

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

**FINANCE COMMITTEE MEETING**

**MINUTES**

**August 10, 2021**

**EDC Office, Willmar and Via Zoom Video Conference**

- Present: Matt Behm, Nick Dalton, Allen Huselid and Michelle Marotzke (via Zoom)
- Excused: Kerry Johnson, Travis Jones and Justin Schnichels
- Guests: Abdullahi Awale; Heather Larson of Groom Zone, LLC; and Doug Kuehnast of United Prairie Bank
- Staff: Aaron Backman, Executive Director and Sarah Swedburg, Business Development Manager
- Secretarial: Nancy Birkeland, Legal & Administrative Assistants, Inc.

Chairperson Matt Behm called the meeting to order at approximately 12:01 p.m. followed by self introductions. The Agenda was taken out of order.

**NEW BUSINESS**

**Review Loan Applications.** Sarah Swedburg presented the loan application of Heather Larson for her business Groom Zone. Larson has a Purchase Agreement to purchase 10.79 acres along Highway 23 northeast of New London to expand her business. It is proposed that United Prairie Bank will do an SBA 7(a) loan of \$532,000 with a 90% guarantee and Mid-Minnesota Development Commission (MMDC) will do a loan of \$50,000. EDC staff is recommending the EDC do a \$38,000 loan under its Revolving Loan Fund Program. An updated Profit & Loss Statement through July was provided to the committee. Heather Larson provided information on her background and business; she is a veterinary technician. She plans to do more dog training at the new location and will add a dog daycare and a community dog park. She attended the Kandiyohi County Board meeting last night where her conditional use permits were approved. Her father owns her current location in downtown New London and she collects the rent from the three apartments and pays all expenses for the building. She will rent out her current business location. Her family will live in the home on the new property; their current home is for sale.

[Larson and Kuehnast were excused from the meeting.]

Discussion was held on whether or not a primary residence can be financed with an SBA 7(a) loan. The committee recommended a Phase I Environmental Assessment be done.

IT WAS MOVED BY Allen Huselid, SECONDED BY Nick Dalton, to recommend to the Kandiyohi County and City of Willmar Joint Operations Board that it approve a seven-year \$38,000.00 loan to Groom Zone LLC, under the Kandiyohi County and

City of Willmar Economic Development Commission's Revolving Loan Fund Program at 5% interest with a shared second security position in machinery and equipment with Mid-Minnesota Development Commission contingent upon her primary residence being located onsite and the business receiving an SBA 7(a) loan or conventional financing from United Prairie Bank. MOTION CARRIED with Michelle Marotzke abstaining.

**AGENDA**—Added to the Agenda was consideration of Abdullahi Awale as a member of this committee. Awale provided information on his background.

**New Member.**

IT WAS MOVED BY Allen Huselid, SECONDED BY Nick Dalton, to approve adding Abdullahi Awale to the Kandiyohi County and City of Willmar Economic Development Commission's Finance Committee. MOTION CARRIED.

**MINUTES**—

IT WAS MOVED BY Nick Dalton, SECONDED BY Allen Huselid, to approve the Minutes of the July 27, 2021 meeting as emailed. MOTION CARRIED.

**UNFINISHED BUSINESS**

**Amin Grocery Security Position.** Swedburg reported Southwest Initiative Foundation (SWIF) did not agree to sharing security positions on the real estate and building due to the source of its funds.

IT WAS MOVED BY Nick Dalton, SECONDED BY Allen Huselid, to recommend to the Kandiyohi County and City of Willmar Joint Operations Board that it approve revising the security position of the Kandiyohi County and City of Willmar Economic Development Commission's loan to Amin Grocery, LLC to a third security position on the real estate and building and a first secured position on all inventory and equipment. MOTION CARRIED.

**NEW BUSINESS CONTINUED**

**Review Loan Applications.** Aaron Backman provided information on the loan application of First Step Family Daycare owned by Nancy Stredde and Paula Stredde. First Children's Finance recently approved a \$25,000 loan to be used as a down payment on the home to be purchased for use by First Step Family Daycare; Nancy Stredde would live in the lower level of the home. The Purchase Agreement is for \$140,000 and includes a Contract for Deed with the homeowner and a 20% down payment of \$28,000 at 5% interest with a balloon on September 1, 2023. MMDC will finance \$7,000 at zero percent interest and no security. Backman suggested the EDC's funds payoff high

interest credit card accounts; approximately half of the amount owed is for personal medical expenses. Following discussion, the committee asked staff to speak with SWIF about possible funding and suggested the proposed borrower renegotiate the terms of the Contract for Deed with more favorable terms for the daycare business.

**ADJOURNMENT**—There being no other business, the meeting was adjourned at approximately 1:12 p.m.

**NEXT MEETING**—The next committee meeting is **12:00 p.m., Tuesday, September 14, 2021** at the EDC office and via Zoom video conference.