

**KANDIYOHI COUNTY AND CITY OF WILLMAR ECONOMIC DEVELOPMENT COMMISSION (EDC)  
JOINT OPERATIONS BOARD (OB)  
FINANCE COMMITTEE  
MINUTES  
August 30, 2011  
EDC Board Room, Willmar**

Present: Matt Behm, Brian Borgerding, Nick Dalton, Les Nelson, Bruce Peterson, Kevin Rueckert, Russ Weeks and Randy Zinda

Guests: Laure Swanson, LuLu Beans, Inc. of Willmar; Greg Lecy, Concorde Bank; Jay Cronen, Cronen Custom Cabinets and Flooring and Dion Warne, Home State Bank

Staff: Jean Spaulding, Assistant Director

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

Chairperson Nick Dalton called the meeting to order at approximately 12:00 p.m.

**MINUTES—**

IT WAS MOVED BY Brian Borgerding, SECONDED BY Russ Weeks, to approve the minutes of the August 9, 2011 meeting as emailed. MOTION CARRIED.

**UNFINISHED BUSINESS**

Jean Spaulding reintroduced new member Matt Behm of Home State Bank. There was no other unfinished business.

**NEW BUSINESS**

[Laure Swanson and Greg Lecy joined the meeting.]

**LuLu Beans, Inc. of Willmar loan application.** Spaulding introduced Laure Swanson, owner of LuLu Beans, Inc. of Willmar, and Greg Lecy of Concorde Bank. Lecy stated the loan application is for \$25,000 from the EDC's Revolving Loan Fund to expand LuLu Beans' current location and catering service. LuLu Beans received a loan from Concorde Bank for \$330,000 to purchase the adjoining lot; a commitment from Southwest Initiative Foundation (SWIF) for \$75,000; and Swanson will contribute equity of \$15,000 from the sale of the house on the new lot and the new equipment. Spaulding stated SWIF requested the EDC be in third position after SWIF for the equipment. Bruce Peterson stated the city of Willmar approved the site plan.

[Laure Swanson and Greg Lecy were excused from the meeting.]

[Dion Warne and Jay Cronen joined the meeting.]

**Cronen Custom Cabinets and Flooring loan application.** Peterson informed the committee he has a conflict of interest in this application as Mallory Cronen is his daughter and Jay Cronen his son-in-law. Spaulding introduced Jay Cronen of Cronen Custom Cabinets and Flooring and Dion Warne of Home State Bank. Spaulding stated the loan application by Jay and Mallory Cronen is for \$25,000 from the Entrepreneurs' Loan Guarantee Program and \$25,000 from the Revolving Loan Fund. Warne provided background information on the business and informed the committee tax returns are not included with the application as, at present, the business is joint with Cronen Construction. Warne stated the appraisal is at \$260,000 while the estimate to construct the new location is \$230,000. Prairieland EDC and Home State Bank will share a first position on a 20-year amortization schedule. Cronen Custom Cabinets and Flooring will be separating from Cronen Construction and creating its own LLC. Home State Bank will provide the construction loan and the EDC is being asked to join in on the permanent loan that will close in January 2012.

[Dion Warne and Jay Cronen were excused from the meeting.]

The Cronens are contributing approximately \$30,000 in equity. The EDC will be in second position on any collateral.

IT WAS MOVED BY Russ Weeks, SECONDED BY Randy Zinda, to recommend to the Kandiyohi County and City of Willmar Economic Development Commission Joint Operations Board that it approve a \$25,000 Revolving Loan Fund loan and a five-year \$25,000 Entrepreneurs' Loan Guarantee Program loan to Jay and Mallory Cronen DBA Cronen Custom Cabinets and Flooring, subject to the corporation being created also providing a guarantee on both loans. MOTION CARRIED. Bruce Peterson and Matt Behm abstained.

IT WAS MOVED BY Bruce Peterson, SECONDED BY Brian Borgerding, to recommend to the Kandiyohi County and City of Willmar Economic Development Commission (EDC) Joint Operations Board that it approve a \$25,000 Revolving Loan Fund loan to LuLu Beans, Inc. of Willmar at a term of five years with the EDC taking third position in collateral. MOTION CARRIED.

IT WAS MOVED BY Russ Weeks, SECONDED BY Brian Borgerding, to amend the main motion to recommend to the Kandiyohi County and City of Willmar Economic Development Commission Joint Operations Board that it approve a \$25,000 Revolving Loan Fund loan for a term of ten years and a five-year \$25,000 Entrepreneurs' Loan Guarantee Program loan to Jay and Mallory Cronen DBA Cronen Custom Cabinets and Flooring, subject to the corporation being created also providing a guarantee on both loans. MOTION TO AMEND THE MAIN MOTION WAS CARRIED. Bruce Peterson and Matt Behm abstained.

THE AMENDED MAIN MOTION WAS CARRIED. Bruce Peterson and Matt Behm abstained.

Peterson offered to assist Spaulding in locating additional funds for the Revolving Loan Fund to increase the amounts available for lending. Discussion was held on the Minnesota Investment

Fund monies returned to the Minnesota Department of Employment and Economic Development. The interest collected by the city of Willmar under this program may be available for reuse for lending. The committee discussed approaching the city of Willmar concerning these funds.

Spaulding informed the committee the EDC is hosting the Animal Venture Science Forum in September with the keynote speaker being Mitch Davis of Davisco Foods International, Inc.

**ADJOURNMENT**—There being no further business, the meeting was adjourned at approximately 1:20 p.m.

**NEXT MEETING**—The next committee meeting is **noon, Tuesday, October 11, 2011** at the EDC Office, 333 Litchfield Avenue SW, Suite 100, Willmar.