

KANDIYOHI COUNTY AND CITY OF WILLMAR ECONOMIC DEVELOPMENT COMMISSION (EDC)
FINANCE COMMITTEE
MINUTES
April 10, 2018
EDC Board Room, Willmar

Present: Matt Behm, Nick Dalton, Les Nelson, Bruce Peterson, Russ Weeks, Jeff Welker and Randy Zinda

Excused: Aaron Backman, Bob Carlson, Kerry Johnson and Justin Schnichels

Guest: Mike Schmid, Granite Community Bank

Staff: Connie Schmoll, Business Development Specialist

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

Chairperson Matt Behm called the meeting to order at approximately 12:00 p.m.

NEW BUSINESS

[Mike Schmid joined the meeting.]

Rath Real Estate loan application. Mike Schmid of Granite Community Bank provided business and financial information on Ashley and Tyler Rath and their loan with Granite Community Bank. The loan request by Rath Real Estate, LLC is for funds to purchase the former bank building in Spicer in which their businesses are located. The building is being sold by George Lake Investors, which includes Jerry Reiter and Keith Bangasser and possibly others. The Spicer EDA will review the loan request at its next meeting. Three other tenants lease space in the building and one space is vacant. The Raths occupy more than 51% of the building. The Raths will receive assignments of the leases from the seller. New leases for longer terms will be secured; the leases are currently month-to-month. The seller will subordinate its interest to the EDC and the Spicer EDA. Guarantors of the loan would be the Raths and Family Roots Chiropractic. The Small Business Administration determined the chiropractic business was a startup and required 15% equity to qualify for a loan. At present, there is no other chiropractic office in Spicer. Dr. Rath has certifications in working with pediatrics and pregnant women.

[Schmid was excused from the meeting.]

Chair Behm suggested the EDC inform Granite Community Bank that all subordinate financing should be in place before it closes any loans. Committee members voiced concerns about the cash flow and noted the applicants already have gap financing in place from the seller.

IT WAS MOVED BY Russ Weeks, SECONDED BY Bruce Peterson, to deny the loan request submitted by Rath Real Estate, LLC. MOTION CARRIED.

Connie Schmoll will inform the applicants and Granite Community Bank.

MINUTES—

IT WAS MOVED BY Les Nelson, SECONDED BY Russ Weeks, to approve the minutes of the March 20, 2018 meeting as emailed. MOTION CARRIED.

Loans. Schmoll reported Coffee & More seems to be doing a little better and was able to redo some of her loans. The committee received an update on the loan guarantees. It is believed the Spurs Restaurant will be opening soon. Stores are open in Midtown Plaza. The individuals who wanted to open a new childcare business in Willmar are trying to find a new location. Schmoll reported one of the EDC's goals for this year is childcare and she has gotten involved with UCAP (United Community Action Partnership) as to childcare. Les Nelson stated Rural Development has reported cooperative daycares are being somewhat successful and the USDA has technical assistance that can be accessed for cooperatives.

ADJOURNMENT—There being no other business, the meeting was adjourned at approximately 12:35 p.m.

NEXT MEETING—The next committee meeting is 12 noon, Tuesday, May 8, 2018 at the EDC office.