

**KANDIYOHI COUNTY AND CITY OF WILLMAR ECONOMIC DEVELOPMENT COMMISSION (EDC)  
JOINT OPERATIONS BOARD OF DIRECTORS (OB) MEETING  
MINUTES  
April 12, 2012  
Atwater City Offices, Atwater**

Present: Beverly Dougherty, Ronald Erpelding, Duane Hultgren, Rick Nordin and Milan Schmiesing

Excused: Jim Butterfield and Bruce Peterson

Absent: Robert Carlson

Staff: Steven Renquist, Executive Director

Media: Anne Polta, West Central Tribune

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

President Ronald Erpelding called the meeting to order at approximately 11:00 a.m.

**AGENDA**—The consent agenda was revised to add item 4 under approved: resignation of Brian Borgerding from the Finance Committee and add Justin Schnichels to the Finance Committee.

IT WAS MOVED BY Bev Dougherty, SECONDED BY Milan Schmiesing, to approve the agenda as presented and approve the Consent Agenda as revised:

**CONSENT AGENDA—**

Approved:

1. Minutes of March 8, 2012 board meeting
2. Financial reports as of March 31, 2012, subject to audit
3. Southwest Minnesota Initiative Foundation contribution of \$18,000 per budget
4. Resignation of Brian Borgerding from the Finance Committee and add Justin Schnichels to the Finance Committee

Accepted: Committee Minutes

1. Agriculture and Renewable Energy Development 2/16/2012
2. Business Retention & Expansion/Recruitment 3/7/2012
3. Finance 2/14/2012
4. Marketing and Public Relations 2/27/2012
5. Leisure Travel 2/6/2012

MOTION CARRIED.

**PROGRESS REPORTS**

**Willmar Design Center (WDC).** Bev Dougherty reported on her attendance at a conference in Baltimore, Maryland, at which she made a presentation to 130 people on growing a farmers market into a community-owned grocery; Cathy Keuseman assisted with a PowerPoint presentation for the conference. There is a large national interest in local foods. Consideration of a distribution hub by the University of Minnesota-Morris and its West Central Partnership will be heard on April 19. The Minnesota Orchestra will be in Willmar May 24-26 and will hold public

concerts Friday and Saturday evenings at a cost of \$5 and the string orchestra will hold a concert May 24 from 5-7 p.m. at the Becker Market; tickets go on sale May 1 and can be purchased online at [www.willmardesigncenter.com](http://www.willmardesigncenter.com).

**EDC/MinnWest Technology Campus (MWTC).** Steve Renquist reported the city of Willmar has started a formal process to rejuvenate downtown Willmar and will hold a meeting on marketing the Willmar airport in which the EDC may be asked to be involved.

Jean Spaulding reported this Saturday MWTC is hosting i<sup>3</sup>@MTC, a youth science retreat. MWTC wants the public to attend the retreat to see what is happening on the campus and many campus companies will be demonstrating how their equipment works. The goal of the retreat is to show youth that science can be a fun and interesting career. Erpelding thanked Anne Polta and the *West Central Tribune* on the manufacturing inserts featured in today's paper and stated it is critical to get youth interested in the science fields. Spaulding reported Glen Leech will be the opening keynote speaker for the Animal Science Venture Forum in September. The forum is by invite only and will have high-quality individuals on a panel. Spaulding reported attending the Worthington Bioconference along with Joanna Schrupp and Steve Salzer of MWTC. An April 1 press release announced that Newport Laboratories of Worthington was purchased by a company in France. Spaulding reported the Minnesota Intelligent Rural Communities (MIRC) program will wrap up the end of June and grant recipients will be asked to make presentations at the final meeting.

Renquist reported he made presentations to the cities of Prinsburg and New London. Prinsburg did not have any issues that need to be addressed by the EDC and he continues to assist New London with recruitment of a grocer. Renquist will make a community presentation to the city of Lake Lillian on May 14. Renquist stated the NH<sub>3</sub> project has encountered some obstacles.

**UNFINISHED BUSINESS**—The board discussed connection of the Glacial Lakes Trail to Sibley State Park along Highway 40, which extension has been in the planning for many years.

#### **NEW BUSINESS**—

**Minnesota Angel Network contribution.** Spaulding reported the EDC made a two-year commitment for a \$25,000 contribution to the Minnesota Angel Network (MNAN) and provided background and current information (see attached). An initial \$25,000 contribution was made last year. There were initial concerns about MNAN when it was first started, but Spaulding reports it is going well. The Kandiyohi County Angel Network has not gotten off the ground yet. Spaulding has attended pre-screenings of companies that are looking for investors prior to being certified and she has been impressed with the number of MNAN volunteers. The initial investment to MNAN was from \$50,000 of EDC funds returned by the Minnesota Community Capital Fund. The initial contributions to MNAN were to get the structure of the organization up and running for the first two years. Companies pay a \$9,200 fee to be screened by MNAN. Renquist recommends deferring funding to MNAN until more progress is shown (see attached Director's Recommendations regarding EDC responses to request for funds) as he does not believe MNAN has accomplished its initial goals and believes more contributors should be involved. Board members requested additional information. President Erpelding requested Spaulding to gather additional information as to MNAN's initial goals, timeline to accomplish the goals and where is their initial plan in regard to where it was intended in the first two years.

**Funding requests.** Renquist reviewed with the board his "Director's Recommendations regarding EDC response to request for funds." Kandiyohi County and the city of Willmar are the largest communities in the 18-county region of Southwest Initiative Foundation (SWIF) and

Renquist does not see any difference between how the different counties and their communities are treated by SWIF. Erpelding provided information on SWIF and the McKnight Foundation. Spaulding reported SWIF recently had a loan committee meeting in Kandiyohi County and it went above its loan guidelines to support a local business. The board approved a contribution to SWIF in its consent agenda.

Following discussion of the Community Marketing Coalition,

IT WAS MOVED BY Milan Schmiesing, SECONDED BY Bev Dougherty, to follow the new funding guidelines adopted by the Kandiyohi County and City of Willmar Economic Development Commission and contribute \$2,500 to the Community Marketing Coalition, subject to the terms of the guidelines. MOTION CARRIED.

Renquist presented information on the International Bio-Energy Days Congress to be held in Mankato and his recommendation per his report.

IT WAS MOVED BY Milan Schmiesing, SECONDED BY Rick Nordin, to contribute \$2,500 to the 2012 International Bio-Energy Days Congress to be held in Mankato. MOTION CARRIED.

**Customer relationship management software.** Spaulding reported she is exploring software programs that track activities and contacts made with companies. Spaulding recommends the EDC purchase a program that can be integrated with a business survey. The intern being proposed under the Minnesota Intelligent Rural Communities grant would gather and input data on local businesses. The software programs being reviewed cost approximately \$4,500-\$5,000 plus annual fees of \$675-\$700. Spaulding believes such a software program will provide better communication with local businesses. Board members questioned whether there are any privacy concerns with the software. Spaulding was asked to make a recommendation to the board on which software program she would like purchased.

#### COMMITTEE REPORTS—

**Agriculture & Renewable Energy Development.** Following discussion,

IT WAS MOVED BY Rick Nordin, SECONDED BY Bev Dougherty to renew the ag bioenergy office at the MinnWest Technology Campus for another six months and to review it again in six months and make a decision as to whether it will be an ongoing situation. MOTION CARRIED.

Board members suggested improved signage for this office. Renquist reported subcommittee meetings are held at the ag bioenergy office and Cathy Keuseman's report included an evaluation of the office.

**Business Retention and Expansion/Recruitment (BRE/R).** Renquist stated the BRE/R Committee requested a planning session be held with the boards and a facilitator to review the data presented by Cameron Macht of the Minnesota Department of Employment and Economic Development office. A facilitator would cost approximately \$500 plus expenses. The board was in favor of the meeting and President Erpelding suggested the Willmar Area Development Corporation be included.

**Finance.** Rick Nordin reported the lenders on the Finance Committee indicated an increase in the maximum loan amount under the Entrepreneurs' Loan Guarantee Program (ELGP) would be beneficial. Spaulding reported on the ELGP. The guarantee amount held in reserve could be used to fund the increase.

IT WAS MOVED BY Milan Schmiesing, SECONDED BY Bev Dougherty, to increase the maximum loan amount under the Kandiyohi County and City of Willmar Economic Development Commission's Entrepreneurs' Loan Guarantee Program from \$25,000 to \$50,000. MOTION CARRIED.

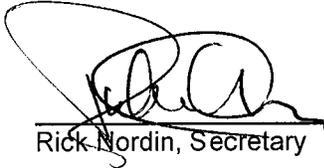
**Marketing and Public Relations.** Spaulding reported the committee has been assisting with researching the customer relationship management software.

**Leisure Travel.** President Erpelding reported the Leisure Travel Committee met at Zorbaz in Spicer and works diligently on promoting Kandiyohi County.

**Other.** Renquist distributed the agenda he used at the community presentation in Prinsburg (see attached). Board members were encouraged to stop at the new Peaceful Thymes Gifts & Garden Center, which provided today's lunch, and the EDC's two loan recipients in Kandiyohi, Kandi Quick Stop and Cronen's Custom Cabinets and Flooring.

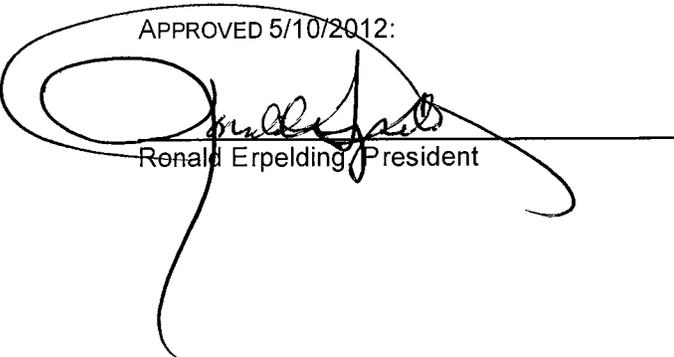
**NEXT MEETING**—The next regular board meeting at **11:00 a.m., Thursday, May 10, 2012**, at the EDC Office, Willmar.

**ADJOURNMENT**—There being no further business, the meeting was adjourned at approximately 12:47 p.m.



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Rick Nordin, Secretary

APPROVED 5/10/2012:



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Ronald Erpelding, President

## **MN Angel Network: Background**

When the EDC started exploring the Angel Network arena as a finance tool, it was determined that having the ability to connect with other funding networks for syndication was critical in our long-term success. The amount of equity money that is requested from a start-up company can have a wide range \$500,000 - \$2,000,000 for example, and the exit is often longer term 5-7 years. Even with limits on the amount that would be invested in one project, under these parameters, it is reasonable to see that any fund could be in jeopardy of allocating their limited resources in a short period of time.

It was also a concern that since an Angel Fund had not been created and managed in Kandiyohi County before, there were a number of very important issues to consider in organizing a structure and system for deal flow and review.

It was with these 2 primary areas of challenge and concern in mind when it was recommended that the Kandiyohi County/Willmar Economic Development Commission participate as a sponsor in the MN Angel Network. The expectation was that local efforts to develop an Angel Network would be greatly enhanced by working in conjunction with a larger, state-wide organization.

## **MNAN Update....one year later**

During the past year MNAN has built a solid volunteer, service provider network that serves as advisors to start-up companies seeking to go through the system. These volunteers serve on an advisory panel that provides feedback to companies working on their business plan and presentation in order to prepare them for their "investor pitch."

Each month MNAN is reviewing companies that are requesting to be accepted to go through the MNAN investment certification program (this month there are 18). The accepted companies pay approximately \$9200 to participate in the educational process.

In addition to the advisory feedback sessions, MNAN coordinates events in which companies present their shortened elevator pitch. Through this process, they are working on creating a reputation for vetting and delivering companies that have the essential elements to attract investor funds and be successful start-up companies.

In addition, MNAN is asking all the participating communities to coordinate local steering groups that can do similar Advisory Group sessions in our communities to give exposure to the start-up companies going through MNAN. I am currently working on this program, have utilized a volunteer group on one occasion to give Advisory and it worked well. The goal is to have regular meetings utilizing these resources for local businesses – could be great training tool for local service providers that choose to participate.

**Kandiyohi County Benefits:**

I am securing a meeting date to re-engage the steering committee of the local investor group to update on what's going on with the state level; how we can use what they have accomplished in a model and determine the structure for a local fund. Several local businesses have already volunteered to participate in the MNAN Regional In-take Center Advisory Committee. At this time we have kept in touch with the "group" through invitations and events brought to us by or in conjunction with MNAN.

- Investor Meetings have been held to promote the MNAN certified companies seeking equity capital.
- Something Ventured movie premier was hosted in Willmar in partnership with the EDC, WADC, WACC and Southwest Initiative Foundation
- Local Advisory will actively participate in pre-screening of companies to give exposure to both our service firms and the community.

## Director's Recommendations regarding EDC response to request for funds:

**New London Art Festival** – Requested \$3,500, last year we provided \$2,500. We determined it was more appropriately dealt with by the CVB. We indicated to the CVB we would consider a \$1,250 one-time enhancement to our contribution to the CVB budget if they determined the Arts Festival qualified for an additional sponsorship. The CVB Director responded the CVB had made a sponsorship to the Arts Festival and an additional sum of money would open the CVB and the EDC to a sizeable number of requests from other county organizations.

Recommendation: No additional action

**Southwest Initiative Foundation (SWIF)** - Requested \$18,000, last year we provided \$18,000 (city and county included in EDC funding) We budgeted this money but the Director feels an expenditure of this size should be approved by the Operations Board.

Recommendation: SWIF is an exceptionally valuable organization. Please approve the budgeted \$18,000. I consider this as a separate matter than our regular gifting guidelines – we are representing the entire county in this matter and are including the monies previously given by the city and county.

**Minnesota Angel Network (MNAN)** – Requested \$25,000, last year we contributed \$25,000. This organization has great potential and there is an extreme need for enhanced angel money in the State of Minnesota. The MNAN network also does an excellent job of preparing worthy businesses for private investment and business success. It has, however, not achieved its potential nor met, in my opinion, its initial goals to have been accomplished by this time. Ms. Spaulding has been active in the organization and may have information regarding their progress and value of a contribution at this time.

Recommendation: I recommend we not decline but defer an additional contribution. This organization is too valuable to decline but I'd like to see more progress from them.

**Community Marketing Coalition (CMC)** – Requested \$5,000, last year \$5,000, budgeted \$5,000. There are three issues – the first is all other contributors to this venture have reduced their contribution to a point where the EDC is the largest contributor by a significant margin. The second is that our guidelines now limit the contribution to no more than 50% of the original gift. The third is one of fairness – the EDC has been a contributor to the CMC for a lengthy period of time (8+ years), the primary focus of the CMC is 'the Willmar Lakes Area' that ostensibly included the bulk of the county but how do we respond to requests from potentially 10 other county cities?

Recommendation: I recommend continuing the contribution but reducing it to \$2,500. This does beg the question of future years – do we consider this contribution to be separate from our other requests?

International Bio-Energy Days Congress (IBED): Requested \$5,000, previous (2008) \$5,000 The EDC has worked to position Kandiyohi County and the MinnWest Technology Campus as a host and a leader of emerging bio-energy technology. The IBED Congress returns to Minnesota after a three year hiatus and is a vehicle to promote the emerging bio-energy progress and production in our county.

Recommendation: There is a \$5,000 level (requested by IBED) that allows for a booth and considerable promotion – there are, as well a \$3,500 ‘Gold level, a \$2,500 ‘Silver’ level and a \$1,500 ‘Green’ level they each have declining amounts of visibility at the event and in their show promotions. I recommend the \$2,500 Silver level.

S: steve\word\giving reccd 0412

# City of Prinsburg

## Current Economic Review

April 9, 2012

Steve Renquist – Kandiyohi County and City of Willmar  
Economic Development Commission

1. Policom report
2. Demographic and Economic Update
3. EDC Five-Year Plan
4. How should Prinsburg benefit from evolving opportunity?
  - A. List three businesses that Prinsburg should acquire:
    - 1.
    - 2.
    - 3.
  - B. Is Prinsburg willing to participate in:
    1. Determining who should be contacted
    2. Marketing
    3. Financing
    4. Other
  - C. Who should participate:
    - 1.
    - 2.
    - 3.
    - 4.
  - D. Additional expectations from the EDC