

KANDIYOHI COUNTY AND CITY OF WILLMAR ECONOMIC DEVELOPMENT COMMISSION (EDC)
JOINT OPERATIONS BOARD (OB)
FINANCE COMMITTEE
MINUTES
February 11, 2014
EDC Board Room, Willmar

Present: Matt Behm, Nick Dalton, Gary Gilman, Les Nelson, Bruce Peterson, Justin Schnichels and Randy Zinda

Excused: Bruce Peterson and Russ Weeks

Guest: Jim Vrchota of United Prairie Bank

Staff: Jean Spaulding, Assistant Director

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

Jean Spaulding called the meeting to order at approximately 12:06 p.m. followed by self introductions. Spaulding informed the committee that Rick Nordin resigned from this committee and Gary Gilman is taking his place as the EDCOB representative. It is expected that Jim Vrchota will be appointed to this committee at this week's EDCOB meeting.

MINUTES—

IT WAS MOVED BY Nick Dalton, SECONDED BY Les Nelson, to approve the minutes of the January 7, 2014 meeting as emailed. MOTION CARRIED.

UNFINISHED BUSINESS—There was no unfinished business.

NEW BUSINESS

EDC finance program overview. The committee reviewed the Business Loans & Finance flyer (see attached) and finance packet that is distributed to potential loan applicants. The Industrial Initiatives (II) Loan Program was last used in 2004 and, thus, the committee decided to remove that program from the flyer. The first II loan was done in 1986 and, at this point, new pledges would need to be obtained if an II loan application was received. Randy Zinda noted there was a lot of competition between banks with their better customers to obtain lower interest rates with the II Loan Program. The committee will review the II Loan Program annually.

The maximum loan amount for the Entrepreneurs' Loan Guarantee Program (ELGP) will be changed on the flyer to \$50,000.

The eligible activities, ineligible activities and loan guidelines for the Revolving Loan Fund were discussed and it was determined to use only the Loan Guidelines.

IT WAS MOVED BY Justin Schnichels, SECONDED BY Matt Behm, to recommend to the Kandiyohi County and City of Willmar Economic Development Commission's Joint Operations Board that the Eligible Activities and Ineligible Activities in the Revolving Loan Fund program and manual be removed. MOTION CARRIED.

The flyer will be modified to incorporate the above changes, as well as the following changes on the application side of the flyer:

- Change Atwater State Bank to Harvest Bank
- Remove Kandiyohi from Home State Bank
- Add Prairieland Economic Development Corporation under Other Business Loan Programs

Les Nelson reported the Mid-Minnesota Development Commission (MMDC) has \$125,000 available through its Revolving Loan Fund. MMDC has approximately ten loans outstanding and is the steward of these federal funds.

Spaulding refers individuals to the Small Business Development Center (SBDC) and has offered the EDC office as a place for SBDC counselors to meet with individuals. The SBDC will be requesting an increase in state funding rather than relying on a local match for their annual budget.

2014 chairperson. Spaulding informed the committee that Russ Weeks is willing to continue as chair for 2014.

2014 goals and objectives. The committee reviewed the EDC's 5-Year Goals as updated January 9, 2014 (see attached). Vision 2040 is looking for assistance in developing alternative financing tools, i.e. interest free or shared risk loans for East African entrepreneurs. Justin Schnichels noted he is on the subcommittee working on those alternative financing tools. Spaulding encouraged individuals to get involved in the Vision 2040 committees.

ADJOURNMENT—There being no further business, the meeting was adjourned at approximately 1:00 p.m.

NEXT MEETING—The next committee meeting is noon, Tuesday, March 11, 2014 at the EDC Office, 333 Litchfield Avenue SW, Suite 100, Willmar.

The Kandiyohi County and City of Willmar Economic Development Commission provides access to several great loan programs for businesses. These programs are complimented by the support and assistance of our EDC staff.

Entrepreneurs' Loan Guarantee Program	Industrial Initiatives Loan Program	Revolving Loan Fund
<p>The Entrepreneurs' Loan Guarantee Program has a minimum loan amount of \$1,000 and the maximum amount of \$25,000. The maximum term is 5 years, however, the loan can be amortized up to 10 years based upon use of the funds and collateral. A 1% fee of the amount borrowed is charged.</p> <p>Loans are underwritten and approved by the originating financial institution, must meet the program criteria and be approved by the Finance Committee of the Kandiyohi County and City of Willmar EDC.</p> <p>Eligible Activities</p> <ul style="list-style-type: none"> • Real estate purchases • Building construction, expansion or leasehold improvements • Equipment purchases • Working capital <p>Eligibility Guidelines: Individuals must:</p> <ul style="list-style-type: none"> • Be over 18 years of age • Be a resident of Kandiyohi County • Be actively involved in the business • Have at least 50% ownership in the business. <p>The business must:</p> <ul style="list-style-type: none"> • Be owned and operated by the borrower less than 36 months • Be eligible under Small Business Administration (SBA) guidelines • Be within Kandiyohi County • Offer economic benefit to Kandiyohi County • Provide a complete business plan • Provide documentation as to business status <p>Technical Assistance: Participants that are preparing to apply for and utilizing this program are encouraged to receive technical assistance from any of these resources:</p> <ul style="list-style-type: none"> • SCORE: Counselor's to America's Small Business • Small Business Development Center 	<p>The Industrial Initiatives Loan Program is intended to promote economic development in Kandiyohi County by providing below market rate financing to new and existing service, telecommunications, intellectual property, manufacturing, industrial or wholesale /distribution-based businesses wishing to start or expand in Kandiyohi County.</p> <p>Loans are underwritten and approved by the originating financial institution, must meet the Industrial Initiatives Loan Program criteria and be approved by the Finance Committee of the Kandiyohi County and City of Willmar Economic Development Commission.</p> <p>Eligibility Guidelines:</p> <ul style="list-style-type: none"> • Real estate and/or equipment purchases • Limited to service, telecommunications, intellectual property, manufacturing, industrial or wholesale/distribution-based business in Kandiyohi County and shall meet one or more of the following: <ul style="list-style-type: none"> - Generate 50% or more revenue from outside Kandiyohi County - Create/retain one job for each \$20,000 loaned, over a five year period - Create additional real estate tax base • Maximum amount of outstanding loans: <ul style="list-style-type: none"> - One borrower - \$500,000 - Related borrowers - \$1,000,000 <hr/> <p>See back for an application, list of participating Kandiyohi County banks and additional financing sources. For questions or more information contact the Kandiyohi County and City of Willmar Economic Development Commission today!</p>	<p>The Revolving Loan Fund is intended to be a permanent revolving loan fund where money is available for new loans on a continuing basis as loans are repaid. Loans will serve as matching funds to create up to 100% leverage project financing with other borrowing sources. The interest rate will be fixed at Wall Street Journal prime rate plus 2%, computed as simple interest, fixed for a period not to exceed five years, and adjusted for a similar period. All loans will be structured to fully amortize over the term of the loan.</p> <p>Eligible Activities</p> <ul style="list-style-type: none"> • Fixed machinery and equipment • Building purchase, construction and renovation • Leasehold improvements • Land acquisition • Plant modernization <p>Eligibility Guidelines:</p> <ul style="list-style-type: none"> • Real estate and/or equipment purchases • Limited to manufacturing, industrial or wholesale /distribution-based business in Kandiyohi County • Substantiate a financing need due to the following conditions: <ul style="list-style-type: none"> - Inadequate equity by the owners of the business - Inadequate private lender financing - Inability to pay market interest rates or term requirements • Maximum amount of outstanding loans for one borrower--\$25,000 • Project funding <ul style="list-style-type: none"> - At least 10% applicant's equity - 33% Revolving Loan Fund - No more than 57% from other borrowed sources



Kandiyohi County and City of Willmar Economic Development Commission

333 Litchfield Avenue SW, Suite 100, P.O. Box 1783, Willmar, MN 56201 | 320.235.7370 | 888.815.7370 | fax: 320.231.2320
 edc@kandiyohi.com | www.kandiyohi.com

Atwater | Blomkest | Kandiyohi | Lake Lillian | New London | Pennock | Prinsburg | Raymond | Spicer | Sunburg | Willmar

Participating Kandiyohi County Banks

Atwater State Bank

Atwater

Bremer Bank

Willmar

Citizens Alliance Bank

Lake Lillian

Concorde Bank

Blomkest and Willmar

Heritage Bank, N.A.

Pennock, Raymond, Spicer,
Willmar

Home State Bank

Kandiyohi, Willmar

Lake Region Bank

New London, Sunburg, Willmar

North American State Bank

Willmar

Prins Bank

Prinsburg

United Minnesota Bank

New London

United Prairie Bank

Spicer

U.S. Bank

Willmar

Wells Fargo Bank of Minnesota, N.A.

Willmar

Other Business Loan Programs

Great River Energy

Minnesota Business Finance Corporation

Small Business Administration

Mid-Minnesota Development Commission

Minnesota Department of Employment & Economic Development

Southwest Initiative Foundation

Application Request

Please provide information on the following:

Date_____

___Industrial Initiatives Loan Program

___Revolving Loan Fund

___Entrepreneurs' Loan Guarantee Program

___Other _____

Company Name_____

Company Mailing Address_____

Location/s _____

Contact Person/Title_____

Telephone (Work)_____ (Cell)_____

Fax _____ E-mail_____

Type of Business_____

Amount of funding requested \$_____

Brief description of project:

Timeline for project and funding requirements:

Additional loan criteria and application forms can found on our website at www.kandiyohi.com

(Please return this request to the EDC using the contact information below)

Kandiyohi County and City of Willmar **Economic Development Commission**

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Kandiyohi County and City of Willmar Economic Development Commission
5-Year Goals (2011-2016)
Updated January 9, 2014

Goal 1 – Create, recruit, retain and expand businesses in Kandiyohi County

Objective 1.1 – Develop, invest in, and support programs and activities that foster the retention and expansion of existing business plus the creation of a growth environment that allows the recruitment of new businesses, with a special emphasis on value added agriculture, renewable energy, bioscience and the MinnWest Technology Campus as a technology hub

Strategy 1.1.1 – Retention, expansion, and recruitment of businesses at the MinnWest Technology Campus

- Coordinate with MWTC Business Development staff with entrepreneurship opportunities
- Partner with MWTC in a Community Venture Network Membership
- Collaborate with MWTC for targeted business recruitment events and activities
- Develop materials for outreach and follow-up on leads generated that would fit the MWTC collaborative culture
- Support the Animal Science Venture Conference at the MWTC and the University of MN Office of Technology and Commercialization
- Support efforts to develop, engage, expand, and promote the Mid-Central Research and Outreach Center (MCROC)

Strategy 1.1.2 – Development of agriculture and renewable energy businesses

- Support the development of additional sources and uses for area food products
- Prioritize and target resources toward the recruitment, retention, and expansion of primary and secondary businesses in value added agriculture and agbioscience
- Additional movement to state designation as a Renewable Resource Development Zone
- Work with area partners to create a Bioscience Zone
- Attract State of Minnesota Dairy Research, Training and Consumer Education facility
- Continue development of Minnesota Turkey Research and Development facility

Strategy 1.1.3 – Business Retention and Expansion

- Develop and implement a business retention and expansion (BRE) survey program

- Create a database program that will leverage the BRE survey data and will collaborate with the Synchronist program

Strategy 1.1.4 – Leadership Development

- Actively promote and recruit a diverse and balanced representative group of established and emerging leaders from Kandiyohi County/Willmar to participate in the Blandin Community Leadership Program in September 2014; support their efforts upon completion of the program

Strategy 1.1.5 – Entrepreneurship

- Develop templates and resources along with Ridgewater College for successful entrepreneurship programs and training that can be delivered through the EDC website
- Collaborate with existing entrepreneurship resource providers in the region and statewide
- Actively support a champion for the creation of a co-working model for business development within the county

Strategy 1.1.6 – Workforce & Talent Development/Recruitment

- Launch the redesigned “Bring em Home” campaign in conjunction with the Vision 2040’s committee to attract new residents to the community.
- Identify through social media outlets graduates of Kandiyohi County schools for targeted messages through the “Home” campaign
- Develop strategic priorities in technology jobs development in conjunction with Ridgewater College
- Support existing efforts within the region led by Ridgewater College, Central Minnesota Jobs and Training Services, DEED, and other stakeholders

Strategy 1.1.7 – Economic development programs including WAM-BC, downtown development, and community development throughout Kandiyohi County

- Serve on WAM-BC Board of Directors to promote collaboration and EDC programs and services.
- Serve on WDC Board or Committee to promote collaboration and EDC programs and services.
- Provide outreach to city councils within the county to promote collaboration and EDC programs and services.

Strategy 1.1.8– Mapping of Industrial Development within Kandiyohi County for infrastructure and services

- Complete Shovel Ready process for Willmar’s Industrial Park.
- Assist other cities within the county in efforts to map their industrial properties and/or complete the Shovel Ready process.
- Contact service providers (utilities, broadband, telco’s) for cooperative mapping and trench programs for Kandiyohi County and City of Willmar.
- Work with county community officials and real estate professionals to create and maintain a compilation of available commercial and industrial property

Strategy 1.1.9 – Broadband Internet Access and Utilization

- Continue collaborative efforts through Blandin’s Broadband Initiative including the coordination of a Hackathon
- Coordinate with Connect MN to create an access map that will be utilized to educate community on existing infrastructure and build-out needs
- Convene a taskforce with user groups and providers to develop a public-private strategy utilizing best practices and attract resources for infrastructure funding

Objective 1.2 – Increase the availability of and /or access to debt and equity financing resources

Strategy 1.2.1 – Debt Financing

- Explore potential sources of capitalization for the EDC’s loan program and other business finance programs within the county
- Leverage resources from regional, state, and national financing programs

Strategy 1.2.2 – Equity Finance

- Assess the feasibility of a countywide angel investor fund or network; support development efforts as warranted
- Participate in active angel investor networks within the state

Objective 1.3 – Market Kandiyohi County to prospective businesses, residents, investors and site selectors

Strategy 1.3.1 – Marketing materials and tactics that promote business opportunities in Kandiyohi County

- Develop new printed marketing materials and a plan for targeted dissemination
- Enhance the EDC’s website and social media presence
- Re-create the recruitment campaign

Goal 2 – Improve, maintain and expand Kandiyohi County’s transportation infrastructure through increased collaboration

Objective 2.1 – Support efforts to improve, maintain, expand, and market our existing transportation infrastructure

Strategy 2.1.1 – Willmar Municipal Airport

- Support efforts of the City of Willmar to market the airport to existing and prospective businesses within the city/region
- Assist the City of Willmar with any funding opportunities to maintain, improve, or expand the existing facility
- Examine opportunities to create linkages that might expand the utilization of the airport

Strategy 2.1.2 – Railroad

- Assist efforts of BNSF, the City of Willmar and Kandiyohi County on all funding opportunities through the TIGER Federal Grant program, MNDOT and DEED for construction of a rail bypass west of Willmar
- Coordinate with BNSF, the City of Willmar and Kandiyohi County a design build for a rail-serviced Industrial Park loop for land west of the expanded Willmar Industrial Park
Coordinate with BNSF marketing outreach to rail serviced customers that are in need of expanded building development opportunities with the Willmar Industrial Park

Strategy 2.1.3 - Roads and Highways

- Engage the Hwy 23 Coalition to work with MnDOT on development of passing lanes on the Hwy 23 corridor from Willmar to I-90
- Utilize the resources of the Hwy 23 Coalition to advocate the completion of the planned 4-lane along Hwy 23 between New London, Paynesville and Richmond
- Engage MnDOT resources to promote ‘super two’ passing lanes between Willmar and Litchfield
- Determine viability of Highway 12 Coalition
- Work with Willmar element on improvement of Highway 12 through the city

Goal 3 – Promote and position Kandiyohi County (Willmar) as a regional medical center

Objective 3.1 – Coordinate annual medical community listening sessions

Objective 3.2 – Support efforts to develop a Veterans Home in Willmar

Objective 3.3 – Determine community attributes most attractive to medical professionals

Objective 3.3 – Coordinate workforce recruitment efforts specifically designed for the healthcare sector within the “Home” campaign

- Invite medical recruitment professionals from Rice Hospital, APMC, Family Practice Medical Center, Bethesda, and other providers to input and design a “Medical HOME” campaign