

**KANDIYOHI COUNTY AND CITY OF WILLMAR ECONOMIC DEVELOPMENT COMMISSION (EDC)**  
**FINANCE COMMITTEE**  
**MINUTES**  
**November 15, 2022**  
**EDC Office, Willmar, and Via Zoom Video Conference**

Present: Matt Behm, Kerry Johnson (via Zoom), Travis Jones, Michelle Marotzke, Justin Schnichels and Kelly TerWisscha

Excused: Allen Huselid and Nick Dalton

Guest: Jessica Berghorst, Cheers of Raymond

Staff: Aaron Backman, Executive Director, Sarah Swedburg, Business Development Manager and Kelsey Olson, Marketing & Communications Specialist

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

Chairperson Matt Behm called the meeting to order at approximately 12:02 p.m.

**AGENDA**—The loan application of Cheers was moved up to the beginning of the Agenda and added under New Business was a change to the Revolving Loan Fund Manual.

**Loan Application.** Sarah Swedburg provided updated information on Cheers of Raymond. The request today is for a loan to Cheers of Raymond for \$15,000 for five years at 6% interest per annum. The request is due to several unexpected maintenance items that arose after Jessica Berghorst took over ownership of the business. The current need is for new doors for the off sale coolers and kitchen coolers as they do not seal well. Berghorst indicated that initially, off sale was the largest revenue source, but lately, food sales have been increasing. She has three full-time staff plus some part-time staff. Berghorst does quite a bit of advertising via social media. The summer business was slower than expected, but she has gotten busier after harvest ended.

[Berghorst was excused from the meeting.]

Swedburg reported Berghorst recently retained a new accountant who is updating her financial records. With the new loan request, the EDC's financial involvement would still be under the 25% participation. Swedburg has discussed with Berghorst the need to set aside funds for additional maintenance costs that may arise. Michelle Marotzke indicated there could be some loans available to her through the United States Department of Agriculture for future expenses. Berghorst did not contact a bank for additional funds.

IT WAS MOVED BY Kerry Johnson, SECONDED BY Travis Jones, to approve a \$15,000 loan to Cheers of Raymond for five years at 6% interest per annum. MOTION CARRIED.

## **MINUTES—**

IT WAS MOVED BY Justin Schnichels, SECONDED BY Michelle Marotzke, to approve the Minutes of the October 11, 2022 meeting as emailed. MOTION CARRIED.

## **UNFINISHED BUSINESS—**

**Re-Cover Temp Agency.** Aaron Backman gave an update on the status of Re-Cover Temp Agency. The current balance is over \$3,000. The owner, Kevin Bronner, did not respond to a demand letter so a claim has been filed in Conciliation Court.

**Willmar Child Care Center.** Swedburg reported the Willmar Child Care Center building is now owned by the African Development Center (ADC), which redeemed the mortgage foreclosure. ADC paid off the loan by the Southwest Initiative Foundation. Marotzke stated Mid-Minnesota Development Commission (MMDC) did not exercise its right of redemption and wrote off its loan. An offer was made on the building by a childcare center, which offer was countered by ADC; however, there are concerns with the condition of the building. The potential buyer requested an inspection, which resulted in a 91-page report. There is a concern with the heat and some kitchen equipment was removed. The potential buyer also had a walkthrough of a location at Uptown Willmar. Willmar Child Care Center did not make its October loan payment to the EDC.

**Other.** Swedburg noted the other loan that was anticipated to be presented was for the Schimmy Shack, owned by Levi Schimschock, a former KCEO student; however, it will be located in the cafeteria at the MinnWest Technology Campus, which will provide what the business needs. Swedburg recommended to Schimschock that he take the Elevate classes next spring. The business has been doing catering and is being mentored by the woman who was the former head cook at Willmar Public Schools.

## **NEW BUSINESS—**

**Revolving Loan Fund Manual.** Backman and Swedburg have been reviewing the EDC's loan programs to make sure the language in the manuals follow operating procedures and to update marketing materials relative to the loan programs. Backman and Swedburg are recommending the Revolving Loan Fund Manual be changed as to the interest rate and repayment terms.

IT WAS MOVED BY Travis Jones, SECONDED BY Kelly TerWisscha, to approve revising the Revolving Loan Fund Manual under Interest Rate and Repayment Terms to read as follows:

The interest rate will be fixed and shall be at a rate not to exceed the Wall Street Journal prime rate plus 2% at the time of closing. The interest rate will be computed as simple interest and will be fixed for a period not to exceed ten years and adjusted for any remaining period using the same index and margin. 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 checking account for the monthly loan payments under this program.

MOTION CARRIED.

**Reduce CEO Program Reserves.** Backman informed the committee that the CEO Program has student loan receivables of \$2,397. The students receive a maximum loan of \$599, which the CEO board typically writes off at the end of each school year. It was noted a new instructor will take over the class next year. The committee recommended the EDC be involved in restructuring the funds with the new instructor and as fiscal agent, the EDC be in control of the checking account. The committee recommended no change be made to the reserves until after student loans are given this coming spring.

**MMDC Revolving Loan Fund Programs.** Marotzke stated MMDC has three loan programs under which it lends a minimum of \$7,000 up to a maximum of \$150,000 with up to a 20 year-amortization at interest of prime rate plus 1%. Its oldest program is the Legacy Fund. Its CARES Act loan program was fully funded within the first year and now has nearly \$20,000 that has been repaid and is available for re-lending. The American Rescue Plan Act (ARPA) loan program has \$400,000 available for lending. As long as a business is a federally-approved business, there are no restrictions, except for adult entertainment, gambling or drug-related businesses. The MMDC is targeting minorities for the ARPA program. It does not need to partner with a financial institution, but would prefer to. Marotzke noted she, Backman and Swedburg regularly review programs available through the Minnesota Department of Employment and Economic Development.

**Other.** Swedburg reported she and Kelsey Olson are putting together an operational plan to maintain contact with the EDC's borrowers. She will provide the plan to the committee to review once it is finalized. Swedburg reported there may be future loan applications by Elevate students, one of whom will be opening an Asian Boba tea shop. Swedburg informed the committee that the EDC applied for a childcare grant and, if approved, will be used for loans to childcare businesses.

**ADJOURNMENT**—There being no other business, the meeting was adjourned at approximately 1:07 p.m.

**NEXT MEETING**—The next committee meeting is 12:00 p.m., Tuesday, December 20, 2022 at the EDC office and via ZOOM video conference.