

**KANDIYOHI COUNTY AND CITY OF WILLMAR ECONOMIC DEVELOPMENT COMMISSION (EDC)**  
**FINANCE COMMITTEE**  
**MINUTES**  
**June 13, 2023**  
**EDC Office, Willmar, and Via Zoom Video Conference**

Present: Matt Behm, Kerry Johnson, Travis Jones, Chris Radel and Justin Schnichels

Staff: Aaron Backman, Executive Director and Sarah Swedburg, Business Development Manager (via Zoom)

Excused: Allen Huselid, Michelle Marotzke and Kelly TerWisscha

Guest: Paul Swanson, Paul's Tree Work LLC

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

Chairperson Kerry Johnson called the meeting to order at approximately 12:00 p.m. and announced a quorum was present.

**NEW BUSINESS**

[Paul Swanson joined the meeting.]

**Paul's Tree Work Loan Application.** Sarah Swedburg provided information on Paul Swanson, noting he is a disabled veteran, and his tree removal business, Paul's Tree Work LLC. Swanson is working with Mike Malone of Lake Region Bank, which is looking at funding \$124,101.18 (75% of the equipment financing) and will have a first security position on all business assets. It is anticipated that Southwest Initiative Foundation (SWIF), Mid-Minnesota Development Commission (MMDC) and the EDC would finance the remaining amount of \$93,807.06. Swanson will be contributing \$6,239 of owner equity. Swedburg indicated the EDC's portion would be a little over 11% of the total project at \$25,269.02. Staff is recommending an interest rate of 6.75% interest for seven years with a five-year balloon to match SWIF's loan. SWIF and MMDC have not yet finalized their loan approvals; the EDC's loan would be contingent upon those loan approvals. Paul Swanson, owner of Paul's Tree Work, introduced himself and gave his background in the logging and log carving fields. He is 100% disabled, but it does not affect his ability to run his business. His territory will be Kandiyohi County and the adjoining counties. He is applying for preferred contractor status with the state and federal governments. He provided information on the equipment he needs for his business. He noted his father Kent Swanson and his cousin Wade Wickman are willing to guaranty his loan. He does live carving shows with a gentleman from Wisconsin and intends to donate some carvings to the community. There are some jobs he can do in the winter, but he did not include them in his business plan. Swanson contacted Tim Kampsen of Sauk Centre, who stated insurance will be no more than \$6,000 per year. He will also obtain life insurance for the loan.

[Swanson was excused from the meeting.]

Swedburg indicated closing would be held in July with payments to start in August or September. SWIF and MMDC would share a second security position and the EDC would have a third position. Swanson receives military disability that covers his daily expenses. Swedburg noted a list of current customers was included in the materials provided to the committee. She will be looking for technical assistance through the Small Business Administration relative to the preferred contractor list. Discussion was held on the additional income reported on Swanson's tax returns. The committee would like information on that income and an estimate of what he feels his winter (December-March) income would be.

IT WAS MOVED BY Matt Behm, SECONDED BY Justin Schnichels, to recommend to the Kandiyohi County and City of Willmar Economic Development Commission's (EDC) Joint Operations Board that it approve a loan to Paul's Tree Work LLC under the EDC's Revolving Loan Fund program in the amount of \$25,269.02 at 6.75% interest with a seven-year amortization and a five-year balloon, contingent upon obtaining additional financing from Lake Region Bank, Southwest Initiative Foundation and Mid-Minnesota Development Commission and obtaining limited personal guarantees by the borrower, and/or his father Kent Swanson and a cousin Wade Wickman, obtaining keyman insurance on the borrower with the EDC as a loss payee, and securing a third security position in all business assets by the filing of a UCC Financing Statement. MOTION CARRIED.

#### **AGENDA—**

IT WAS MOVED BY Justin Schnichels, SECONDED BY Matt Behm, to approve the Agenda as emailed.

**Introductions.** Chris Radel, who was approved as a new member last month introduced himself and provided some background information. Aaron Backman informed the committee that Kyle Grimm of the Co-op Credit Union is also interested in being on this committee, but was unable to attend today's meeting.

#### **MINUTES—**

IT WAS MOVED BY Travis Jones, SECONDED BY Justin Schnichels, to approve the Minutes of the May 9, 2023 meeting as emailed. MOTION CARRIED.

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

## **NEW BUSINESS CONTINUED**

**Intuition Brewing.** Swedburg reported the loan application of Intuition Brewing will be presented to the committee at its July meeting. She will be meeting with Heritage Bank and the loan applicant this afternoon.

**To the Moon and Back.** Swedburg reported To the Moon and Back was fully funded by Harvest Bank. The owner, Vincent Vu, graduated from the Elevate Community Business Academy in the fall of 2022. Swedburg will try to connect Vu with a couple she recently met from Germany, who now live in New London and have restaurant management experience.

**Elevate Community Business Academy.** Swedburg reported graduates of the Elevate program have accessed \$1 million in funding since inception of the program. This fall there will only be an English class and for the first time she will not be an instructor. The graduation ceremony for the current classes of 19 students will be held from 6-8 p.m., June 27 in the Sibley Auditorium at the MinnWest Technology Campus.

**Other.** Backman provided information on the Rail Park and the property in the park being sold by the City of Willmar to MB Rail, which will develop the rail structure and lease or sell some of the property to other businesses needing rail. BNSF Railway is in the process of certifying a portion of the Willmar Industrial Park. Swedburg reported the EDC is in the process of distributing more than \$500,000 in childcare grants and more than \$700,000 in grants under the Main Street Economic Revitalization Program. Last week, Swedburg attended the Area Development Conference for site selectors in Detroit, Michigan. Backman noted Block 25 Lofts in downtown Willmar will open soon with a potential open house on August 17, 2023.

**ADJOURNMENT**—There being no other business, the meeting was adjourned at approximately 12:58 p.m.

**NEXT MEETING**—The next committee meeting is 12:00 p.m., Tuesday, July 11, 2023 at the EDC office and via ZOOM video conference.