

KANDIYOHI COUNTY AND CITY OF WILLMAR ECONOMIC DEVELOPMENT COMMISSION (EDC)
JOINT OPERATIONS BOARD (OB)
FINANCE COMMITTEE
MINUTES
April 8, 2014
EDC Board Room, Willmar

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

Excused: Matt Behm, Nick Dalton and Russ Weeks

Staff: Jean Spaulding, Assistant Director

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

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

MINUTES—

IT WAS MOVED BY Jim Vrchota, SECONDED BY Les Nelson, to approve the minutes of the February 11, 2014 meeting as emailed. MOTION CARRIED.

UNFINISHED BUSINESS—There was no unfinished business.

NEW BUSINESS

Financing Community Venture Network businesses. Spaulding provided information on presentations by start-up companies through Community Venture Network (CVN) of which the EDC is a member. Spaulding informed the committee of meetings held relative to a local equity investor group, but nothing has been formalized. Bruce Peterson noted some years ago there was a medical investor group. Spaulding researched a number of communities as to their business incentives. Alexandria, Minnesota, has a Financial Assistance Guide, which includes rain source funds and Codington County (Watertown), South Dakota, offers a five-year abated property tax on any new commercial or industrial construction over \$30,000 on graduated rates. How can the EDC do creative financing to attract new companies to Kandiyohi County? One company that presented through CVN is a software company, which is difficult to finance. When financing those types of businesses, the lender looks at cash flow, personal assets and family members who are willing to contribute collateral. Spaulding stated a majority of Economic Development Authority's Revolving Loan Funds are through the Minnesota Investment Fund. The United States Department of Agriculture has an intermediary relending program. Spaulding asked what incentives is the EDC going to use to reel in new companies? Possible tools include tax increment financing (TIF), which does not affect other taxpayers; tax

abatement, which is spread across other taxpayers; loan funds and venture capital/equity investors. The EDC's role has been as a mediator to get potential investors together to discuss an opportunity for projects, if a group was available. Spaulding informed the committee of Gopher Angels, an investing organization that asks investors to pledge \$50,000 per year and only invest in projects they wish. When the EDC tried to assist in creating a local investment group, the fear was they would never get enough people to raise the capital for one project. Spaulding will be setting up a meeting between Bruce Behm, Dave Russick and potential local investors. The goal is to ultimately have a tool box for the county. Some communities offer forgivable loans. The city of Willmar updated its Business Subsidy Policy in May 2013. North Dakota has the only state-owned bank. Other communities with incentives included Aberdeen, Faribault, Little Falls, West Fargo and Iowa.

[Bruce Peterson and Randy Zinda were excused from the meeting.]

Loan updates. The committee received an update on the outstanding loans through the EDC's Entrepreneurs Loan Guarantee Fund and Revolving Loan Fund.

ADJOURNMENT—There being no further business, the meeting was adjourned at approximately 1:07 p.m.

NEXT MEETING—The next committee meeting is 12:15 p.m., Tuesday, May 7, 2014 at the EDC Office, 333 Litchfield Avenue SW, Suite 100, Willmar.