

KANDIYOHI COUNTY AND CITY OF WILLMAR ECONOMIC DEVELOPMENT COMMISSION (EDC)
FINANCE COMMITTEE
MINUTES
September 13, 2016
EDC Board Room, Willmar

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

Excused: Gary Gilman, Russ Weeks and Lynn Zeppelin

Staff: Aaron Backman, Executive Director

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

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

MINUTES

IT WAS MOVED BY Bruce Peterson, SECONDED BY Randy Zinda, to approve the minutes of the May 10, 2016 meeting as emailed. MOTION CARRIED.

UNFINISHED BUSINESS

Defaulted Loan. Aaron Backman informed the committee that only two loans have defaulted in the history of the Entrepreneurs' Loan Guarantee Program and both were in 2010 after each borrower filed bankruptcy. One guarantee was paid in the amount of \$7,980.37 and the other guarantee was paid in the amount of \$3,596.61. Backman provided information on the bank loan to Inspirations Books & Gifts and the default of the loan following the death of the owner. Backman reported the lender, United Minnesota Bank, has provided the EDC with a letter requesting payment under the loan guarantee in the amount of \$23,253.88. Nick Dalton provided information on the borrower's accounts with United Minnesota Bank. The bank held a liquidation sale of all business assets resulting in receipt of approximately \$11,146 less liquidation costs. The bank has requested the guarantor payment under the loan through the EDC's Entrepreneurs' Loan Guarantee Program. Dalton is looking for confirmation from the EDC that it will guarantee the payment. Backman informed the committee the funds to pay the guarantee will come from the EDC's Entrepreneurs Loan Fund Reserve line. Dalton will provide further information if any changes occur during the remainder of the probate proceeding.

IT WAS MOVED BY Bruce Peterson, SECONDED BY Justin Schnichels, to recommend to the Kandiyohi County and City of Willmar Economic Development Commission Joint Operations Board that it honor the guarantee commitment under the Entrepreneurs' Loan Guarantee Program and pay to United Minnesota Bank the

amount of \$23,253.88 for the defaulted loan of Inspirations Books & Gifts. MOTION CARRIED with Nick Dalton abstaining.

NEW BUSINESS

Quarterly reports on outstanding loans. Backman provided information on the EDC's outstanding loans under the Revolving Loan Fund. Historic 313 started making its full loan payments in August and Peaceful Thymes Gifts & Garden Center has been making full payments since May. Bruce Peterson noted the Happy Family Asian Grocery Store is operating successfully. The committee reviewed the most recent Balance Sheet provided by Happy Family Asian Grocery Store, a copy of which is on file. The committee reviewed updated information on Historic 313 on Fourth Street (see attached) and discussed the project's progress. Backman will contact the Preservation Alliance of Minnesota as to moving the project along. Backman informed the committee there have been a couple of individuals who may be interested in applying for loans through the Revolving Loan Fund, but have not yet submitted applications.

Other. Backman reported he and Connie Schmoll will be representing the EDC at a Job Fair today, Approximately 40 businesses are represented. Backman invited committee members to the Ag & Animal Science Conference on September 20, 2016 at MinnWest Technology Campus, the Willmar Lakes Area Chamber of Commerce's Walk the Corridor (a tour of ethnic businesses in downtown Willmar) on September 21 and the open house for the Minnesota Poultry Testing Laboratory on September 22.

ADJOURNMENT—There being no other business, the meeting was adjourned at approximately 12:47 p.m.

NEXT MEETING—The next committee meeting is **12 noon, Tuesday, October 11, 2016** at the EDC office.

Historic 313 on 4th Street LLC—EDC Report

Progress Update—9-1-16

1. SPURS RESTAURANT (INCUBATOR #1)
 - a. Spurs has purchased necessary air exchange equipment,. This will also be placed on the roof near the hood. This will be installed by Brad's Plumbing.

2. Pizza/Wine Bar (Incubator #3)
 - a. *Original plumbing plan can be tweaked without re-sending to State. This involved information that 3-compartment sink must be included inside this space. Plan has been reworked adding this food rules requirement and can begin as soon as contracts are approved.*

3. Minnesota-Local (Incubator #2)
 - a. *Negotiation for percentage of space needed by anchor tenant. Final floor plan layout underway to include refrigerated glass front food merchandising equipment provided by grant.*

4. RENOVATION:
 - a. *North wall is almost finished as far as it can until plumber and electrician finish installation so sheetrock can be applied on inside wall. Held up by Sprinkler contractor delay.*
 - b. *Sprinkler contractor has completed all but Spurs and Pizza/Wine Bar. Work so far has been approved by City Inspector*
 - c. *Sprinkler contractor will schedule their electrician's installation of electrical panel in mechanical room as soon as Charter has installed a hardwire Cat 5 cable for fire alarm system. It looks like a 3-month delay from our July projected finish for sprinkler installation. This has delayed the project.*
 - d. *Proposal for replacement of single pane storefront windows and doors received so dollars can be searched.*
 - e. *Exterior North Wall will be patched and painted before Fall. We have changed contractor for this work due to inability of initial contractor to finish the job.*
 - f. *Reworking budgets for Phase 3: Big Kitchen and HUB and planning series of grant applications for energy (front single-pane glass), commercial equipment and common area seating. Also more commercial equipment.*
 - g. *WDD Design Team is working with City signage ordinance to be historically correct to the building as well as follow the ordinance—and be appealing.*

5. MARKETING
 - a. *Hub Thinkers field trip to Sprout Hub in Little Falls. Very impressive, they have received many, many grant dollars and are just completing their first year of operation. We learned a lot.*
 - b. *Personal meetings with funders who have already funded this project, to update them on progress and needs.*
 - c. *Working with Senator Franken's office on additional paperwork for future grants.*