

**KANDIYOHI COUNTY AND CITY OF WILLMAR ECONOMIC DEVELOPMENT COMMISSION (EDC)
JOINT OPERATIONS BOARD (OB)
FINANCE COMMITTEE
MINUTES
October 11, 2011
EDC Board Room, Willmar**

Present: Brian Borgerding, Les Nelson, Bruce Peterson, Russ Weeks and Randy Zinda

Excused: Nick Dalton and Kevin Rueckert

Absent: Matt Behm

Guests: Elsie Kashmark of Peaceful Thymes Gifts & Garden Center, Inc.; Rick Nordin, EDC Joint Operations Board member; and Kurt Thompson of Southwest Minnesota Initiative Foundation (SWIF)

Staff: Jean Spaulding, Assistant Director

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

Jean Spaulding called the meeting to order at approximately 12:00 p.m.

MINUTES—

IT WAS MOVED BY Randy Zinda, SECONDED BY Bruce Peterson, to approve the minutes of the August 30, 2011 meeting as emailed. MOTION CARRIED.

[The agenda was taken out of order.]

NEW BUSINESS

Revolving Loan Fund application. Spaulding introduced Elsie Kashmark, owner of Peaceful Thymes Gifts & Garden Center, Inc. of Atwater and Kurt Thompson of SWIF, followed by self introductions.

Kashmark provided background information on her business and indicated she was approached by the Atwater Economic Development Authority (EDA) and community representatives about reopening a hardware store in Atwater. The community created a hardware committee and she has been working with a United Hardware (Hardware Hank) representative. Kashmark has a tentative purchase agreement on the Tom Thumb building in Atwater and is working with the Atwater EDA, which received a grant to assist with funding. Spaulding reported Kashmark has fund commitments from the following: Atwater State Bank for \$75,000 at 10 years and possibly extended to 15 years; Atwater EDA for \$30,000 at 2% for 10 years; SWIF for \$45,000 at 8.5% for five years; and she is requesting \$25,000 from the EDC's Revolving Loan Fund. SWIF and Hardware Hank have been working with Kashmark on the projections. Thompson reported

SWIF has two other loans with hardware stores in towns of similar sizes and the projections provided are realistic.

[Elsie Kashmark was excused from the meeting.]

Thompson provided background information on SWIF's work with Kashmark. Spaulding reported Kashmark also has a commitment for \$25,000 in equity shareholders and possibly up to \$45,000. The EDC will share a second position with SWIF behind Atwater State Bank. The Atwater EDA and equity shareholders would be behind the EDC.

IT WAS MOVED BY Brian Borgerding, SECONDED BY Les Nelson, to recommend to the Kandiyohi County and City of Willmar Economic Development Commission Joint Operations Board that it approve a five-year \$25,000 Revolving Loan Fund loan to Peaceful Thymes Gifts & Garden Center, Inc., subject to the following: personal guarantees by Elsie Kashmark and Dallas Kashmark; a key person life insurance policy and disability insurance or workers' compensation insurance on Elsie Kashmark for at least \$25,000 with the EDC named as beneficiary; letters of commitment from equity shareholders for a minimum of \$25,000; and a buy-sell agreement with the condition that there will be no payment of dividends to equity shareholders until any prior debt is paid. MOTION CARRIED.

[Kurt Thompson and Bruce Peterson were excused from the meeting.]

Other. Spaulding informed the committee of another project on which she is working. Spaulding distributed a Request for Proposal for the EDC's bank accounts.

UNFINISHED BUSINESS

Entrepreneurs Loan Guarantee Program. Spaulding reviewed with the committee the chart of outstanding guarantees with all being current (see copy attached). The closings on LuLu Beans and Cronen Cabinets have not yet been held. The EDC has made presentations to the Kandiyohi City Council on tax abatement for Cronen Cabinets and will be seeking abatement from Kandiyohi County also.

ADJOURNMENT—There being no further business, the meeting was adjourned at approximately 1:15 p.m.

NEXT MEETING—The next committee meeting is **noon, Tuesday, November 8, 2011** at the EDC Office, 333 Litchfield Avenue SW, Suite 100, Willmar.