

KANDIYOHI COUNTY AND CITY OF WILLMAR ECONOMIC DEVELOPMENT COMMISSION (EDC)
FINANCE COMMITTEE
MINUTES
September 8, 2015
EDC Board Room, Willmar

Present: Darren Hetland, Les Nelson, Justin Schnichels and Randy Zinda

Excused: Nick Dalton, Gary Gilman, Bruce Peterson and Russ Weeks

Absent: Matt Behm

Staff: Steve Renquist, Executive Director

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

Steve Renquist called the meeting to order at approximately 12:10 p.m. and announced a quorum was not present.

MINUTES—The minutes of the August 5, 2015 meeting were received for information.

UNFINISHED BUSINESS

USDA Intermediary Relending Program (IRP). Committee members indicated no formal action was taken by the committee as to applying for new IRP funds and recommending the Housing and Redevelopment Authority (HRA) return its IRP funds to the United States Department of Agriculture (USDA). Jean Spaulding was researching an application for new funds at the time she left the EDC. Renquist informed the committee he emailed Jill Bengtson of the HRA and Paul Pierson of the USDA, but has not yet received responses.

Business finance program research. The committee reviewed information received from other counties in response to Spaulding’s request for information on their finance programs (see attached).

Other. Renquist reviewed with the committee his “necessary basics to enhance economic development,” expanded on his Development Projects July 2015 and reviewed his Summary of EDC Activities August 2015 (see attached). Renquist would like this committee to determine what financing programs should be available. This committee should know what projects have

been worked on and know how the ability to put together a financing package can make a difference.

NEW BUSINESS

Next meeting date. By consensus, the committee changed its next meeting to October 6 as the regular meeting date of October 13 falls after the October Joint Operations Board meeting date.

ADJOURNMENT—There being no other business, the meeting was adjourned at approximately 12:51 p.m.

NEXT MEETING—The next committee meeting is **12 noon, Tuesday, October 6, 2015** at the EDC office.

	Hubbard County Regional EDC	Redwood Area Development Corporation	Stevens County Economic Improvement Commission, Inc. 501(c)(3)
Revolving Loan Fund Programs			
Amount of Fund	<p>County does not have a fund</p> <p>City of Park Rapids has about \$450,000, most of which is loaned out</p> <p>Old "Industries Fund" of about \$150,000</p>	<p>Redwood County \$200,000</p> <p>Redwood Falls Commercial Rehabilitation Revolving Loan Program</p>	<p>Growth Fund (IRP) \$1.8M with 18 active loans</p> <p>Opportunity Fund \$1.9M in cash and outstanding loan balances as of 6/1/2015</p>
General Loan Qualifications	<p>Does not compete directly with other businesses. Other than that, pretty flexible.</p>	<p>County program:</p> <p>Gap financing for acquisition and development of land, easements and rights of way; construction, conversion, enlargement, repairs or modernization of buildings (including façade repairs); machinery or equipment; access streets and roads, parking areas, utilities and pollution control and abatement facilities; start-up operating costs and working capital.</p> <p>City program is for permanent improvements:</p> <ol style="list-style-type: none"> 1) Removal, repair, replacement of basic mechanical elements of the structure including energy efficient heating, hot water efficient heating systems; 2) Fire safety improvements; 3) Structural repairs such as roof and roofing, flooring, walls, ceilings, windows, and doors; 4) Energy conservation improvements such as insulation, ventilation, caulking, energy efficient lighting and weather-stripping; 5) Accessible modifications in compliance to all handicapped requirements as per the Americans with Disabilities Act of 1993; 6) Exterior improvements including painting, repainting, cleaning, tuck pointing, and masonry repair; 7) Foundation and structural repairs; 	<p>Both programs:</p> <p>Gap financing in a secondary security position</p> <p>Business Assistance = business financing</p> <p>Storefront Renovation: Building exteriors, energy efficient windows, doors, insulation, handicap accessibility, sidewalks, parking lots, signage, exterior building repair or renovations or other exterior improvements that will increase the property and business values in a primary or secondary security position following a primary commercial lender</p> <p>Opportunity Fund City of Morris only Micro Loans: New business initial or pre start-up costs including, but not limited to, business plan development, legal fees, attorney and accountant fees, formation documents, etc., including day care and other small retail or service business start-ups</p>

	Hubbard County Regional EDC	Redwood Area Development Corporation	Stevens County Economic Improvement Commission, Inc. 501(c)(3)
		<p>8) Improvements aimed at enhancing the historic quality of the building and the downtown district, including the following:</p> <ul style="list-style-type: none"> a. Repair/replacement based on accurate duplication of architectural elements, which have structural problems. b. Addition and replacement of awnings; c. Removal of existing sign and sign support; d. Installation of appropriate new signage, based on standards; e. Replacement of windows and window framing of facade/store front; <p>9) Improvements consistent with the intent of the City of Redwood Fall's declaration of slum and blight.</p>	
Loan Terms	Varies, but usually 1-3%, balloons after 3 years	<p>County program: Dependent upon type of asset 3-5% interest that will not exceed prime rate by 2%; reviewed annually Down payment of 10%-25% new, buyout or expansions 25%-50% RLF funds 25%-50% bank financing 10%-25% equity Up to \$15,000 per job created or retained</p> <p>City program: 50% loan/50% owner match Minimum loan \$3,000/maximum \$10,000 per commercial building Maximum term of 7 years; fully amortized and repaid in monthly installments</p>	<p>Gap Financing</p> <p>Growth Fund Lesser of \$150,000 or 25% of project 4% fixed interest Equity = 10% of project Second security position</p> <p>Opportunity Fund Lesser of \$250,000 or 40% of project 3% fixed interest Equity = 10% of project Second security position</p> <p>Combined Funds for City of Morris Lesser of \$400,000 or 40% TPC Interest is blended/fixed Equity = 10% of project Second security position</p> <p>Business Assistance Term Fixed Working capital 3-5 years</p>

	Hubbard County Regional EDC	Redwood Area Development Corporation	Stevens County Economic Improvement Commission, Inc. 501(c)(3)
			<p>Real Estate 10-30 years M&E and FF&E 5-10 years</p> <p>Growth Fund Lesser of \$50,000 or 25% of project 4% fixed interest Equity = 10% of project Second security position</p> <p>Opportunity Fund Lesser of \$50,000 or 40% of project 3% fixed interest Equity = 10% of project First or second security position</p> <p>Storefront Renovation Term is 7-10 years fixed</p> <p>Growth Fund Lesser of \$50,000 or 25% of project 4% fixed interest Equity = 10% of project Second security position</p> <p>Opportunity Fund \$50,000 limit 2% fixed interest Equity = 10% of project First security position</p> <p>Micro Loans of \$500-\$5,000 1% fixed interest Equity = 10% of project Primary security position</p>
Source of Program Funding	Park Rapids' fund is from a loan for a water treatment plant built with CDBG funds, now repaid into the RLF	Established in 2008-2009 from a USDA grant with matching funds from Redwood County	Growth Fund—IRP

	Hubbard County Regional EDC	Redwood Area Development Corporation	Stevens County Economic Improvement Commission, Inc. 501(c)(3)
		Small Cities Grant received in 1995	Opportunity Fund capitalized by assuming City of Morris Revolving Loan Fund and its EDA's Revolving Loan Fund

Local Incentive Programs

	Hubbard County Regional EDC	Mille Lacs County Community Development	Stevens County Economic Improvement Commission, Inc.
Type of Incentive	TIF (pay as you go)	Tax abatement	None, other than TIF and tax abatement
Funding Source for Incentive	TIF		
Qualifications for Incentive	Fairly flexible, state guidelines generally	Based on number of jobs, average wage and benefits, size of building, etc.	
Terms for Incentives	"But for" test		

Steve Renquist: The necessary basics to enhance economic development

It is my position that business success is dependent on the maximum combination of the following factors:

- a. Identified and agreed upon need for product or service
- b. Raw material
- c. Intellectual property
- d. Entrepreneurial instinct
- e. Business management expertise
- f. Trained and available workforce
- g. Capital, to include angel and venture
- h. Transportation
- i. Access to market

The cluster concept is recognized as the most viable in attracting new entrepreneurs as well as existing businesses. It has the most potential to achieve the kinetic energy necessary to commercialize products and process collaboration and integrate recognition of need, intellectual property, people and market capitalization.

Nearly everything I've done, or tried to lead the EDC in a direction, has been revolving around achieving the board's five year goals, the annual plan and targets of opportunity attempting to create an environment that brings to prospect understanding the maximum number of success factors.

**Current Kandiyohi County and City of Willmar
Economic Development Commission
Development Projects
July, 2015**

Atwater – Business retention, Bushmills expansion

Raymond –business acquisition; execute community marketing plan; group home

New London – Assist w/ motel project; Grocery store; downtown business acquisition; marketing highway potential; motel: Support BRE program; Manufacturing plant; Assist in finding buyer for local business

Pennock – develop city owned housing lots; develop downtown property

Kandiyohi – develop near RR property; two business loans

Lake Lillian – grocery store; natural gas pipeline; agricultural bio-mass pelleting center

Priam – reconstituted animal feed – corn bio-mass and distillers grain

Spicer – Highway 23 corridor marketing plan, downtown development; Native American interest; Support BRE program, Replace JOTS, motel & other retail

MinnWest Technology Campus

- Assisting in marketing this facility, results 30+ companies 475 employees
- Manufacturing Showcase – future direction
- Animal Science Conference
- U of M Technology Showcase
- U of M Office for Technology Commercialization – recruiting
- Business center

Mid-Central Research and Outreach Center

- U of M Regional Extension office
- U of M Avian Research Laboratory
- IREE
- AURI- Renewable energy center

Turkey Research and Development Facility – joint venture, build w/ lease-back if necessary

Bio-science Center

Dairy Research, Training and Consumer Education facility

Human vaccine

Department of Defense

Epitopix

Renewable Energy – What will happen to natural gas prices?

NH₃ (anhydrous ammonia) on hold – see what CHS does in N. D.

Methane

Bio-Gas

Bio-Mass

Ethanol – new energy source other than corn

Solar – solar farm near Atwater

Energy Commercialization Center

Ag Bio – Syntiron

Jennie-O – two possible projects

Workforce availability – work with Vision 2040

Workforce housing –

- HRA
- Bethesda

Venture capital - two possibilities

Meadow Star, employee housing & second facility
Broadband

Historic 313 on 4th Street – 5 businesses

Bio-Science corridor

Renewable resource zone

Beef finishing

Kandiyohi County Landfill – waste to energy

Buhler manufacture expanded product line

Area Infrastructure

Industrial park development/ WWTF Industrial Acquisition

Airport – development/implementation of marketing plan

Rail Served Industrial Park

Railroad By-Pass - \$35,000

Passenger Rail (long shot)

Highway 23 Task Force – final 15 miles

Highway 12 Task Force

Veterans Home – new concept

National retailers and hospitality – acquisition and site selection

Mills property (downtown and 1st Street)

Implementation of SWOT/Creation of Action Plan - County based business, hospitality and service sector attraction

County based BRE&R

- local continuation by cities
- ag-BRE &R
- MORE EMPLOYEES

Continued Willmar based BRE&R and Grow MN cooperation

Workforce Housing – Highest and best use

Promote technology utilization

- Blandin Web site grants have been successful
 - County based web coverage survey

Office center

- downtown
- Wal-Mart area business park

Erickson's Building – assist w/ tenant acquisition

Airport marketing

- Life Link III, complementary business'
- Metro Cargo Overflow
- Tour regional facilities – marketing plan

Community Owned Grocery – not at this time

Barn Shed project – food distribution center and other retail

Asian Market – new immigrants

Inspire entrepreneurship, CEO, RTAC, WAM BC

S:\word\steve\EDC projects 070915Fo

Summary of EDC Activities

August, 2015

5-Year Goals

1. Continue efforts to maintain and expand businesses in Kandiyohi County
The following are 2015 goals as they relate to 5-Year Plan goal # 1

Business Retention Programs

- a. Align efforts with two Kandiyohi County communities –We paid \$5,000 toward the cost (and physically participated) of the New London & Spicer BRE program. We're working with Atwater on a BRE program. We're re-creating the 10 year old Kandiyohi County Agriculture sector BRE&R program
- b. Discover Manufacturing Innovation Showcase - interrupted
- c. Community Owned Grocery – project unable to generate necessary investment

Business Expansion – Build Capacity

- a. Social media and internet programs
- b. 100% broadband coverage
- c. Animal Science Conference
- d. Venture Forum – U of M office for Commercialization of Intellectual Property
- e. Promote development of Angel Investment Groups – traditional and agricultural orientated
- f. Market Kandiyohi County
- g. Facilitate success of new Willmar Industrial Park – three prospects
- h. Industrial prospect for Willmar Wastewater Treatment Facility

Business Attraction

- a. Downtown business attraction – all cities
- b. Individual cities per their direction

Mid-Central Research and Outreach Center

- a. Commercialization of renewable energy projects
- b. Advisory Board
- c. U of M Study and recommendations
- d. Avian Lab Group
- e. MN Dairy Research, Training and Consumer Education facility
- f. U of M Commercialization of Intellectual Property

Cooperation with similar agencies

- a. Regional Biosciences corridor
- b. Regional Renewable Resources Zone
- c. Veterans Facility
- d. RR Bypass
- e. Willmar Industrial Park Land Write-Down Policy

Commercialization of renewable energy projects

- a. Ag biomass to anhydrous ammonia
- b. Reconstituted bovine food product – corn stover and distillers grain
- c. Extract energy from sanitary sewage
- d. (2) wind farms and one vertical wind generation projects
- e. Solar panel farm

Value-added agribusiness related projects

- a. Dairy Research, Education and Consumer Education facility
- b. Ag biomass to anhydrous ammonia
- c. Methane digestion to electricity
- d. Fuel cells

2. Promote Rice Memorial Hospital's position as a regional medical center

- a. Medical dialog luncheon
- b. Tour physicians/families
- c. Introduce physician spouses to employment opportunities

- d. Promote regional center concept with expanding economy and growing population

3. Fill MinnWest Technology Campus by 2018

Business Expansion – Build Capacity

- a. Animal Science Conference
- b. Venture Forum – U of M Office for Commercialization of Intellectual Property
- c. MCROC potential
- d. Avian Lab – Turkey Research and Development facility
- e. Promote development of local Angel Investment groups

MinnWest Technology Campus

- a. Attraction of new businesses to facility, marketing and sales
- b. 450 + employees
- c. Anticipated 70% filled by year-end 2015

Mid-Central Research and Outreach Center

- a. Assist University of Minnesota in identification of expanded purpose
- b. Capture concept of commercialization of intellectual property
- c. Assist University of Minnesota in marketing the facility

Cooperation with similar agencies

- a. Regional Biosciences Corridor
- b. Avian Research Laboratory

Commercialization of renewable energy projects

- a. Ag biomass to anhydrous ammonia
- b. Solar power collection and energy distribution
- c. Methane digestion/gas capture
- d. Solar panel consideration
- e. Renewable energy equipment component manufacture

Value-added agribusiness related projects

- a. Dairy Research, Education and Consumer Education Facility
- b. Expanded Nova Tech and Epitopix product line

4. Develop new opportunities for cooperation with similar agencies

- a. Bio-science corridor
- b. Renewable resources zone
- c. Mid Central Research and Outreach Center
- d. U of M Office for Commercialization of Intellectual Property
- e. Avian Research Laboratory
- f. State of MN Veterans Home

5. Successful commercialization of two renewable energy projects and expansion of three value-added ag businesses

Business Retention Programs

- a. Community Owned Grocery - suspended
- b. Small, regional year around vegetable production
- c. Organically grown vegetable distribution
- d. Methane digestion, fuel supplement

Business Expansion – Build Capacity

- a. Promote development of local angel investment group
- b. Market Kandiyohi County
- c. Two wind farms
- d. Vertical wind company, location, manufacture and distribution

Mid Central Research and Outreach Center

- a. Assist U of M in identification of purpose
- b. Solicitation of Commercialization of Intellectual Property office
- c. Market the facility
- d. Promote Avian Research Laboratory
- e. Solicit Dairy Research facility
- f. Turkey R&D facility
- g. Internship program

Commercialization of renewable energy projects

- a. Ag biomass conversion to anhydrous ammonia
- b. Solicitation of grant to prove bio-mass supply chain
- c. Two wind farms and vertical wind generation

Value-added agribusiness related projects

- a. Dairy Research, Training and Consumer Education Facility
- b. Grain drying manufacture
- c. Corn stover/distillers grain reconstitution
- d. Small-ag year-around vegetable production
- e. Minnesota Trapline Expansion

6. Achieve increase in local airport utilization

Increased direct utilization

- a. Life-Link III
- b. Tour regional airports

Airport marketing plan

- a. In progress
- b. Cargo destination for metro area, MAC satellite system