

KANDIYOHI COUNTY AND CITY OF WILLMAR ECONOMIC DEVELOPMENT COMMISSION (EDC)
FINANCE COMMITTEE
MINUTES
December 14, 2021
EDC Office, Willmar and Via Zoom Video Conference

Present: Matt Behm, Nick Dalton (via Zoom), Allen Huselid (via Zoom), Kerry Johnson, Travis Jones and Michelle Marotzke

Excused: Abdullahi Awale, Aaron Backman and Justin Schnichels

Guest: Jessica Berghorst

Staff: Sarah Swedburg, Business Development Manager

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

Chairperson Matt Behm called the meeting to order at approximately 12:02 p.m.

AGENDA—The loan deferral request under New Business was removed from the Agenda.

UNFINISHED BUSINESS—

Cheers of Raymond loan application. Sarah Swedburg introduced Jessica Berghorst, who was the front-end manager of Cheers and is in the process of purchasing the limited liability company from Trevor Johnson's Estate. Kerry Johnson gave an update on reaffirmation of the loan documents with United Prairie Bank. The \$25,000 from the EDC will be used to replace inventory and for operating funds. United Prairie Bank has requested personal guarantees from Berghorst's mother. Swedburg stated that if the committee approves modifying the loan to be assumed by Berghorst, a three-month deferral will be requested so she can get the business restarted. Berghorst provided her background and work history. She is waiting for the liquor license and will take a food safety course this week. The inspector will be ready to sign off within two weeks. Johnson has communicated with all vendors who dealt with Cheers and all spoke highly of Berghorst. United Prairie Bank's attorney has reviewed all documents. Berghorst stated she has people in mind to staff the business. Swedburg noted the Raymond community is excited for the business to reopen.

[Berghorst was excused from the meeting.]

IT WAS MOVED BY Michelle Marotzke, SECONDED BY Nick Dalton, to approve modifying the previous mortgage given to High Intensity Fitness of MN LLC with the loan payments to begin on April 15, 2022 and waiving any interest since the original loan closing through March 15, 2022. MOTION CARRIED with Kerry Johnson abstaining.

Swedburg will reach out to the EDC's attorney as to the documents that need to be prepared and signed.

MINUTES—

IT WAS MOVED BY Kerry Johnson, SECONDED BY Travis Jones, to approve the Minutes of the November 9, 2021 meeting as emailed. MOTION CARRIED.

NEW BUSINESS—

Willmar Child Care Center. Swedburg reported Southwest Initiative Foundation (SWIF), Mid-Minnesota Development Commission (MMDC) and the EDC have been staying in close contact regarding the Willmar Child Care Center. The lead lender is the African Development Center (ADC). The loan payments to the EDC are current, but the loans with SWIF and MMDC are delinquent. SWIF sent a formal notice of default on its failure to open the business. SWIF's attorney is working on a foreclosure action. SWIF would accept a deed in lieu of foreclosure. SWIF is in a financial position to buy out the ADC. There are at least two local prospects who are interested in purchasing the property to operate a childcare center. One prospect would be a diverse childcare center and the other would open a second location for its current childcare facility. Aaron Backman has spoken with the diverse prospect. It was noted the property is currently listed for sale. Scott Marquardt of SWIF was going to contact the realtor.

Other. Swedburg announced the graduation ceremony for the Elevate Community Business Academy is this Friday; there are four prospective businesses represented. She noted the Elevate program was the recipient of a \$76,000 grant by the Minnesota Department of Employment and Economic Development, which will fund the next three classes. The program was also awarded the Outstanding Economic Development Award by the Minnesota Association of Community Economic Developers. Michelle Marotzke announced MMDC is applying for a third revolving loan fund through the Economic Development Administration (\$400,000 with a \$100,000 match). If the funds are received, MMDC will do targeted marketing. The Minnesota Association of Development Organizations' website shows what funds are available through the state's regional development organizations, such as MMDC.

ADJOURNMENT—There being no other business,

IT WAS MOVED BY Michelle Marotzke, SECONDED BY Kerry Johnson, to adjourn the meeting.

The meeting was adjourned at approximately 12:37 p.m.

NEXT MEETING—The next committee meeting is **12:00 p.m., Tuesday, January 11, 2022** at the EDC office and via Zoom video conference.