

**KANDIYOHI COUNTY AND CITY OF WILLMAR ECONOMIC DEVELOPMENT COMMISSION (EDC)**  
**JOINT OPERATIONS BOARD OF DIRECTORS (OB) MEETING**  
**MINUTES**  
**December 12, 2019**  
**EDC Board Room, Willmar**

Present: Art Benson, Rollie Boll, Donna Boonstra, Jesse Gislason, Les Heitke (via teleconference), Kerry Johnson and Kelly TerWisscha

Ex Officio: Roger Imdieke and Dave Ramstad

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

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

President Kelly TerWisscha called the meeting to order at approximately 11:03 a.m. and declared a quorum was present.

**AGENDA**—The agenda was revised under Committee Reports, Finance, to add item d, Approval of Loan Deferral, and the Consent Agenda was revised under Approve, to add item 3, Adding Eric Day as a member of the Business, Retention and Expansion/Recruitment (BRE) Committee.

IT WAS MOVED BY Donna Boonstra, SECONDED BY Rollie Boll, to approve the revised Agenda and revised Consent Agenda. MOTION CARRIED.

**CONSENT AGENDA—**

- Approve:
1. Minutes of November 14, 2019 meeting
  2. Financial reports as of November 30, 2019
  3. Adding Eric Day as a member of the Business, Retention and Expansion/Recruitment Committee
- Accept: Committee/Subcommittee Minutes
1. Ag Industrial Hemp 10/7/2019
  2. Broadband and Advanced Technology 11/4/2019
  3. Business Retention and Expansion/Recruitment 10/4 and 11/1/2019
  4. Finance 9/10 and 11/20/2019
  5. Leisure Travel 9/16 and 11/4/2019

**UNFINISHED BUSINESS**—There was no unfinished business.

## NEW BUSINESS

**2020 Connecting Entrepreneurial Communities Conference Application.** Aaron Backman reported the University of Minnesota Extension and partners are seeking a city to host a two-day Connecting Entrepreneurial Communities (CEC) Conference in the fall of 2020. The application deadline is December 13, 2019. Backman spoke with the New London Business Network about hosting the conference. Backman provided information on the CEC Conference, including requirements (see attached). A local sponsorship of \$3,000 is required toward the conference expenses. Backman recommends the EDC provide \$800 toward the sponsorship; Southwest Initiative Foundation (SWIF) is willing to provide \$1,000 and Lake Region Bank has agreed to provide the remaining \$1,200. Connie Schmoll and Stacy Ryan, secretary of the New London Business Network, have agreed to co-chair the Conference. Schmoll reported Steve Rambow is willing to make T-shirts for the volunteers, who would work at the Conference. Locations have been identified for lodging up to 200 people, a main venue, breakout sessions and meals. Roger Imdieke stated breakout sessions are for about 25 people.

IT WAS MOVED BY Donna Boonstra, SECONDED BY Rollie Boll, to contribute \$800 toward local sponsorship of a 2020 Connecting Entrepreneurial Communities Conference, if New London is selected as the host. MOTION CARRIED.

## PROGRESS REPORTS

**Willmar/Willmar Industrial Park.** Backman gave an update on the Willmar Wye. The EDC is working with Sterilucant, a Minneapolis company that sterilizes medical tools and devices, that is potentially looking to relocate to the MinnWest Technology Campus (MWTC). This prospect came from Community Venture Network (CVN). Justin Erickson of CVN communicates with Minneapolis businesses about Kandiyohi County as a good location. Backman has provided the company with a list of potential incentives for relocating to Willmar. Dave Ramstad reported the City of Willmar is working on development of a new Comprehensive Plan and has engaged the services of Mid-Minnesota Development Commission. Development will include community engagement and the establishment of a 12-person task force. City staff is creating an overlay for the Opportunity Zone. Ramstad reported the Planning Commission approved incentives for the downtown Opportunity Zone; removing weekend parking restrictions; and making downtown an entertainment and urban neighborhood with a goal of 1,000 new housing units with ground-level retail. The City Council will also need to approve these proposed incentives. The City is doing an extension of the Zone to include the Willmar Municipal Utilities power plant. Ramstad reported there is also interest in transforming the former Kandiyohi Power Cooperative building.

## Strategic Priority Areas.

**Agricultural Innovation.** Schmoll reported the Industrial Hemp Subcommittee had a guest speaker on industrial hemp work being done in Oregon. The subcommittee looked at its priorities and members are doing specific research to create a chart of what is currently happening with regard to industrial hemp in the United States.

**Broadband.** Schmoll reported the EDC mailed a letter to the residents and businesses in Dovre, Mamre and St. Johns Townships that they would be receiving a survey from Compass

Consultants. Following the mailing of the survey, 30% completed and returned the survey to Compass Consultants—a great response rate. The survey results are being calculated. A cost analysis is being done to bring fiber to the homes in the three townships. If the townships feel fiber is too expensive, mixed technologies can be looked at. Imdieke referred to a recent article in the *West Central Tribune* on Senators Thune and Klobuchar encouraging the Federal Communications Commission to release the universal service fund for long-term broadband use in rural areas. Imdieke noted Rollie Nissen attended a meeting in Washington, D.C. this fall and lobbied for better broadband. Schmoll reported a USDA representative attended a recent Broadband Committee meeting as a result of Nissen's trip to D.C.

**Business Support.** Backman reported three of the participants of the Retail Business Design Workshops have been showcased in the *West Central Tribune*. Schmoll was notified that last Wednesday WCCO came to Willmar and interviewed the owner of Beauty Box Boutique on her business and her participation in the Retail Business Design Workshops. Beauty Box Boutique recently moved to a new location in the former pet shop in the strip mall by Panda Garden.

**Workforce Development.** Schmoll reported the BRE Committee continues to work with Torry Norling to refine a community video. Norling attended the last BRE Committee meeting and showed three videos he created. Backman indicated the committee gave Norling additional suggestions for modifying the video.

**Rural Child Care Innovation Program.** Schmoll reported the core team met and is setting goals and working on a year-end event. The YMCA's Spicer Early Learning Center will hold a VIP reception on December 18<sup>th</sup> at the new center. Child Care Aware is working with two local women to start a new childcare center. The Willmar Child Care Center is in need of an additional \$75,000 for construction and \$25,000-\$30,000 for operating expenses and is requesting a four-month deferment of its loan payments to the EDC. Backman noted the Willmar Child Care Center is current on its loan payments with the EDC and the Finance Committee is recommending approval of the deferment. Construction of the center is mostly complete, except for the outdoor playground and a call-out for the alarm system. The board discussed the request for a deferment. Board members voiced concern about counseling given to entrepreneurs with regard to potential cost overruns.

IT WAS MOVED BY Art Benson, SECONDED BY Kerry Johnson, to approve a four-month deferral of principal and interest payments by the Willmar Child Care Center on its Revolving Loan Fund loan with the Kandiyohi County and City of Willmar Economic Development Commission. MOTION CARRIED.

**Opportunity Zone Marketing.** Backman reported work continues work on the prospectus and it is hoped it will be completed by month end. Backman referred to the Opportunity Zone map in his report (see attached). Ramstad reported Kwik Trip would like to start construction of its downtown location next spring.

**Highway 23 Coalition Update.** Donna Boonstra reported the Coalition's Projects Committee approved priority projects for 2020. The Coalition will reorganize in January. The board is adopting a new mission statement and will focus on membership growth in the northern and southern regions of the Highway 23 corridor. Backman reported he informed Boonstra, Coalition board chair and Jeff Bertram, vice chair, of his preference for backing way from membership activities and interest in remaining as the

Coalition's secretary/treasurer. He will not make membership presentations after January 15, 2020. The Coalition board is determining its future membership activities.

**Business Visits and Meetings.** Schmoll reported childcare continues to be an issue; Bargains and Blessings is looking for a location in Willmar to purchase; and Glacial Ridge Winery has a potential buyer. Schmoll has had discussions with Leaf Line Labs on its hemp dispensary in Willmar and due to regulatory issues with renting a location, Leaf Line Labs purchased its building in Willmar. She continues to work with the landowners involved in the annexation of the EpiTopix property. See her report attached. Backman reviewed the business visits and meetings in his report (see attached) highlighting his attendance at Ridgewater College Advisory Committee meetings and leading the quarterly meeting of the Minnesota Association of Professional County Economic Developers this week in St. Cloud, which included the topic of workforce and a presentation on LAUNCH Minnesota, a program of the Minnesota Department of Employment and Economic Development.

## COMMITTEE REPORTS

**Agriculture and Renewable Energy Development (Ag).** Schmoll reported the Ag Committee held its November meeting at Kandiyohi Power Cooperative headquarters where they were shown the electric car being leased by the Co-Op and receiving rides in it. The committee is starting work on planning for the Partners In Ag Innovation conference with MWTC for July 30, 2020.

**Broadband and Advanced Technology.** Schmoll reported the Broadband Committee is working on the engineering study, adoption ideas for the state grant and has applied for a Blandin Intelligent Communities grant of \$75,000 to use toward adoption projects. The grant would need to be matched by local funds. Committee member Dave Sisser attended the Dovre Township meeting in regard to the broadband project. Schmoll was happy to see the project being done by Senators Thune and Klobuchar.

**BRE.** Backman reported the committee had discussions on workforce development and continues to interact with CLUES training. Ridgewater College is considering a diverse CDL training program. Some graduates of CLUES are new to the workforce and many increased their salaries by going through the program. Backman believes Ridgewater College has commitments of \$32,000 for the CDL simulator. Sam Bowen of Ridgewater College has applied for some grants as well. President TerWisscha reported the former Bring Them Back Home campaign is being looked at and a task force will be meeting with cross generational representatives to be on a focus group.

**Finance.** Backman reported the Finance Committee met on November 20<sup>th</sup> and December 10<sup>th</sup> and made several motions that require board approval. Schmoll provided information on potential purchasers of the Glacial Ridge Winery, who are from Nebraska and have good ideas about marketing the winery. The motion passed by the Finance Committee was read.

IT WAS MOVED BY Rollie Boll, SECONDED BY Jesse Gislason, to approve a \$25,000 loan from the Kandiyohi County and City of Willmar Economic Development Commission's Revolving Loan Fund Program to Karen Acker and Scott Bedell for equipment, furniture and fixtures for their purchase of the Glacial Ridge Winery, Inc., with a five-year amortization, interest at 6% and a third security position after Central Minnesota Credit Union and Southwest

Union and Southwest Initiative Foundation. This approval is subject to receipt of an appraisal and the sellers providing carryback financing of \$50,000. MOTION CARRIED with Kerry Johnson abstaining.

President TerWisscha indicated there is a local group, who may be interested in mentoring the new buyers.

Backman reported the committee approved an increase in the guarantee for loans over \$25,000.

IT WAS MOVED BY Rollie Boll, SECONDED BY Kerry Johnson, to change the Kandiyohi County and City of Willmar Economic Development Commission's guarantee percentage under the Entrepreneurs' Loan Guarantee Program from 80% to 85% on loan requests over \$25,000. MOTION CARRIED.

Backman reported when the EDC took over the assets of the Willmar Area Multicultural Business Market, it included loan funds. A loan manual is needed and the committee adopted a manual based on the Revolving Loan Fund Manual and is recommending the board's approval. Backman reviewed the proposed Manual with the board (see attached).

IT WAS MOVED BY Kerry Johnson, SECONDED BY Donna Boonstra, to adopt the Microenterprise Loan Fund Manual as presented and recommend to the Kandiyohi County Economic Development Commission's Joint Powers Board that it ratify adoption of this manual. MOTION CARRIED.


**Marketing and Public Relations.** Backman reported the committee is looking at updating the Highway 23 banner. The committee did not meet last month, but were invited to the Opportunity Zone meeting relative to the prospectus.

**NEXT MEETING**—The annual board meeting is **11:00 a.m., Thursday, January 9, 2020**, at the EDC Office, Willmar.


**ADJOURNMENT—**

IT WAS MOVED BY Donna Boonstra, SECONDED BY Rollie Boll, to adjourn the meeting.

The meeting was adjourned at approximately 12:50 p.m.

  
Art Benson, Secretary

APPROVED: 1/9/2020:

  
Kelly TerWisscha, President

## Aaron Backman

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**From:** Jennifer Hawkins - via edamemberlist <edamemberlist@emaildodo.com>  
**Sent:** Tuesday, November 19, 2019 10:54 AM  
**To:** Aaron Backman  
**Cc:** Rani Bhattacharyya  
**Subject:** [EDAMMEMBERLIST] Host the 2020 Connecting Entrepreneurial Communities Conference

### **Seeking a Host City For the 2020 Connecting Entrepreneurial Communities Conference!**

This event is designed to connect, inform, and inspire economic development professionals and community leaders who understand the role entrepreneurs play in economies and who want to create an environment and a pathway that encourages entrepreneurship in their town.

Host towns have an opportunity to highlight and energize the entrepreneurial community in your city. After a successful launch in Waseca in 2019, the next conference is being planned for the Fall of 2020. It is organized by a team led by University of Minnesota Extension, and includes partners from the Small Business Development Centers, Minnesota Main Street, Forge North, AURI, the U.S. Small Business Administration, the Southern Minnesota Initiative Foundation and many more organizations.

### **This successful model has been used in several other states to:**

- Re-energize existing entrepreneurs
- Create new small businesses in the community
- Strengthen and deepen relationships between regional entrepreneurship enablers

### **How it Works**

- The conference isn't held in a conference hall – it takes place in the restaurants, retail stores, art galleries, and shops in your community
- Conference attendees will spend two days in your community – networking, shopping, lodging, gaining valuable ideas and resources
- Attendees learn from presenters and each other, gain resources and information about how to spark entrepreneurial growth and build a local team they can take back to their own community
- You'll get a holistic look and gain feedback about your own community so you can think differently about how to spur growth in your own town.

### **Host Cities**

We are currently seeking proposals for an engaged community to host the two-day CEC Conference which will be held in Fall 2020.

Benefits to the host community include:

- 140-200 visitors from across the state gaining exposure to your community
- Economic impacts of visitors and conference spending
- Opportunity to highlight your towns business community and economic development activities
- Gain hands on experience with a unique model for conference delivery

Requirements for host city:

- Open only to communities with a population of 10,000 or less
- Have a committed local team of partners willing to actively assist with logistics
- Must have at least one larger venue to accommodate up to 200 people
- Community must be walkable, accessible, and have adequate parking and two-day
- Accommodations for participants (expect 140-200 people)
- Local community team is expected to contribute/raise \$3,000 in local sponsorships

**Submit the electronic application by 5:00pm on Friday, December 13, 2019, to have your city be considered for hosting this exciting conference.**

—  
Jennifer Hawkins  
Extension Educator, Community Economics  
University of Minnesota Extension | [extension.umn.edu](http://extension.umn.edu)  
863 30th Avenue SE | Rochester, MN 55904  
[University of Minnesota | umn.edu](http://University of Minnesota | umn.edu)  
[hawki044@umn.edu](mailto:hawki044@umn.edu) | t.507-280-5575 | f.507-280-2872

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Would you also like to create an eMailDodo Group? Check out [www.emaildodo.com](http://www.emaildodo.com)  
This eMail was sent by Jennifer Hawkins at [hawki044@umn.edu](mailto:hawki044@umn.edu).  
For questions and changes contact the Group Administrator: at [rsullivan@harringtoncompany.com](mailto:rsullivan@harringtoncompany.com).  
If you want to unsubscribe from this edamemberlist@edam.org Group click [here](#)  
To file a complaint please send an eMail to: [complaints@emaildodo.com](mailto:complaints@emaildodo.com)



## Willmar Wye Update – No. 9

The contractor has re-started earthmoving operations this week. Construction operations will be suspended from December 22, 2019, through January 5, 2020, for the holidays. As we move into winter, construction will slow down; by Mid-January we will only be working on the new bridges over the new railroad line. During the slowdown I will not be sending out an update weekly. Instead, I will send them out randomly throughout the winter and start a weekly update again in the spring.



### Current detours

- Highway 40 is closed from County Road 5 to just west of the Hawk Creek Crossing, and is expected to remain closed until June 2020.
- County Road 55 is closed from 1<sup>st</sup> Avenue on the north to the junction with County Road 5 and Highway 23 on the south, and is expected to remain closed until June 2020.

### Last week

- Box culverts and pipes have continued to be installed throughout the project.

### On site this week

- The contractor has been constructing the bridge approach embankments of U.S. 12 and Highway 40, along with County Road 55. As these embankments are being built they are also placing topsoil and installing erosion control measures.



- Installing pipes throughout the project.
- Erosion control, grass seeding and winter stabilization are taking place.

## Aerial photographs

Thank you to Aaron Backman, executive director, Kandiyohi County and City of Willmar Economic Development Commission (EDC) for sharing the following aerial photographs of the project. The EDC is a partner in the Willmar Wye public-private partnership. Melissa Knott, EDC marketing and public relations committee chair, took the photos from a plane piloted by Eric Rudningen. Find additional photos on the Willmar Wye website. Enjoy!



## Coming up next

- The contractor is continuing to construct the bridge approach embankments of U.S. 12 and Highway 40, along with County Road 55.
- Installing pipes throughout the project.



- Erosion control, grass seeding and winter stabilization are taking place.
- Holiday break – have a safe and happy holiday season!

## For more information

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If you have any questions or concerns, please do not hesitate to contact me. As always, we leave things in Mother Nature's hands.



Paul Rasmussen, P.E., Willmar Wye Project Manager  
Office: 302-214-6320 / Cell: 320-894-6693 / [p.rasmussen@state.mn.us](mailto:p.rasmussen@state.mn.us)

For more information and additional photos on the project, visit [mndot.gov/d8/projects/willmarwye](http://mndot.gov/d8/projects/willmarwye).

You can also find videos and updates on Facebook at [www.facebook.com/groups/MnDOTsouthwest](https://www.facebook.com/groups/MnDOTsouthwest).

**Joint Operations Board Meeting  
Aaron Backman Report  
December 12, 2019**

**Marketing Effort for Willmar Downtown Opportunity Zone**

The Willmar Opportunity Zone Prospectus continues to move forward. The Willmar OZ Team has held four meetings with Golden Shovel this past month to review and revise elements of the marketing piece. It is anticipated that a revised draft will be completed later this month. Below is a sample of one of the maps that has been prepared for the prospectus.





### **2020 Connecting Entrepreneurial Communities (CEC) Conference**

The Connecting Entrepreneurial Communities (CEC) Conference collaborative is seeking proposals to host its September 2020 conference. The CEC Conference, which is expected to have 150+ attendees, is designed for small rural communities (under 10,000 in population) interested in building entrepreneurial communities throughout Minnesota and beyond. Conference attendees would include business leaders, entrepreneurs, elected officials, community leaders, economic development professionals, higher education reps, etc. The two-day conference is not intended to be held in a conference center, but in a downtown setting that is walkable and that takes place in a community that has restaurants, retail stores, art galleries and other amenities for participants.

The CEC Conference team is led by the University of MN Extension and has many partners, including MN Small Business Development Centers (SBDCs), the Preservation Alliance of MN (now called "Rethos") Main Street Program, Greater MSP's Forge North Coalition, the Agricultural Utilization Research Institute (AURI), SBA, the Latino Economic Development Center, the African Development Center, the U of MN Carlson School of Management, etc. The CEC Conference team helps line up presenters on a variety of topics.

The EDC was first notified regarding this conference opportunity on November 19<sup>th</sup>. The deadline to submit the electronic application is December 13<sup>th</sup>. Given the short lead time, I quickly brought this opportunity to the New London Business Network's membership meeting on November 21<sup>st</sup>. The City of New London appears to be the best fit for the CEC Conference in Kandiyohi County and has the necessary amenities in a walkable environment. The New London Business Network members expressed interest in seeing the conference held in the community. A follow-up meeting was held with Stacey Ryan, Chairwoman of the Business Network, and Roger Imdieke to discuss funding the local match (\$3,000) needed for the conference, partner involvement, and the application.

I indicated that I would support the EDC providing \$800 for the local match and that I had talked to Scott Marquardt regarding SWIF financial support—Scott indicated that the foundation would provide \$1,000. Stacey talked with her employer, Lake Region Bank, who agreed to provide \$1,200. Connie Schmoll has agreed to be co-chair of the local CEC Conference Committee (along with Stacey Ryan). Connie has connected with Steve Rambow regarding the Rambow business being involved. Kathy Schwantes, Regional Director for MCROC, has also agreed to be a partner in the CEC Conference. Neil Linsheid, Extension Educator in South Central MN is also a CEC Planning Team member.

**Business Meetings (November 15<sup>th</sup> – December 12<sup>th</sup>)**

1. Disc. w/Partner from HG Real Estate Partners re investment in Willmar Opportunity Zone
2. Mtg. w/Melissa Knott to review and select aerial photos that were taken on November 9<sup>th</sup> (s) (11/15 & 11/18)
3. Participated in follow-up meeting with Willmar City Staff re Epitopix project, grant, and next steps (11/18/19)
4. Participated in Poultry Research Facility meeting w/Mayor Calvin, Dr. Johnson, Kathy Schwantes, Mike Kutzke, Ridgewater College MCROC (11/19/19)
5. Mtg. w/Mike Krupa re Willmar Opportunity Zone (11/19/19)
6. Attended Startup Pitch Night with three new area businesses at WORKUP (11/19/19)
7. Participated in Hwy 23 Coalition Board of Directors Mtg. at Dooley's Petroleum (11/20/19)
8. Participated in EDC Finance Committee Meeting re Glacial Ridge Winery (11/20/19)
9. Presented to Willmar Planning Commission re an Opportunity Zone Update and Annexation process for the Epitopix Line Project (11/20/19)
10. Presentation to New London Business Network re hosting the 2020 Connecting Entrepreneurial Communities (CEC) Conference in New London (11/21/19)
11. Participated in Open Mic Program at KWLM
12. Mtg. w/Betsy Bonnema and Connie Schmoll re WORKUP collaboration update
13. Participated in meetings re Marketing Prospectus with Willmar OZ Team and Golden Shovel at EDC Boardroom (11/25, 12/4/19, 12/10, and 12/11)
14. Mtg. w/Stacey Ryan and Roger Imdieke re 2020 CEC Conference application and next steps (11/27/19)
15. Attended Vision 2040 Steering Committee Meeting at Willmar Area Community Foundation
16. Participated in Willmar Child Care Center financial partners conference call re status of project and loan deferral (12/2/19)
17. Led MAPCED Executive Committee conference call (12/4/19)
18. Participated in Ridgewater College General Advisory Committee Mtg at Administration Building in Willmar (12/5/19)
19. Participated in conference call w/Justin Erickson, CVN & Joanna Schrupp, MWTC re Sterilucent proposal (12/5/19); Mtg. w/Joanna re proposal on 12/10/19
20. Presented the Innovative BDPI Grant Agreement for the Epitopix Sewer Project at Willmar Finance Committee Mtg. (12/5/19)
21. EDC BRE Committee Meeting—viewed latest version of the community video
22. Monthly Mtg. w/Dr. Johnson, President, Ridgewater College (12/6/19)
23. Chaired MAPCED Quarterly Meeting (held in conjunction w/AMC Annual Conference in St. Cloud) on 12/9/19; Presented the MAPCED Economic Development Award at AMC Awards Banquet on 12/11/19
24. Participated in EDC Finance Committee Mtg. re Willmar Child Care Center Loan Deferral and loan portfolio update (12/10/19)
25. Mtg. w/Scott Marquardt, SWIF at EDC re WCCC, Glacial Ridge Winery, Sterilucent (12/10/19)



### **Business Visits**

1. Viewed the Willmar Child Care Center location
2. Tour of Beauty Box's new location in Willmar; participated in 4<sup>th</sup> Retail Business Design Workshop Follow-up Meeting at Beauty Box (12/4/19)





**Joint Operations Board Meeting  
Connie Schmoll Report  
December 12, 2019**

**Child Care**

A Childcare Professional Appreciation Event is in planning for some time after January 1, 2020. Leadership team members are submitting updates on goals for an end-of-the year report due in January. Childcare Aware is assisting at least 2 women with Somali run family childcare businesses.

**Willmar Childcare Center.** Change orders and licensing requirements have put the cost of the building renovation to a level of at least \$75,000 over budget. The owner, along with main funder, African Development Center, are seeking additional financing of at least \$100,000: \$75,000 for final construction bills and the remainder for startup. In addition, we have been asked to defer all payments for loans for a period of 4 months to allow the center to open and start making income. ADC and SWIF have already stopped all draws for payment on their loans. The EDC Finance Committee is recommending that we also provide this temporary assistance by deferring payments for a period of 4 months, January, 2020 to April, 2020.

**Broadband**

**Engineering study update:** Compass Consultant's Inc. and the EDC mailed a survey form to all businesses and residents in the three targeted townships to assess current speeds and interest for greater speeds. With a goal of at least 250 (20%) returned surveys, the final count came out higher at 344 (30%). A tally of the information received has not yet been reported.

A draft of cost analysis at this time shows that deploying a fiber network to each unserved and underserved premise in the three townships will have a price tag of approximately \$3,578,562.

**Meetings and Events**

1. Chamber Connection at Conway Deuth and Schmiesing
2. Willmar City Planning Meetings
3. Pitch night at Workup – 3 business pitches: Toni Koch, Rejuvenate Salon & Spa; Nathalie Nkashama of World Mart; Mandy Nelson of Re-Fit
4. Work-up Update meeting with Betsy Bonnema
5. Chamber Connection at Kensington Bank
6. West Central Minnesota CERTs seed grant review meeting
7. Networking with Joanna on MinnWest Technology Campus Development
8. Opportunity Zone Marketing/Golden Shovel
9. Meeting with Sarah Swedburg at Willmar City Planning on Annexation of parcels NW – to Epitopix

**Business Visits**

1. Leafline – Bill Parker
2. Glacial Ridge Winery potential buyer and new owner Karen Acker
3. Willmar Childcare Center meeting with owner and financing team

# **Microenterprise Loan Fund**

## **MANUAL**



**Kandiyohi County & City of Willmar  
ECONOMIC DEVELOPMENT COMMISSION**

Adopted by EDC Finance Committee 11/20/2019  
Adopted by EDC Joint Operations Board 12/\_\_\_/2019  
Ratified by EDC Joint Powers Board 1/\_\_\_/2020

## **Introduction**

A Microenterprise Loan Fund was established by the former Willmar Area Multicultural Business Center and is now owned by the Kandiyohi County and City of Willmar Economic Development Commission (EDC) and administered by its Finance Committee (Committee). The Microenterprise Loan Fund is intended to be a permanent loan fund where money is available for new loans on a continuing basis as loans are repaid.

The purpose of the fund is to provide alternative (gap) financing to for-profit businesses to promote job retention, job creation and the stimulation of private investment in an effort to strengthen and diversify the economy and the tax base of Kandiyohi County. Loans will serve as matching funds to create up to 100% leverage project financing with other borrowing sources to assist existing or new businesses meeting the program eligibility. Loan money is intended to complement, not replace, existing local development and private financing efforts.

### **Definitions**

**BORROWER** must be a for-profit business in Kandiyohi County. Said business shall be identified per the North American Industry Classification System (NAICS).

**COMPLETE APPLICATION** shall include: form completed as provided by the EDC and all items described in Application Content.

**LENDING INSTITUTION** is any financial institution in Kandiyohi County or located outside Kandiyohi County doing business with a company located or expanding in Kandiyohi County.

**NON REAL ESTATE LOAN** is any secured loan, except real estate, with a maturity greater than 1 year but not more than 5 years, which is on an amortizing schedule and repays from cash flow. The need and economic reasonableness of the loan must be firmly established. The term of the loan must not exceed its economic purpose.

**MICROENTERPRISE LOAN FUND LOAN** is a loan used for the primary purposes of purchasing equipment, working capital, purchasing or expanding an existing facility or constructing a new facility in Kandiyohi County.

### **Loan Guidelines**

1. Applicants must be for-profit businesses located in Kandiyohi County, meet the eligibility guidelines of the program, and be in an eligible industry category under the Small Business Administration (SBA) guidelines.
2. Applicants must have adequate collateral and cash flow to service the debt and show additional lending to meet up to the 100% leverage guidelines.
3. The Committee shall recognize that adequate collateral is not a primary consideration in approving loans.
4. Applicants must provide a minimum of 10% owner equity as part of the 100% leverage guidelines. EDC participation not to exceed 50% of total project.
5. Applicants must provide with their application a personal credit report for principal owner(s) with 20% or more ownership.



### **Loan Terms**

1. Minimum amount of loans—\$2,500
2. Maximum amount of loans for one borrower—\$20,000
3. The loan term shall be no less than one year and may be negotiated up to five years based upon the productive life of the assets.
4. EDC will take a security interest position in any equipment or real estate financed.
5. EDC will require personal guaranties of the applicant(s).
6. EDC will accept subordinate position loans.
7. The Microenterprise Loan Fund's collateral must be adequately insured.
8. Recipients will be charged a 1% loan origination fee plus all costs associated with the loan.

### **Disbursement of Funds**

The borrower will sign all loan documents before funds are disbursed. Loan funds must be fully disbursed within 90 days from the date the loan is approved by the EDC Joint Operations Board of Directors.

### **Administration**

1. The administration and operation of the Microenterprise Loan Fund program will be the responsibility of the Committee. The Committee will present all loan applications for final approval to the EDC Joint Operations Board of Directors.
2. The Committee will operate within the guidelines stated in this document.
3. Loan applications should be submitted to the EDC office, 222 20<sup>th</sup> Street SE, P.O. Box 1783, Willmar, MN 56201.
4. The Committee will advise the EDC Joint Operations Board of Directors of its activities quarterly.
5. The Committee may contract with the financial institution that originates the loan to service the loan.
6. The Committee will invest all available funds in short-term investment financial instruments. These funds will be deposited in a local financial institution in an effort to provide funds for commercial bank loans.
7. If a financial institution services the loan, it will receive the interest as its fee.
8. Because of the nature of the information that will be considered in the administration of the Microenterprise Loan Fund, the meetings of the EDC Finance Committee will be open to Committee members, the involved lending institution and affected business parties only.
9. Because of the potential for conflicts of interest in the loan decision process, any Committee member who has a potential conflict of interest in a loan request is required to reveal their position to the full Committee. The Committee member with the conflict will be allowed to assist in the application process and participate in the discussion of the loan request, but will abstain from the motion and voting on the motion to approve or reject the loan.
10. The Committee will not participate in the application process.
11. The Committee will not approve incomplete applications.
12. The Committee will recognize the increased risk associated with lower equity levels and will not recommend for approval loans that it believes do not provide sufficient cash flow opportunities to support repayment of the obligation.
13. Applications that have the potential to create up to 100% leverage project financing must be based on the appraised market value of the property.

14. The participating bank shall provide to the EDC quarterly reports.
15. The Committee will review annually the information from the participating banks about the Microenterprise Loan Fund loans.
16. It may be necessary for the Committee to review periodically and modify its policy for loans in response to changing money market conditions, portfolio structure and local market conditions.

#### **Interest Rate and Repayment Terms**

The interest rate will be fixed and shall be at a rate no less than 3%. The interest rate will be computed as simple interest and will be fixed for the term of the loan. All loans will be structured to fully amortize over the term of the loan. Borrowers will be required to set up automatic payments from their bank account for the monthly loan payments under this program.

#### **Application Content**

Borrower shall provide a completed Application form as provided by the EDC, which shall include the following items:

1. A business plan, including:
  - a. History of the business
  - b. Market analysis and strategy
  - c. Products
  - d. Manufacturing process; and
  - e. Financials (including those designated below)
2. Business organization documents, including Articles of Incorporation, Bylaws and Certificate of Incorporation.
3. Certificate of Good Standing (obtained for corporations from Secretary of State) or Certificate of Assumed Name, if applicable.
4. Federal tax returns filed by the business for the past 3 years (unless in business less than 3 years).
5. Income statements and balance sheets from the past 3 years plus current within 90 days (unless in business less than 3 years).
6. Current debt schedule as outlined in the Application form.
7. Current detailed accounts receivable and accounts payable listing including an aging.
8. Income and cash flow projections for the next 2 years. [The projection must show a positive cash flow after one year.]
9. A detailed expense budget for the project showing how the requested funds would be spent and during what time periods. The budget should make clear how the major elements of expense were estimated. Applicant(s) should specify when the loan is desired and in what amount.
10. Personal credit report for each principal owner.
11. Statement of source of equity for the project, and how it will be obtained and appraised.
12. Commitment letter regarding any financing the applicant's lending institution will provide for the project.
13. Signed personal financial statements dated as of the date of application for principal owner(s) with 20% ownership or more.