

KANDIYOHI COUNTY AND CITY OF WILLMAR ECONOMIC DEVELOPMENT COMMISSION (EDC)
FINANCE COMMITTEE
MINUTES
September 12, 2023
EDC Office, Willmar, and Via Zoom Video Conference

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

Excused: Travis Jones, Justin Schnichels and Kelly TerWisscha

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

Guests: Kyle Grimm, Branch Manager, Co-Op Credit Union and James Miller, Heritage Bank, N.A.

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

Vice Chairperson Michelle Marotzke called the meeting to order at approximately 12:07 p.m. and announced a quorum was present. Aaron Backman introduced Kyle Grimm of the Co-Op Credit Union, who is interested in joining the committee, followed by self introductions.

AGENDA—

IT WAS MOVED BY Matt Behm, SECONDED BY Kerry Johnson, to approve the Agenda as emailed. MOTION CARRIED.

MINUTES—

IT WAS MOVED BY Matt Behm, SECONDED BY Allen Huselid, to approve the minutes of the August 8, 2023 meeting as emailed. MOTION CARRIED.

NEW BUSINESS

Intuition Brewing Loan Request. Sarah Swedburg provided information on Intuition Brewing's loan request for \$40,000 and reviewed the updated projections. James Miller stated Heritage Bank approved its loan of \$125,000 for equipment plus a \$25,000 line of credit for working capital. The owners are contributing \$15,000 and potentially another \$5,000 to \$10,000, if needed. Swedburg read an email from co-owner Liz Heimer related to current marketing she is doing for the brewery before it opens; she currently has 67 subscribers to a newsletter. KWLM recently featured Heimer and Micah Larson on their new business and Heimer will be featured in the November issue of *Founder*

magazine. Miller noted the co-owners promptly provide information when requested. Heimer intends to continue working at her present job. Intuition Brewing will be purchasing all of the equipment at Foxhole Brewhouse's downtown location. Backman stated Foxhole Brewhouse is moving along with construction of its new location on Business Highway 71 with a goal of completing by November or December. Intuition Brewing will have brews available within 14 to 21 days after opening plus growlers and other beverages. Miller stated the bank loan is interest only for the first three months, which Swedburg suggested the EDC also match. Miller stated the bank was very comfortable with the projected financials and consulted with another brewery in Sioux Falls, South Dakota, on the projections and valuations placed on the used equipment. Intuition Brewing also consulted with Foxhole Brewhouse on its projections. The Purchase Agreement notes possession will take place on or before December 1, 2023.

IT WAS MOVED BY Michelle Marotzke, SECONDED BY Allen Huselid, to approve a \$40,000 loan to Intuition Brewing, LLC from the Kandiyohi County and City of Willmar Economic Development Commission's Revolving Loan Fund with interest at 7.5% for a term of seven years and a second security position under a UCC Financing Statement behind Heritage Bank, N.A. with interest-only payments for the first three months. MOTION CARRIED.

[Miller was excused from the meeting.]

UNFINISHED BUSINESS

Somali Bride COBAL Loan. Swedburg noted that last month the committee approved taking the defaulted loan by Somali Bride to Conciliation Court; however, the owner has been out of the country and could not be served with documents. Continued attempts are being made to contact the owner, who is believed to have recently returned to the United States.

Other. Backman informed the committee he has been in contact with the owner of La Manzanita Mexican Market as the loan is currently in default. He was informed the business was sold. There is \$1,321.23 outstanding on the loan; Backman will continue to pursue collection.

NEW BUSINESS

Request by New Minnesotan Realty. Backman presented a request by New Minnesotan Realty to drop the life insurance coverage on the owner. Backman provided background information on the loan. Both lead lenders have agreed to waive the requirement to have life insurance.

IT WAS MOVED BY Kerry Johnson, SECONDED BY Matt Behm, to approve waiving the requirement to have life insurance on the owners of New Minnesotan Realty. MOTION CARRIED.

Elevate Community Business Academy. Swedburg reported the next course of the Elevate Community Business Academy will begin tomorrow evening with 17 students. It will be led by Stephanie Lopez and Swedburg will only be available as needed. Swedburg explained the program noting this is the sixth class since March 2021. There have been 50 graduates to date, 4 of whom opened a new business and 7, who expanded a current business. She is currently working with seven other businesses. The Small Business Partnership Grant ended August 31, 2023 and was instrumental in growing the program. Swedburg is working with Rising Tide Capital to use its Business Assistance Services and she submitted another application for the state's Small Business Partnership Grant for \$204,000 over the next two years. Southwest Initiative Foundation has been a great partner in the program and has committed to future support. Relationships with other philanthropic funders are also being fostered, including Blandin Foundation and the Margaret A. Cargill Foundation.

Other. Backman reported the closing for MB Rail on land in the Willmar Industrial Park was completed last week. Site work will begin soon. Backman is now working on another project for the north side of the Industrial Park. He announced that last week the EDC co-hosted a demonstration of harvesting a local industrial hemp field for Dun Agro, a company from the Netherlands, which is considering building a processing plant in the county. Chris Radel noted it would be of great benefit to the county to bring this new product and have a processing plant. One potential site is near a Kandiyohi Power Cooperative substation. The proposed plant could possibly bring 60 jobs. Marotzke suggested contacting the local U.S. Economic Development Administration representative in regard to this project.

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, October 10, 2023 at the EDC office and via ZOOM video conference.