Act funding. Funds have already been transferred to Kandiyohi County and some of the cities. As soon as all of the details are worked out, applications will be open. The County is determining five or six teams to oversee the funds. The EDC is overseeing the policies for the business and nonprofit team. Schmoll noted she and Backman are recommending individuals from nonprofits, small cities and townships be on the team. The funds must be encumbered by November 15, 2020 or be returned to Kandiyohi County. The County has until December 1st to spend the funds before returning any unspent funds to the federal government.

The committee recommended the following:

- the number of people served be added under Funding Information.
- that religious organization without a social service component be further defined.
- add a “scapegoat clause,” such as other items the committee may request, to the Application Requirements.
- Maybe increase the amount that can be requested by businesses in case there is too much money remaining.

Backman is recommending the committee review applications in batches of no more than 10-15. He would like to forward information to the committee with staff recommendations, if the businesses meet the criteria. Backman suggested the committee could remove a request for further discussion, if needed, otherwise, he suggested the committee approve the applications as a group. Backman stated the EDC is looking at engaging the services of a contractor to help with program development, promotion and implementation. The working group will meet tomorrow and the County will meet on July 21 to develop the teams. Backman prepared a Resolution for the City of Willmar to consider as to transferring its funds to the EDC. Additional information on the program will be given to the committee next Tuesday. A

concern was voiced about staff making recommendations to the Finance Committee and the committee just ratifying staff recommendations because of it being public funds. The committee may discuss this process further at its next meeting.

NEXT MEETING—The next committee meeting is **11 a.m., Tuesday, July 21, 2020** via teleconference.

ADJOURNMENT—There being no other business, the meeting was adjourned at approximately 1:05 p.m.