

KANDIYOHI COUNTY AND CITY OF WILLMAR ECONOMIC DEVELOPMENT COMMISSION (EDC)
JOINT OPERATIONS BOARD (OB)
FINANCE COMMITTEE
MINUTES
January 7, 2014
EDC Board Room, Willmar

Present: Matt Behm, Nick Dalton, Les Nelson, Bruce Peterson, Justin Schnichels, and Randy Zinda

Excused: Russ Weeks

Guests: Oscar Oakes, Oakes Lawn Care LLC; Darin Strand, Bremer Bank

Staff: Jean Spaulding, Assistant Director

Secretarial: Diane Beck, Legal & Administrative Assistants, Inc. (LAA)

Jean Spaulding called the meeting to order at approximately 12:04 p.m.

MINUTES—

IT WAS MOVED BY Nick Dalton, SECONDED BY Bruce Peterson, to approve the minutes of the December 10, 2013 meeting as emailed. MOTION CARRIED.

Self introductions were made.

UNFINISHED BUSINESS

Revolving Loan Fund increase. Spaulding informed the committee the EDCOB approved this Committee's recommendation to increase the RLF Program maximum to \$50,000 but tabled action to transfer funds from reserves until more information from auditor was known.

NEW BUSINESS

Loan application review. Darin Strand of Bremer Bank presented the first of two loan requests by Oscar Oakes of Oakes Lawn Care, LLC. The first loan request is to purchase the former Wonder Bread building and property located on east Highway 12 at an estimated purchase price of \$185,000. Strand provided background on the building and advantages this building and location will lend to the Oakes Lawn Care business. Oakes will pay a down payment of \$18,500 (10%). Bremer Bank's loan will be \$148,000 with a 20-year amortization and the remaining \$28,500 (\$18,500 for property acquisition and \$10,000 for building renovations) is being requested from the EDC's Revolving Loan Fund at 5.25% interest. Collateral will be the building valued at \$321,000.

Oakes provided background on his former Oakes Construction business and how it evolved into the current lawn care business. He provided the advantages the new building site will provide for his business. Plans are to install hydraulic lifts and hire a mechanic to provide repair service on equipment and provide dock and lift storage. Oakes Lawn Care currently leases storage at Skyline Estates near Spicer and plans to continue storing some equipment at that location.

Strand presented the second loan request to purchase a barge at a cost of \$90,000. Oakes will pay a down payment of \$9,000 (10%). Bremer Bank's loan will be \$72,000 with a 20-year amortization and \$9,000 from the EDC's Revolving Loan Fund at 5.25% interest. Oakes provided how the specially designed barge will benefit the business by enabling the installation and removal of docks and boat lifts at lake properties in the spring and fall and the capability of the barge to hoist docks and boat lifts up a steep embankment. Oakes also plans to offer canopy cleaning and power washing of lifts and docks at the new building location.

Strand stated that Oakes debt service after refinancing would around 1.78 or 1.79 which is approximately the same. Strand shared a previous credit score and will send Spaulding an updated credit score on Oakes when it's available.

[Strand and Oakes were excused from the meeting.]

Matt Behm inquired if the balance sheet shows other outstanding loans. Spaulding reported there appears there are two outstanding loans—a mortgage (personal) and pickup (business). The committee was impressed with the capabilities of the barge. Spaulding will contact Strand as to restructuring of the current debt and will convey the information to the committee.

IT WAS MOVED BY Les Nelson, SECONDED BY Justin Schnichels, to recommend to the Kandiyohi County and City of Willmar Economic Development Commission Joint Operations Board that it approve a five-year \$37,500 Revolving Loan Fund loan to Oakes Lawn Care, LLC, at an expected interest rate of 5.25% with property and equipment being secured as collateral. MOTION CARRIED with Randy Zinda abstaining.

Status of outstanding loans. The committee reviewed the outstanding guarantees under the Entrepreneurs' Loan Guarantee Program and the outstanding Revolving Loan Fund loans, all of which are all current. Spaulding shared the Kandi Quick Stop loan has been paid in full. They installed new gas pumps and repackaged all existing debt in addition to the new pumps into a loan with a different lender.

Heffron loan extension request. Spaulding presented a request from Laura Warne of Home State Bank to reconsider extending the loan to Heffron Properties, LLC to match up with the bank program, extending the loan to 2016. The EDC would continue the 80% guarantee of the \$25,000 loan.

IT WAS MOVED BY Bruce Peterson, SECONDED BY Justin Schnichels, to extend the loan to Heffron Properties, LLC to April 25, 2016, to match up with the Home State Bank loan. MOTION CARRIED with Matt Behm abstaining.

Spaulding with work with Laura Warne at Home State Bank on an amendment to the contract.

ADJOURNMENT—There being no further business,

IT WAS MOVED, SECOND AND CARRIED to adjourn the meeting.

The meeting was adjourned at approximately 1:05 p.m.

NEXT MEETING—The next committee meeting is **noon, Tuesday, February 11, 2014** at the EDC Office, 333 Litchfield Avenue SW, Suite 100, Willmar.