

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

FINANCE COMMITTEE

SPECIAL MEETING MINUTES

April 2, 2020

Via Teleconference

Present: Matt Behm, Nick Dalton, Kerry Johnson, Travis Jones, Les Nelson, Jeff Welker and Randy Zinda

Excused: Justin Schnichels

Staff: Aaron Backman, Executive Director and Connie Schmoll, Business Development Manager

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

Chairperson Matt Behm called the meeting to order at approximately 11:05 a.m. Following roll call a quorum was declared present. Aaron Backman informed the committee that the Joint Powers Board approved the new loan program at a special meeting last week; Joint Operations Board (EDCOB) members were also present and voiced approval of the program. The loan funds of \$150,000 will be allocated from unrestricted reserves. The EDC has been contacted by 36 businesses to date with 7 submitting applications and the required documentation; he anticipates more requests will be coming. Backman thanked the committee for agreeing to meet weekly in April to review groups of applications each time. Backman reported he obtained approval from the EDCOB for the loans to be approved administratively by the Finance Committee.

Backman stated the new COVID-19 Business Assistance Loan (COBAL) Program is meant to be bridge funding until businesses can get funding from other sources noting these loans will have a higher risk. The loans will be unsecured, but will include personal guarantees. Backman stated any loans received from the Small Business Administration (SBA) or the state can be used to payoff the EDC's loans. EDC staff makes sure the businesses are working with their lenders and encourage them to explore SBA options.

The committee reviewed the applicant chart (copy on file):

- Somali Star Restaurant is a sit-down restaurant that has had business reduced by 80%. It is requesting \$5,000 and the required documents have been received. Backman spoke with its bank, which had good comments. There is credit card debt from guests who used a card to pay for meals. The loan will be used to pay rent, utilities and expenses. EDC staff is recommending approval of the loan. Backman stated if it received an SBA loan, it could be used to payoff this loan.

IT WAS MOVED BY Les Nelson, SECONDED BY Travis Jones, to approve a 24-month \$5,000 loan to Somali Star Restaurant with a six-month payment deferral.

MOTION CARRIED.

- VP Enterprises dba Erickson Plumbing & Heating. Schmoll reported this committee approved deferral of its current EDC loan for four months and staff is recommending this business be declined as it does not meet the loan guidelines. Its credit is good and it could obtain another loan. Staff informed the owners they do not qualify and referred them to the SBA for a loan. No action was taken.
- Eagle Creek Restaurant, LLC dba The Oaks at Eagle Creek has requested \$5,000. In the third quarter of 2019, the restaurant was sold to the Willmar Community Golf Club, an organization with 337 shareholders, who own no more than 5% each, which is less than the 20% in the guidelines. Backman spoke with Laura Warne of Home State Bank, who stated gross revenues and expenses for the first two months of 2020 are similar to 2018. The tax returns for 2019 are not available from the previous owner. Sales for the first quarter is 8% of normal; it is a sit-down restaurant and does not provide curbside service. EDC staff is neutral on this loan request, in part because it is a shareholder organization, but has been impacted by the closure. It was informed of SBA programs and other funding options.

IT WAS MOVED BY Travis Jones, SECONDED BY Nick Dalton, to approve a 24-month \$5,000 loan to Eagle Creek Restaurant, LLC. with a six-month payment deferral. MOTION CARRIED with Matt Behm abstaining.

- McMillan's Family Restaurant. Backman stated it is a very solid business and the required documents were received. The owner has applied for SBA funding and is also looking at state funds. EDC staff recommends approval of a \$5,000 loan.

IT WAS MOVED BY Randy Zinda, SECONDED BY Les Nelson, to approve a 24-month \$5,000 loan to Willmar Financial Investment Corporation, doing business as McMillan's Family Restaurant, with a six-month payment deferral. MOTION CARRIED.

- Massage Therapy by Rita. Schmoll reported Rita Keenan is a sole proprietor and was ordered to close by the Governor's Executive Orders. The required documents were received and she has a high credit rating. Keenan continues to have ongoing expenses and has requested \$5,000. Keenan was provided with other resources.

IT WAS MOVED BY Travis Jones, SECONDED BY Jeff Welker, to approve a 24-month \$5,000 loan to Massage by Rita with a six-month payment deferral. MOTION CARRIED.

- Wings Gymnastics, LLC. Schmoll reported the owner has had the business for three months and provided her financial information since her purchase. Her credit score was given. She was

ordered to close by the Governor's Executive Orders. The owner has auto and educational loans and will be applying for other funds. The business is located in Willmar.

IT WAS MOVED BY Nick Dalton, SECONDED BY Les Nelson, to approve a 24-month \$5,000 loan to Wings Gymnastics, LLC with a six-month payment deferral. MOTION CARRIED with Matt Behm abstaining.

- Kathryn Weidner Massage Therapy. Schmoll stated Weidner provided the required documentation. She does not expect any income during the shut down, but continued expenses. A verbal credit report was received from Heritage Bank. All loans have been paid timely and there are no loans at present.

IT WAS MOVED BY Travis Jones, SECONDED BY Les Nelson, to approve a 24-month \$5,000 loan to Kathryn Weidner Massage Therapy with a six-month payment deferral. MOTION CARRIED.

Backman stated he and Schmoll will communicate with all of the loan applicants.

Committee members indicated the information provided prior to the meeting was sufficient; however, there is some reliance on EDC staff relative to financials. Les Nelson noted some of the businesses would be bankable. It was reported the EDC has applied to obtain credit reports in-house.

ADJOURNMENT—There being no other business, the meeting was adjourned at approximately 11:43 a.m.

NEXT MEETING—The next committee meeting is **11 a.m., Tuesday, April 7, 2020** via teleconference.