

KANDIYOHI COUNTY AND CITY OF WILLMAR ECONOMIC DEVELOPMENT COMMISSION (EDC)
FINANCE COMMITTEE
MINUTES

August 8, 2023

EDC Office, Willmar, and Via Zoom Video Conference

Present: Matt Behm, Allen Huselid, Kerry Johnson, Michelle Marotzke, Chris Radel (via Zoom), Justin Schnichels and Kelly TerWisscha

Excused: Travis Jones

Staff: Aaron Backman, Executive Director and Sarah Swedburg, Business Development Manager

Guests: Mackenzie Dohmann of Pink Apron Bakery; and Liz Heimer and Micah Larson, co-owners of Intuition Brewing Company (via Zoom)

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

Chairperson Kerry Johnson called the meeting to order at approximately 12:02 p.m. and announced a quorum was present. Aaron Backman informed the committee he had invited Kyle Grimm of the Co-Op Credit Union as a guest, but he was unable to attend today's meeting.

AGENDA—There were no changes to the Agenda.

MINUTES—

IT WAS MOVED BY Chris Radel, SECONDED BY Allen Huselid, to approve the minutes of the June 13, 2023 meeting as emailed. MOTION CARRIED.

[The agenda was taken out of order.]

[Mackenzie Dohmann and Justin Schnichels joined the meeting.]

NEW BUSINESS

Pink Apron Bakery Loan Request. Sarah Swedburg introduced Mackenzie Dohmann, owner of Pink Apron Bakery, who recently opened a physical location in the former Coffee & More site in Spicer. Swedburg reviewed the sources and uses of funds. Southwest Initiative Foundation (SWIF) has approved a loan in the amount of \$12,500 and the request of the EDC is for another \$12,500 for the purchase of equipment (\$9,000) and working capital (\$3,500). Dohmann's contribution is \$19,200. Dohmann gave the history of her business, which was located in her home for two years. Due to the

growth of her business, she is in need of a storefront. Dohmann attends the New London Farmers Market each weekend and sells out within an hour. In addition to a Facebook presence, she recently created a website (<https://www.pinkapronbakery.com>) for customers to order and schedule a pickup. She specializes in sourdough bread and rotates her menus every three months. She started wholesaling to The Goodness Coffee Shop in May and their orders have increased each week. She has been contacted by The Golden Rule in Redwood Falls, the New London Food Cooperative and Jacked Up Coffee Co. in the Green Lake Mall parking lot, to also provide wholesale products. She also does weekly deliveries to the Green Lake Nursery and a resort on Green Lake has also requested weekly deliveries. In addition to sourdough bread, she makes sourdough bagels, gourmet cookies, specialty scones and other special products each season. Her storefront is open Wednesdays and Saturdays. She is currently licensed as a retail food business and long-term is looking at possibly changing to a restaurant/coffee shop. In the future she may need to hire part-time staff for retail assistance and possibly a delivery driver.

[Dohmann was excused from the meeting.]

Swedburg noted she has been coaching Dohmann on her projections. She worked with the Small Business Development Center (SBDC) on her financials, but the SBDC did not include any increased revenues in out years in the projections. Swedburg is awaiting new projections from the SBDC. Committee members recommended she consider in her projections heating costs, use of fans and any electric rebates that may be offered by Xcel Energy. The committee requested year-to-date financials be obtained. Committee members felt Dohmann has good business experience. Swedburg and Martozke feel she may benefit from some areas of the Elevate Community Business Academy.

IT WAS MOVED BY Matt Behm, SECONDED BY Michelle Marotzke, to approve a \$12,500.00 loan to Pink Apron Bakery through the Kandiyohi County and City of Willmar Economic Development Commission's Microenterprise Loan Fund with interest at 6.5% for a six-year term and a second security position with Southwest Initiative Foundation in the equipment. MOTION CARRIED.

The committee recommended Swedburg follow up with Dohmann as to her projections and the other items mentioned.

[Liz Heimer and Micah Larson joined the meeting via Zoom.]

Intuition Brewing Loan Request. Swedburg provided information on Intuition Brewing, which is looking at opening a brewery in the current Foxhole Brewhouse location in downtown Willmar. Intuition Brewing is working with Heritage Bank for a \$100,000 loan and \$25,000 line of credit, which is under consideration by the bank. Liz Heimer and Micah Larson have contributed a \$15,000 down payment on the property and have purchased some equipment. The loan request is for \$40,000 from the EDC with a proposed closing in November 2023. Larson provided information on the business; they will partner with Spurs for food. Heimer noted during off hours they are looking at hosting private events at a more affordable cost than is presently available. Larson provided information on

the types of beers they plan to brew and sell. Larson and Heimer gave their background as to education and work history.

[Heimer and Larson were excused from the meeting.]

Swedburg indicated Foxhole Brewhouse will not be moving out until sometime in October or November so they are looking at closing on any loan received in November. Swedburg recommends the first three months be interest-only payments. They plan to open in December. They will be canning their brews to sell through distribution accounts with local liquor stores. Larson will be working 100% for the business and Heimer will continue working as a grant coordinator for Faribault County. Discussion was held on the projections. Foxhole Brewhouse is buying all new equipment and leaving its current equipment for Intuition Brewing. Backman provided information on the recent Retail Trade Analysis and one category that is doing well is eating and drinking. Heimer and Larson own the business 50/50 and have signed an Operating Agreement. The committee voiced concerns with the projections and approving a loan prior to the bank's approval. The committee recommended making a presentation to SWIF to spread out the risk, which would place the EDC in third position for security. Marotzke noted MMDC has funds available, but the rate is 1% above prime. Swedburg will follow up with Heimer and Larson.

UNFINISHED BUSINESS

Somali Bride COBAL Loan. Backman informed the committee that attempts have been made to contact the owner of Somali Bride without success. The business is not in operation and there remains a balance of \$2,398.88 on the loan. Backman recommends the account be taken to Conciliation Court.

IT WAS MOVED BY Michelle Marotzke, SECONDED BY Allen Huselid, to pursue collection of the unpaid loan with Somali Bride through Conciliation Court. MOTION CARRIED.

Swedburg noted all efforts have been made to work with the debtor, but the debtor has not followed through and it is believed she may not be in the United States at present.

Elevate Community Business Academy. Swedburg reported there have been 50 graduates to date. A new class will be starting and there are currently 75 on a wait list. An information session will be held tonight. In the last class there were two students who were not residents of Kandiyohi County but were in SWIF's territory. One individual who is interested in attending the next class lives outside the county.

ADJOURNMENT—There being no other business, the meeting was adjourned at approximately 1:16 p.m.

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