

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

**FINANCE COMMITTEE**

**MINUTES**

**September 10, 2019**

**EDC Board Room, Willmar**

Present: Matt Behm, Kerry Johnson, Les Nelson and Jeff Welker

Excused: Nick Dalton, Travis Jones, Justin Schnichels and Randy Zinda

Staff: Connie Schmoll, Business Development Manager

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

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

**MINUTES**—As there was not a quorum present, approval of the Minutes was tabled until the next meeting.

**UNFINISHED BUSINESS**

**Neighborhood Development Center Program.** Schmoll provided information on the Neighborhood Development Center (NDC), a nonprofit organization that provides small business loans, entrepreneur training and business services. Schmoll will be attending an upcoming training session by the NDC in the Twin Cities and tour its facility. The NDC has secured funds from the state legislative session to assist new NDCs in greater Minnesota. We could have access to \$6,000 for trainings, \$7,500 for lending or loan guarantees and \$7,500 for technical assistance to businesses, all of which requires a 30% match. Schmoll indicated the NDC philosophy would work well with the Willmar Area Multicultural Microenterprise Loan Program. She is trying to set up a meeting for an NDC representative to come to the EDC and determine what the EDC could do with the Southwest Initiative Foundation and the NDC. She will continue to pursue a partnership with the NDC and will come back to this committee in the future.

**Glow By J Boutique.** Schmoll reported Jacqueline Samayoa Klaphake, owner of Glow By J Boutique is trying to clear some old debt from her credit history before making her loan presentation to this committee. It is anticipated she will be ready by the next regular meeting. Schmoll noted Glow By J Boutique would be a good candidate to work with the NDC.

## **NEW BUSINESS**

**Guarantee Percentage under Entrepreneurs' Loan Guarantee Program.** Schmoll stated at the May 10, 2016 meeting, Backman requested the committee consider a lower guarantee percentage under the Entrepreneurs' Loan Guarantee Program. The EDC's current guarantee is 80%. At that time, the Small Business Administration (SBA) Express guarantee was 50%. Jeff Welker indicated the SBA has many different programs and comparing the EDC's program may not be appropriate. The SBA 7A program has a guarantee of 75%-85% with no fees to encourage use of the program. It occasionally changes the guarantee. Chair Behm stated the EDC needs to give an incentive for lead lenders to use the program and if the guarantee is decreased, will lenders still do loans at a lesser guarantee. Discussion of this will continue at a future meeting.

**Development of Loan Fund Manual for the Willmar Area Multicultural Microenterprise Loan Program.** Schmoll stated there currently is no manual for the Willmar Area Multicultural Microenterprise Loan Program and suggested the EDC use criteria from its Revolving Loan Fund Manual to develop a manual. The EDC will put together a proposed manual for consideration. Schmoll informed the committee that Aaron Backman renegotiated the loan to Re-Cover Temp Agency, which has defaulted on its loan. The new terms are \$150 per month with no interest unless a payment is missed or the loan defaults. Welker suggested that in the future, rather than collecting no interest, interest on the principal be added to the end of the loan. Schmoll and Les Nelson gave an update on the remodeling of the Willmar Child Care Center. Jennie-O Turkey Store is contributing \$2,500 for playground equipment and Blue Cross Blue Shield is doing a toy drive with its staff.

**USDA Intermediary Relending Program.** Schmoll reported the U.S. Department of Agriculture (USDA) has been encouraging the EDC to take over the Intermediary Relending Program (IRP) from the Kandiyohi County Housing and Redevelopment Authority (HRA) because there has been no activity with the program in the past nine years. The EDC discussed taking over the IRP with the Kandiyohi County HRA. This committee and the EDC Joint Operations Board approved taking over the IRP in 2014, but nothing happened. Backman attended a recent HRA board meeting where the transfer was again discussed. At that meeting, Jill Bengtson reported she had identified an HRA staff person who could oversee the program and administer the program in-house. Schmoll stated Backman's main concern is that the IRP be used. The EDC will do all it can to promote awareness of the funds. The EDC would like the program expanded from just downtown Willmar businesses to the entire county.

**ADJOURNMENT**—There being no other business, the meeting was adjourned at approximately 12:38 p.m.

**NEXT MEETING**—The next regular committee meeting is **12 noon, Tuesday, October 8, 2019** at the EDC office.