

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

Present: Matt Behm, Gary Gilman, Les Nelson, Bruce Peterson, Justin Schnichels, Jim Vrchota, Russ Weeks and Randy Zinda

Excused: Nick Dalton

Guest: Josh Reed and Kelly Asche, partners in Goat Ridge Brewing Company, and Anthony Rupp of United Minnesota Bank

Staff: Jean Spaulding, Assistant Director and Connie Schmoll, Business Development Specialist

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

Chairperson Russ Weeks called the meeting to order at approximately 12:00 p.m.

Loan application. Josh Reed gave his background in the brewing field, including taking a brewing technology course in Chicago and raising hops on his Goat Ridge Farm. Reed stated the brewery in New London will consist of an on-premise tap room with a 2.5 barrel system, a brewing club—they will not offer food, but customers may bring in their own food, and they will host events, such as tasting and artist demonstrations. They currently are awaiting federal and state permitting. Kelly Asche, 25% owner, gave his background. The committee reviewed the application for a \$45,000 loan through the EDC's Entrepreneurs' Loan Guarantee Program. The owners have put in \$25,000 of equity and plan to raise \$46,000 through local fund raising. They plan to open November 8 with a local fund raising event followed by a Kickstarter program a week later. Ryan Allen was a part of the original LLC, but is no longer involved. The building is being purchased under a contract for deed and will be leased to Goat Ridge Brewery at \$900 per month. Anthony Rupp noted United Minnesota Bank is excited to work with them and excited to have the business in town. The bank believes there will be a lot of community support. Kelly indicated the revenue projections were done with information from the craft brewers association using bottom line figures and 1.5% of a 40-50 mile market area covering Willmar, New London, Spicer, Sunburg and Paynesville. The brewery will have 22 oz. or 64 oz. Growlers as off sale and within three to four months of opening plan to start distributing to bars and restaurants in the market area, which have shown interest. Projected growth is through distribution. A marketing obstacle is education of craft beers, which will be done through table tents, educating staff of their distributors and social media. They will incorporate local place names in their brands. The guarantee loan will be used to purchase equipment and remodel the brewery and will be a 5-year amortization at 5% interest. The

bank is taking a blanket UCC with collateral being all equipment, accounts receivable and inventory.

[Reed and Asche were excused from the meeting.]

Spaulding will obtain a credit report from the bank. The bank will obtain personal guaranties. Rupp stated they have obtained a liquor license from the city of New London; the bank will make sure all permits are in place before closing the loan. The property is zoned commercial. Insurance requirements are tied to the liquor license, however, Spaulding will check with the city of New London to make sure everything is approved.

[Rupp was excused from the meeting.]

IT WAS MOVED BY Jim Vrchota, SECONDED BY Matt Behm, to approve a five-year \$45,000 loan guarantee with United Minnesota Bank to Goat Ridge Brewing Company, LLC under the Kandiyohi County and City of Willmar Economic Development Commission's Entrepreneurs' Loan Guarantee Program. MOTION CARRIED.

#### MINUTES

IT WAS MOVED BY Bruce Peterson, SECONDED BY Les Nelson, to approve the minutes of the August 12, 2014 meeting as emailed. MOTION CARRIED.

#### NEW BUSINESS

Quarterly loan reports. Spaulding noted Snap Fitness is expanding into a portion of the Family Video Store, Feedlogic will be paying off its loan at year end and is a finalist for a Minnesota Tekne Award, and Peaceful Thymes is struggling. Meetings have been held between Peaceful Thymes and its lenders, Harvest Bank, the EDC and Southwest Initiative Foundation, which are all working with Peaceful Thymes. Hardware Hank is taking a large amount each week to pay off debt. Eric Roberts may be asked to look at the store's layout. The community still supports Peaceful Thymes. Elsie Kashmark is going to try to get the regular accounts from the Litchfield hardware store that recently closed.

IT WAS MOVED BY Bruce Peterson, SECONDED BY Matt Behm, to continue the interest-only payments for Peaceful Thymes Gifts & Garden Center, Inc. for 90 days to allow owner Elsie Kashmark time to work with a private investor. MOTION CARRIED.

Spaulding noted a requirement by all lenders is that Kashmark work with Ruth Ann Karty of the Small Business Development Centers.

Spaulding reported B&D, LLC (Benjamin Dols/Snap Fitness) has not utilized the guarantee loan that was approved and she will speak with Dion Warne on the status of terminating that approval. Matt Behm reported Heffron Properties, LLC is current.

November meeting. The regular meeting date is Veteran's Day. It was the consensus of the committee that if a meeting is held in November, it will be held November 4 or 10.

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

NEXT MEETING—The next committee meeting will be determined at a later date.