

**KANDIYOHI COUNTY AND CITY OF WILLMAR ECONOMIC DEVELOPMENT COMMISSION (EDC)  
JOINT OPERATIONS BOARD OF DIRECTORS (OB) MEETING  
MINUTES  
December 13, 2018  
EDC Office, Willmar**

Present: Art Benson, Rollie Boll, Donna Boonstra, Robert Carlson, Les Heitke, Kerry Johnson and Kelly TerWisscha

Ex Officio: Roger Imdieke and Bruce Peterson

Staff: Aaron Backman, Executive Director and Connie Schmoll, Business Development Specialist

Guest: Sarah Swedburg, Willmar City Planner

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

President Donna Boonstra called the meeting to order at approximately 11:02 a.m. and declared a quorum was present. President Boonstra welcomed Sarah Swedburg followed by self introductions.

**AGENDA**—The financial reports were removed from the Consent Agenda. Added to the Consent Agenda was the Leisure Travel minutes of 11/5/2018 and added to the Agenda under New Business were the following: 1) request for Connie Schmoll to attend a forum; the need for a new attorney; and the Rural Retail Revitalization Program.

IT WAS MOVED BY Les Heitke, SECONDED BY Kelly TerWisscha, to approve the revised Agenda and following revised Consent Agenda.

**CONSENT AGENDA**—

Approve: 1. November 8, 2018 meeting  
2. Payment of bills:  
a. James M. Ruff, Inc. in the amount of \$3,970 to be paid as budgeted for the 2017 audit  
3. Removal of Bob Carlson from the Finance Committee

Accept: Committee/Subcommittee Minutes  
1. Broadband and Advanced Technology 11/5/2018  
2. Business Retention and Expansion/Recruitment 11/2/2018  
3. Marketing and Public Relations 10/22/2018  
4. Leisure Travel 10/1/2018 and 11/5/2018

MOTION CARRIED.

**ITEM REMOVED FROM CONSENT AGENDA.**

**Financial reports.** Aaron Backman reviewed the Balance Sheet noting the addition under Current Assets of the Bremer WAM-BC checking account with a balance of \$55,667.45 and under Other Assets the WAM-BC Loan Receivables totaling \$45,648.31. Backman noted one asset received from WAM-BC is the 70" flat screen TV installed in the board room. The reserve for the WAM-BC loans approved by the Joint Powers Board will be added under Equity. Backman noted the total Equity is now in excess of \$1 million.

**UNFINISHED BUSINESS**—There was no unfinished business.

**NEW BUSINESS**

**Willmar Planning.** Sarah Swedburg announced annexation for the housing development on County Road 5 was accepted by the State of Minnesota as of today. The City of Willmar will be acting on the Planned Unit Development Conditional Use Permit in January. The city is moving forward with a street vacation next to the EDC office as the property east of the EDC was sold to Marcus Real Estate and Investments and will be platted. Backman suggested to Swedburg that this would be an opportunity for the city to realign entrances along this area of Highway 12 to enhance safety. When asked, Swedburg stated the most recent traffic count done by the Minnesota Department of Transportation (MnDOT) on Highway 12 was in 2016. Bruce Peterson thought it might be possible to request MnDOT to do another traffic count. Swedburg reported Congressman Collin Peterson's office is moving from downtown to the MinnWest Technology Campus. The Main Street Program is moving forward on the Rural Retail Revitalization Program with the University of Minnesota (U of M) Extension. The Main Street group is looking at housekeeping items for next year and an Artists on Main Street grant project to create more everyday gathering spaces in downtown Willmar.

**Request from Renville County EDA.** Backman announced the Renville County EDA Coordinator left her position and Renville County is determining the future of the Coordinator position. Renville County asked Backman if the EDC would be interested in a contract for services. Backman stated if the board considers this request, another staff person will need to be hired. Backman suggested such a contract would take away the focus from Kandiyohi County and its smaller communities. Backman has reviewed Renville County's programs, including its loan program. Les Heitke suggested Mid-Minnesota Development Commission (MMDC) could provide some consulting services as Renville County is in MMDC's region. Following discussion, Backman was directed to voice the board's appreciation for Renville County's interest, however, it is the board's consensus to decline the request and encourage Renville County to explore other options.

**Midtown Plaza Elevator Project.** Backman gave an update on Midtown Plaza. The owner of Midtown Plaza would like to use the basement level of the building, however, that requires an elevator. Quotes have been obtained between \$68,000-\$88,000. Backman has assisted the owner in discussions with Southwest Initiative Foundation (SWIF) and MMDC for funding. SWIF and MMDC appear willing to split the project 50/50.

**Forum.** Connie Schmoll provided information on the Area Development Consultants Forum to be held June 3-5, 2019 in Charlotte, North Carolina. A representative from Great River Energy is attending the Forum and Schmoll would also like to attend. SWIF is willing to assist with the costs related to Schmoll's attendance. The early bird registration fee is \$1,595 for the first 40 registrations and \$1,795 thereafter plus hotel and other expenses. Schmoll believes total costs will be between \$2,900-\$3,100.

IT WAS MOVED BY Kerry Johnson, SECONDED BY Kelly TerWisscha, to approve Connie Schmoll attending the Area Development Consultants Forum, June 3-5, 2019 in Charlotte, North Carolina, and to pay all costs related to attending the Forum. MOTION CARRIED.

**EDC Attorney.** Backman read an email from Attorney Mike Burgett in which he resigns as the EDC's attorney and suggests possible replacements. Backman suggested he, along with a member of this board and a member of the Joint Powers Board interview potential replacements. Rollie Boll volunteered. Kerry Johnson will email another recommendation to Backman. Board members requested the attorney be located in Kandiyohi County.

**Rural Retail Revitalization Program.** Backman reported a group, consisting of himself, Kathy Schwantes, Neil Linscheid and Sarah Swedburg, has been meeting on what can be done to enhance local retail businesses in response to a need for having local retail merchandising training sessions. The U of M College of Design is developing this pilot program that can be replicated in other communities across the state. The group has a total estimated budget of \$34,000 and submitted a grant application to cover Linscheid's time. Backman suggested the EDC contribute between \$2,000-\$4,000 from its countywide economic development portion of the budget for the program. The group is in the early process, but is looking at inviting 20-30 five retail businesses to attend five training sessions that offer assistance in design, social media marketing and inventory management. The retailers will meet in small groups and alternate between receiving training one week and then applying what they learned the following week. Also, a U of M graduate student will work one-on-one with five businesses. At the end of the program, the local group will write a report on best practices that the U of M will share. The Main Street Program is considering a \$6,000 contribution and Backman has asked the Willmar Lakes Area Chamber of Commerce to contribute. Backman is working on marketing the program with the services of REDstar Creative. The 10 weeks of training will be held between February and April 2019.

IT WAS MOVED BY Les Heitke, SECONDED BY Bob Carlson, to approve an amount not to exceed \$3,000 be used from the Kandiyohi County and City of Willmar Economic Development Commission's countywide economic development funds in the 2018 budget for use by the Rural Retail Revitalization Program. MOTION CARRIED.

## **PROGRESS REPORTS**

**Willmar/Willmar Industrial Park.** Bruce Peterson reported he continues to work with Jones Development Company (JDC), which would like to close on its purchase soon. The company is concerned with the turn radiuses off County Road 5, and as a result, they will be widened and paid for by JDC. Walls are going up on the 15<sup>th</sup> Street Flats project; Backman showed photos of the project. The storm water work for the credit union project has been completed and construction is moving

forward. The TIF plan for the Herzog project is being finalized and a hearing will be held on January 7, 2019. Peterson met with a local industry looking at doing a 25,000 square foot expansion. Peterson announced his last day of work with the City of Willmar will be January 31, 2019.

**Neighborhood Development Center (NDC).** Schmoll gave an update on the NDC, which has held four training sessions in Willmar. NDC does entrepreneur training, technical assistance, business lending and real estate services. An outcome from the sessions included banker representatives being engaged and speaking of loans to diverse businesses done in the past that match the NDC's philosophy. NDC leaders support a pilot program being done in Kandiyohi County. Abdirashid has attended the training sessions and would be a possible leader for the program. SWIF is interested in being a partner and providing funds for training. The NDC program would be beneficial to new Americans in the county. Backman stated EDC staff has been reviewing the information and would be willing to partner with others to develop a program. Schmoll and Abdirashid will be attending another training in the Twin Cities in the future.

**Historic 313 Building Update.** Backman gave an update on Historic 313 and noted the Preservation Alliance of Minnesota (PAM) has been very cooperative with the EDC. Peterson noted PAM has been positive for the building. Swedburg reported PAM oversees the Minnesota Main Street Program so she interacts with them weekly. One space is still open for lease in the building, but needs construction. A celebrate downtown Willmar is being planned.

[Peterson and Swedburg were excused from the meeting.]

## **2018 GOALS—**

**Child Care Initiative.** Schmoll reported information on the child care initiative is provided in her written report that was emailed to the board (see attached). Notable items are the community conversation that was held, the group has 20 core leaders and more than 1,200 surveys were submitted by the community to First Children's Finance. Information and feedback from the survey were used at the community conversation that was attended by more than 90 individuals. Infant child care is a huge need that the group is working to solve. Child care within businesses and financing childcare were discussed at the community conversation. There is a need to lobby legislators regarding the regulations that are a hindrance to child care providers. The core group will meet next on January 11, 2019.

**Opportunity Zones.** Schmoll reported on a forum she attended along with Kelly TerWisscha. There were approximately 500 attendees at the forum, including realtors, bankers and fund managers. Large funds are being invested, but projects are needed. TerWisscha noted a benefit of the program is the appreciation on investment not being taxed. TerWisscha believes there will be more investment in the metro area. The program is designed for business investment of distressed areas. Investors are eligible to receive a temporary tax deferral for capital gains invested in an Opportunity Fund. TerWisscha believes the capital gains are paid in 2026. Schmoll encouraged board members to speak with their legislators to move the program forward as Minnesota is behind other states.

**Transportation Infrastructure/Highway 23 Coalition.** Backman reported 32 projects along the corridor were identified by member communities. The projects were reviewed by MnDOT Districts 8 and 3, which ranked the projects. Recommended projects will be presented to the Coalition board for its 2019 legislative priorities.

**Business Visits and Meetings.** Backman distributed and highlighted information from his report (see attached), including attending an Industrial Summit in Golden Valley and attending the DI Labs open house. Schmoll reported she attended a New London EDA meeting on a food cooperative; a Lake Lillian community meeting as to a cooperative opening another restaurant; a meeting at Christianson PLLP on a possible expansion for Simply Shrimp; and the Ag Career Expo at Ridgewater College with 52 vendors. Schmoll is also working with AgProfessionals on a celebration for February 1, 2019, the proceeds from which are used for scholarships for ag students.

**RECOGNITION OF RETIRING DIRECTOR**—President Boonstra presented retiring director Bob Carlson with a plaque for his service on the Joint Operations Board.

#### **COMMITTEE REPORTS**

**Agriculture and Renewable Energy Development.** Rollie Boll reported the committee hosted speakers on industrial hemp. An article on the meeting was printed in the *West Central Tribune*.

**Broadband and Advanced Technology.** President Boonstra reported the committee is working with Arvig, a company interested in doing a broadband project in Kandiyohi County with financial support from the county and at least a 50% take rate. Arvig has requested the committee assist in determining where a project should be done. Roger Imdieke reported on a presentation by Dana McKenzie, which showed Kandiyohi County was 70% covered and with which he took issue. Imdieke recommended legislation be changed relative to the right of first refusal by incumbents in the state grant process. The committee was cautioned about companies coming in to do projects and creating islands with highly populated areas. Schmoll reported this week Donn Winckler presented information on Kandiyohi County's grant application process. It was noted the top two priorities given by Minnesota counties were broadband and transportation.

[Boll was excused from the meeting.]

**Business Retention and Expansion/Recruitment.** Backman gave an update on CLUES, which is also given in his written report.

**Finance.** Backman reported the Finance Committee approved a number of activities at its December 11, 2018 meeting that need board ratification.

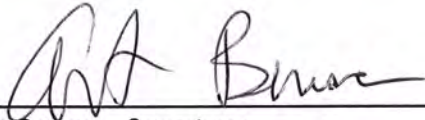
IT WAS MOVED BY Art Benson, SECONDED BY Kelly TerWisscha, to approve a seven-year \$25,000 loan from the Revolving Loan Fund Program to Willmar Child Care Center, LLC with interest at 5% contingent upon loans also being approved by Mid-Minnesota Development Commission and Southwest Initiative Foundation. MOTION CARRIED.

IT WAS MOVED BY Kelly TerWisscha, SECONDED BY Art Benson, to approve a request by Coffee & More to make interest-only payments for January-March 2019 and to approve signing a Mortgage Subordination Agreement with Minnesota Business Finance Corporation relative to the EDC's loan to Urban Escape. MOTION CARRIED.

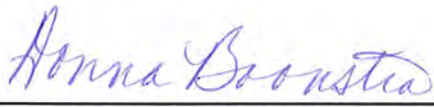
IT WAS MOVED BY Art Benson, SECONDED BY Kelly TerWisscha, to ratify the Finance Committee's change to the Revolving Loan Fund Manual—the first sentence under "Interest Rate and Repayment Terms" shall be changed to read: "The interest rate will be fixed and shall be at a rate not to exceed the Wall Street Journal prime rate plus 2% at the time of closing." MOTION CARRIED.

**NEXT MEETING**—The annual board meeting is **11:00 a.m., Thursday, January 10, 2019** at the EDC office.

**ADJOURNMENT**—There being no further business, the meeting was adjourned at approximately 1:01 p.m.

  
\_\_\_\_\_  
Art Benson, Secretary

APPROVED: 1/10/2019:

  
\_\_\_\_\_  
Donna Boonstra, President



**Operations Board Meeting  
Connie Schmoll Report  
December 13, 2018**

**Child Care**

The Kandiyohi County Child Care Innovation Project Community Conversation has been completed with more than 90 people in attendance. Kandiyohi County turned in the greatest return on completed surveys with more than 1200 secured. The information that was collected was shared at the Community Conversation on November 29<sup>th</sup>. Participants broke out into small groups to begin collecting ideas that could bring solutions to the shortages in childcare spaces. Highlights include:

- ✓ A child care center for infants
- ✓ Business site or business financed spaces for child care
- ✓ A need for state, employers, churches and individuals to work together to solve the issues

The end result of survey, town hall meeting, and follow-up meetings will be to create a community action plan. The next meeting of the core group is scheduled for Friday, Jan. 11<sup>th</sup>.

I have had two inquiries from local residents that are interested in starting a child care and one call from a church pastor offering space for a childcare center.

**Willmar Childcare Center**

Mr. Mohamoud Mohamed of Minneapolis, owner of proposed Willmar Childcare Center, has found a site and facility for his business at 500 Industrial Drive SW, in Willmar. The city rezoned the site for general business in November so that the site could be used for this purpose.

Mr. Mohamed submitted loan applications for the child care center to the EDC. The business will be a privately held, for-profit business, with Mr. Mohamed as 100% principal/owner. The child care center will provide services to 60 children, ages 4 months to 12 years, in 2 shifts and will include:

- ✓ Full-time Child Day Care
- ✓ Part-time/After School Care
- ✓ After School Tutoring
- ✓ Drop-In Care

The funding request to the EDC was for \$25,000 of Revolving Loan Funds to be used for soft costs including administrative costs, marketing, and contingencies.

The African Development Center approved \$300K toward the purchase of the building and renovation costs. Other potential funders include SWIF, MMDC, and owner equity of \$50K.

At the December 11, 2018 Finance Committee meeting, Mohamoud Mohamed, made a formal presentation and request to the EDC Finance Committee. The board room was filled to the max with committee members, EDC staff and several representatives of the African Development Center including the Executive Director, Nassiba Sareva, Lender/Service Provider, Denise Favors, and Regional Manager, Abdirahin Hussen.

After the presentation and discussion, the Committee members unanimously approved a recommendation to provide loan funds in the amount of \$25,000 with a 7-year amortization and 5% interest. The loan agreement will be contingent upon agreement to fund from the remaining two financiers, Southwest Initiative Foundation at \$75,000 and Mid-Minnesota Development Commission at \$50,000.

### **Coffee & More**

EDC loan holder, Diane Harms of Coffee & More, a coffee shop and restaurant located in Spicer, made a written request for interest only payments for three months. Her business is reduced during the winter months because several regular customers leave the area for warmer climates. She is confident business will pick up by April and she will be able to return to full payments. The Finance Committee agreed to reduce payments at this time.

### **Opportunity Zones**

Workshops and trainings are now available in Minnesota even though reports say Minnesota remains in a holding pattern on making policy decisions in order to see what the new administration will do. Even though, funds are being established and projects are being planned in tracts that were selected to be designated as Opportunity Zones. As of early this week, more than 400 funds have been established nationwide. Opportunity Zones provide capital gain tax deferral and reductions when realized gains are invested in designated census tracts, until the sale of investment or December 31, 2016, whichever is earlier. Partial tax forgiveness of original gain is possible when invested in Opportunity Zone; 5 years – 10% forgiven, 7 years, 15% forgiven. The program offers the possibility of stimulating economic development in otherwise economical distressed areas. We have been asked to encourage our legislators to align with federal standards and conform to the federal code for Opportunity Zones.

Kelly TerWisscha and I attended the Dec. 11<sup>th</sup> Real Estate Summit on Opportunity Zones in Golden Valley, Minnesota where in depth information was discussed on tax overview, legal considerations, capital markets, opportunities in office, Industrial, and housing among many other entities that could be developed in Opportunity Zones.

Please see presentation materials by Briggs secured at the November 12<sup>th</sup> event in Marshall.

### **Business Meetings and Events**

1. Opportunity Zones Informational Session Marshall
2. Neighborhood Development Centers Level 4 Session at EDC
3. New London EDA Meeting – Local Food Coop planning
4. CLUES Welder Program Meet & Greet
5. Lake Lillian Restaurant Conversation
6. Open Mic on Childcare and the upcoming Community Conversation
7. Presentation for Professional Business Women's Group
8. Computer Systems Technology Annual Advisory Board Meeting at Ridgewater College
9. Community Venture Network Session in St. Paul
10. Minnesota Association of Professional County Economic Developers (MAPCED) Bloomington
11. Simply Shrimp Feasibility Study review
12. Hill Capital Update with Patrick Donahue
13. Ridgewater College Ag Career Expo – AgProfessionals Table
14. Minnesota Marketing Partnership Meeting
15. Real Estate Journal workshop on Opportunity Zones



## **Business Visits**

1. DI Labs Appreciation event, Expansion review
2. Simply Shrimp
3. Willmar Childcare Center Loan Application
4. Planning with potential start-ups
  - a. restaurant
  - b. 2 child care
  - c. salon



**Joint Operations Board Meeting  
Aaron Backman Report  
December 13, 2018**

**Highway 23 Coalition**

Beyond the two four-lane gaps funded by Corridors of Commerce, member cities and counties have identified 32 specific projects along the corridor that the Coalition could potentially support. On December 3<sup>rd</sup> the functional group leaders for District 8 (with input from District 3 as well) reviewed the Hwy 23 project list. On December 11<sup>th</sup> I received their feedback. On Monday, December 17<sup>th</sup> the Coalition's Freight Corridor Working Group will meet, review the MnDOT feedback, rank projects, and anticipates making recommendations to the Coalition's Board of Directors in terms of specific projects that could become our 2019 legislative priorities. The Coalition's Board will be meeting on December 19<sup>th</sup>.

**WAM-BC Loan Portfolio**

Since the first quarter of 2018 the EDC has been interacting with WAM-BC regarding its future. At the regular meeting on July 26<sup>th</sup> the EDC's Joint Powers Board considered and approved the EDC taking over the WAM-BC loan portfolio. The Joint Powers Board members unanimously approved accepting the WAM-BC assets, assuming the administration of the Microenterprise Revolving Loan Fund and all loans, and assisting in the WAM-BC dissolution process.

In October, Mike Burgett, the EDC's attorney, prepared the Bill of Sale and assignment of notes. The Bill of Sale was signed on November 2<sup>nd</sup> and the assignment of the notes on November 28<sup>th</sup>. The Articles of Dissolution have been prepared and are awaiting execution. The EDC financials now reflect the WAM-BC checking account at Bremer Bank and the additional loan receivables. Altogether those amounts total \$101,315. Nancy has prepared a spreadsheet of the former WAM-BC loans and their status.

**CLUES Willmar Workforce Initiatives Update**

CLUES, the Latino non-profit based in the Twin Cities, provides educational opportunities for low-income and minority populations, in hopes of raising income possibilities. In Willmar, CLUES has partnered with the EDC and Ridgewater College to provide Diverse Certified Nursing Assistant (CNA) and Diverse Welding classes. Once the certification is obtained the CLUES Navigator, Jennifer Mendoza, assists them with job placement. CLUES also continues to connect with the participants for one year after their certification.

After three cohorts (with a fourth group of students taking tests on 12/21) we have had 34 students go through the CNA and Welding programs. Of those, 22 were in the workforce and 12 were not. As a group, increased from \$7.90 per hour to \$12.41 per hour after going through the

program. It is estimated that the program participants have increased their incomes by \$318,947 on annualized basis, excluding benefits.

The CLUES program has been a benefit for these diverse students by increasing their incomes by 56% on average (for the first three cohorts)! In addition, the CLUES program has been a benefit for the region's economy—12 of the students (or 35% of the participants) entered the workforce!

### **15<sup>th</sup> Street Flats—Construction Update**



The pace of construction is picking up at 15<sup>th</sup> Street Flats. The walls for the first floor started going up the end of last week (the photo above was taken 12/9/18). The photo below (12/12/18) shows an enclosed area for the elevator shaft.





### **Herzog Housing Project—Unique Apartments**

Samuel Herzog, an experienced housing developer from Fergus Falls, has identified and secured a 15-acre location for a multi-family housing project on the NW side of Willmar (Thorpe property along CR5). The project currently entails four 72-unit buildings plus 120 garage stalls. JH, LLC would construct one building each year for four years beginning in 2019.

The City has approved an Orderly Annexation Joint Resolution Agreement with the Township. The land use approvals will also be sought. Overall, this housing project could create 288 units of housing in the community (80% being market rate) and could generate an investment approaching \$30 million.

The tax increment financing plan has been drafted. It specifically addresses the first phase, or one 72-unit building. Reference is made for the possibility of three additional buildings. The district will run for a max. of 18 years, depending on the ultimate scale of the project. A public hearing on the plan is set for January 7<sup>th</sup>. The plat and conditional use permit for the project are scheduled for review and hearings within the next month. The City hopes to have all approvals by the third week in January to meet the developer's timeframe for closing on the property.

### **Neighborhood Development Center (NDC) Opportunity**

The Neighborhood Development Center (NDC) is a non-profit, community development financial institution. NDC provides entrepreneur training, small business loans, business services/technical assistance, and business incubators. The EDC has been having ongoing discussions with representatives of the NDC regarding their programs being replicated in the Kandiyohi County area. The NDC is based in the Twin Cities and has established similar programs in Duluth and St. Cloud. They provide integrated business services so that diverse and low-income entrepreneurs can start and grow businesses. They seek to empower low-income entrepreneurs and community partners to transform neighborhood economies. By working with the NDC we may be able to leverage the WAM-BC funding that we are in the process of receiving.

Another listening and planning session was held on November 16<sup>th</sup> from 10:00 a.m. to 2:00 p.m. at the EDC Boardroom. This session focused on the resource providers/potential partners that have been identified.

### **Business Meetings (November 9<sup>th</sup> – December 13<sup>th</sup>)**

1. Hwy 23 Coalition Membership Committee Mtg. (11/14/18).
2. Attended MN Real Estate Journal Industrial Summit in Golden Valley (11/15/18).



3. Mtgs. re NDC, including partner meeting at EDC (11/16/18).
4. Mtg. w/Lakeland Broadcasting rep.
5. Monthly Development Update w/Joanna Schrupp (11/19/18).
6. Attended Tax Reform Part 2 Event at Willmar Conference Center (11/20/18).
7. West Central MN Job Fair Partner & Planning Mtg. (11/26/18).
8. Kandiyohi County Revitalization Project Mtg. at MCROC (11/27/18).
9. Participated in Hwy 23 Coalition Board Mtg. (11/28/18).
10. Mtg. w/Ken Warner re Kandiyohi Co. Retail Project (11/30/18).
11. BNSF Holiday Express Event
12. Attended AMC Board Mtg. in Bloomington (12/2/18).
13. Led MAPCED Quarterly Mtg. in Bloomington (12/3/18).
14. Willmar Child Care Conference Call
15. Monthly Mtg. w/Dr. Johnson, President of Ridgewater College.

#### **Business Visits**

1. Coffee & More, Spicer
2. Goat Ridge Brewhouse, New London
3. Concorde Bank Holiday Open House in Willmar
4. Raymond James Financial in Willmar
5. Mtg. re Midtown Plaza Elevator Project.
6. Tour of West Central Steel w/City Council and County Commissioners (12/5/18)
7. DI Labs Open House