

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

FINANCE COMMITTEE MEETING

MINUTES

May 11, 2021

Via Zoom Video Conference

Present: Matt Behm, Allen Huselid, Les Nelson and Justin Schnichels

Excused: Nick Dalton, Kerry Johnson and Travis Jones

Guests: Ya Chaw, Hteh Rue and Pastor Ron Snyder

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

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

Chairperson Matt Behm called the meeting to order at approximately 12:02 p.m. The EDC's new employee, Sarah Swedburg, was introduced and welcomed.

AGENDA—Removed from the Agenda under New Business was item 6.b.3., Loan Reserve for Entrepreneurs' Loan Guarantee Program as this item was handled in November 2020. Added to the Agenda under New Business was the Historic 313 on Fourth Street Revolving Loan Fund loan.

MINUTES—

IT WAS MOVED BY Justin Schnichels, SECONDED BY Allen Huselid, to approve the Minutes of the January 12, 2021 regular meeting and Minutes of the January 20, 2021, January 27, 2021, February 3, 2021, February 17, 2021 and March 23, 2021 special meetings. MOTION CARRIED.

UNFINISHED BUSINESS

Minnesota Pandemic Relief Grant Program. Aaron Backman gave a final report on the Minnesota Pandemic Relief (MPR) Grant Program. Grants were given to 60 businesses and 6 nonprofits for a total of \$843,743. The average grant was \$12,084. The average number of employees was 7; average tenure of the businesses was 15 years and the average loss for the businesses was 48%. The majority of the grants were given to Tier I businesses (restaurants and hotels) plus a few Tier III businesses/nonprofits. Priority was given to Tier I and Tier II businesses. All final expense reports were received from the grantees in April and most funds were expended within 90 days.

Willmar Child Care Center Loan. Backman informed the committee that the funds remaining in the Immigrant Business Relief Grant Program was \$6,050 not \$6,500; thus, the amount approved by the EDC's Joint Powers Board for use by the Willmar Child Care Center was \$6,000, subject to the EDC receiving the invoices to be paid, which will include Willmar Municipal Utilities and Engan Associates. The lenders have discussed options relative to repayment of their loans. The owner has paid the first half of the 2020 real estate taxes and will be returning from Africa in June to focus on the business. Backman attended the Center's open house in January 2021. Les Nelson noted he drove by the facility about six weeks ago.

NEW BUSINESS

[Ya Chaw, Hteh Rue and Pastor Ron Snyder joined the meeting.]

Loan application. Connie Schmoll introduced Hteh Rue and Ya Chaw, who plan to open Chaw's Asian Market, and provided information on the loan application. Rue has been attending the EDC's new Elevate Business Academy. Rue and Chaw provided information on their proposed business. Schmoll noted Southwest Initiative Foundation (SWIF) is also considering a loan of \$19,500.00 with a first security position. Pastor Ron Snyder spoke to his knowledge of the applicants and noted this would be the second Asian market in Willmar.

[Rue, Chaw and Snyder were excused from the meeting.]

Schmoll stated Rue will devote 100% of her time to the business. The site was approved by the city of Willmar for the business, including 11 parking spaces and the business will be inspected before opening. The Minnesota Department of Agriculture also approved the plans and will inspect the property. SWIF will provide technical assistance to the business.

IT WAS MOVED BY Les Nelson, SECONDED BY Allen Huselid, to recommend to the Kandiyohi County and City of Willmar Joint Operations Board that it approve a five-year \$19,500.00 loan to Chaw's Asian Market, LLC, under the Kandiyohi County and City of Willmar Economic Development Commission's Microenterprise Loan Program at 4.25% interest with a second security position in equipment contingent upon the business receiving a loan from Southwest Initiative Foundation. MOTION CARRIED.

LOAN PROGRAM REPORTS

Revolving Loan Fund. The committee reviewed the outstanding loans under the Revolving Loan Fund Program. Backman noted that Bonnema Hardware & Flooring, Inc.'s loan was paid off in January 2021 and K-Traps, LLC paid off its loan in April 2021, five years early. All loans are current.

Historic 313 on Fourth Street Loan. Backman reported the loan to Historic 313 on Fourth Street has a balloon payment coming due in July 2021. Foxhole Brew House and Spurs Bar & Grill operate in the Historic 313 on Fourth Street building. Spurs was approved for a \$25,000 loan from the Latino Economic Development Center that will fund a buyout of a non-active business partner. Backman read an email he sent to Rethos in regard to the EDC's loan to

Historic 313 on Fourth Street and a lease extension to Spurs. In response, Rethos stated it approved a five-year lease extension to Spurs; however, it is unknown if the rent will increase. The Lease renewal date is March 2022 and Rethos indicated it will begin negotiations in January 2022. Rethos requested its loan with the EDC be rewritten and the interest rate lowered. It was the committee's consensus to keep the interest rate at 5%. Backman will inform Rethos of this committee's decision to maintain the interest rate of 5% and encourage Rethos to extend the lease to Spurs before it expires.

Microenterprise Loan Program. The committee reviewed the outstanding loans under the EDC's Microenterprise Loan Program. All loans are current at this time. It was noted the loan to Spurs was to mature in February 1, 2021; however, the business did not make any payments from February 1 through December 2, 2017 and payments were deferred from May 15 through August 15, 2020. The amortization of this loan will need to be reviewed. The funds remaining in this program for lending is \$72,072.77.

EDC 2021 Planning Session Update. Backman reviewed the EDC's 2021 planning session information. Nelson noted the EDC has a substantial loan portfolio and there are funds available to do additional financing. Chair Behm commented he is not in favor of this committee taking on any additional work such as it did in 2020. It was the consensus of the committee to maintain what it has been doing. Swedburg provided information on the EDC's Elevate program that she will be coordinating after Schmoll's retirement. Schmoll informed the committee the Elevate program will hold its first graduation on June 16, 2021 at 5:00 p.m. and this committee will be invited to attend.

Other. Chair Behm congratulated Schmoll on her retirement and thanked her for her service to the EDC and this committee.

ADJOURNMENT—There being no other business, the meeting was adjourned at approximately 1:10 p.m.

NEXT MEETING—The next committee meeting is **12:00 p.m., Tuesday, June 8, 2021** via Zoom video conference.