

**KANDIYOHI COUNTY AND CITY OF WILLMAR ECONOMIC DEVELOPMENT COMMISSION (EDC)**  
**JOINT OPERATIONS BOARD (OB)**  
**FINANCE COMMITTEE**  
**MINUTES**  
**February 10, 2015**  
**EDC Board Room, Willmar**

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

Excused: Matt Behm, Nick Dalton and Jim Vrchota

Staff: Jean Spaulding, Assistant Director

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

Chairperson Russ Weeks called the meeting to order at approximately 12:07 p.m.

**MINUTES**

IT WAS MOVED BY Les Nelson, SECONDED BY Bruce Peterson, to approve the minutes of the December 9, 2014 meeting as emailed. MOTION CARRIED.

**UNFINISHED BUSINESS**

**Intermediary Relending Program.** Jean Spaulding informed the committee she signed a confidentiality agreement for the Willmar Housing and Redevelopment Authority (HRA) that covers anyone connected with the EDC. This committee needs to recommend to the EDCOB whether or not to accept the assets and liabilities of the United States Department of Agriculture (USDA) Intermediary Relending Program (IRP). The IRP Balance Sheet shows \$248,944.48 in funds available for relending.

Chairperson Weeks noted the committee had concerns that needed to be addressed before accepting the IRP: a full review of the loan portfolio, does the EDC have personnel to manage the accounting and does each bank in the county need to be offered the opportunity to utilize the program. Heritage Bank has been administering the IRP since its inception and annually reviews each loan. Dave Henle is Heritage Bank's representative who administers the IRP. Weeks reviewed with the committee the risk rating conducted by Heritage Bank on the IRP loans (copy on file). Bruce Peterson, a member of the HRA loan committee, stated that at the time the loans were given, all recipients were in a position to repay the loans. Spaulding stated a loss reserve is incorporated into the program, but it is not a significant sum.

IT WAS MOVED BY Gary Gilman, SECONDED BY Bruce Peterson, to accept the current credit ratings and loan review for the outstanding loans under the United States Department of Agriculture Intermediary Relending Program, subject to annual review. MOTION CARRIED.

The committee reviewed the most recent Balance Sheet showing total assets of \$650,210.95 with current cash of \$248,944.48, loan loss reserve of \$24,462.47 and outstanding loans of \$376,804.00. It is believed the original contributions by the EDC, HRA and City of Willmar are reported under the cash. The EDC initially contributed \$25,750.00. The HRA has been repaying its contribution annually and the amount remaining unpaid will be deducted before the assets are transferred to the EDC. The initial contribution by the City of Willmar will also be repaid before the assets are transferred. The USDA receives one annual payment of \$24,678.00. The principal payments for the outstanding loans total \$24,368.00. The EDC will make the program countywide where under the HRA it was exclusively for downtown Willmar. The program will not make a lot of money, but these are loans the financial institutions would not otherwise make; it is another tool in the EDC toolkit and it has not been a high risk to date. The EDC needs to submit a new reuse plan to the USDA. The asset quality is in direct line with the other EDC programs.

IT WAS MOVED BY Gary Gilman, SECONDED BY Justin Schnichels, to recommend to the Kandiyohi County and City of Willmar Economic Development Commission's Joint Operations Board to accept transfer of the assets and liabilities under the United States Department of Agriculture Intermediary Relending Program from the Willmar Housing and Redevelopment Authority. MOTION CARRIED.

## **NEW BUSINESS**

**Election of Chairperson.** Weeks asked to step down as chair. Spaulding will contact Matt Behm or Jim Vrchota to see if either is interested in chairing this committee.

**Other.** Spaulding informed the committee that Goat Ridge Brewing Co. is doing crowd funding on Indiegogo and has received good publicity recently. Goat Ridge plans to be open in April. Spaulding invited the committee to attend the EDC's open house on February 20, 2015. Peterson reported the Fox Hole Brewery is to be open no later than June. Les Nelson informed the committee that Mid-Minnesota Development Commission has \$200,000 available in its Revolving Loan Fund.

**Outstanding Loans.** The committee received the reports of the outstanding loans under the EDC's Entrepreneurs' Loan Guarantee Program and Revolving Loan Fund. Peterson requested communication with Feedlogic Corporation as a result of paying off their loan.

**ADJOURNMENT**—There being no other business, the meeting was adjourned at approximately 1:05 p.m.

**NEXT MEETING**—The next committee meeting is **Tuesday, March 10, 2015** at the EDC office.

REPORT OF IRP/RDLF LENDING ACTIVITY  
(Intermediary Relending Program- Rural Development Loan Fund)

<b>Name of Organization</b>	<b>IRP/RDLF Fund Number::</b>	<b>Report Period</b>	<b>Date</b>
Willmar Housing & Redevelopment Authority (Willmar HRA)	61	04/14-9/14	11-06-2014
<b>Address:</b>	<b>Telephone No.:</b>	<b>Contact Person:</b>	<b>Date Intermediary IRP/RDLF</b>
2200 NE 23rd St. Ste. 2090 Willmar, MN 56201	320-235-8637	Jill Bengtson	Loan was approved: 02/01/1988
<b>Tax I.D. No:</b> 41-0951605			

	<u>REPORT PERIOD</u>	<u>TO DATE</u>
<b>LOANS</b>		
1. Amount of IRP/RDLF Loan	\$ 0.00	\$ 600,000.00
2. Principal of loans disbursed	\$ 88,000.00	\$
3. Principal of loans received	\$ 16,457.00	\$ 629,729.57
4. Net Lending (line 2 minus 3)	\$ 71,543.00	\$ (629,729.57)
<b>AVAILABLE ASSETS</b>		
5. Total Assets (less furniture & equipment)		\$ 650,211.95
6. Loans Outstanding		\$ 376,805.00
7. Loan Loss Reserve (After 3 yrs., 6% required)		\$ 24,462.47
8. Funds Available for Relending (line 5 minus line 6 and 7)		\$ 248,944.48
9. Percent of Assets Available for Relending (Line 8 divided by Line 5)		% 0.38

<b>BALANCE SHEET</b>		
<b>ASSETS</b>		
1. Cash (minus Loan Loss Reserve)		\$ 248,944.48
2. Loan Loss Reserve		\$ 24,462.47
3. Loans Outstanding	270,326.55	\$ 376,804.00
4. Interest-Bearing Deposits		\$ 0.00
5. Other Assets (specify) Fixed Assets (furniture and fixtures)		\$ 0.00
		\$
		\$
<b>6. TOTAL ASSETS</b>		\$ 650,210.95
<b>LIABILITIES</b>		
7. Loan Payable to RBS		\$ 248,481.10
8. Accounts Payable		\$
9. Other Liabilities		\$
		\$
<b>10. TOTAL LIABILITIES</b>		\$ 248,481.10
		\$
<b>11. FUND BALANCE (Assets minus Liabilities)</b>		\$ 401,729.85

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