

**KANDIYOHI COUNTY & CITY OF WILLMAR ECONOMIC DEVELOPMENT COMMISSION (EDC)  
JOINT OPERATIONS BOARD (OB)  
FINANCE COMMITTEE  
MINUTES  
February 14, 2006  
EDC Office, 312 Fourth Street SW, Suite 2, Willmar**

Present: Brent Iserman, Brian Borgerding, Don McGrath, Les Nelson, Steve Payne, Bruce Peterson and Paula Rauschendorfer

Staff: Kathy Schwantes, Assistant Director

Guest: Alan Watkins, Heritage Bank, N.A.

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

Les Nelson called the meeting to order at approximately 12:08 p.m. followed by self introductions. Brent Iserman was welcomed as a new committee member.

**MINUTES—**

IT WAS MOVED BY Steve Payne, SECONDED BY Don McGrath, to approve the minutes of the October 11, 2005 meeting as mailed or e-mailed. MOTION CARRIED.

[The agenda was taken out of order.]

**NEW BUSINESS**

**Loan Presentation.** Alan Watkins of Heritage Bank was introduced and presented the Entrepreneurs' Loan Guarantee Program (ELGP) application of Stephen Peppin DBA Pep's Sports Barber Shop. Following discussion,

IT WAS MOVED BY Steve Payne, SECONDED BY Don McGrath, to approve a 60-month \$25,000 loan under the Entrepreneurs' Loan Guarantee Program to Stephen Peppin DBA Pep's Sports Barber Shop. MOTION CARRIED.

Kathy **Schwantes** will provide Heritage Bank with a list of documents needed to finalize the loan and a loan origination fee of \$200 is due.

**Loan Reserves.** Schwantes reported Rick Pietrick of the State Auditor's Office stated state statutes do not address a minimum percentage for loan program loss reserves and a 50% reserve would be more than adequate. Schwantes stated the Entrepreneurs' Revolving Loan Fund had a 19% loss through December 2005 and a 10% loss over the past year.

IT WAS MOVED BY Don McGrath, SECONDED BY Brian Borgerding, to establish a loan reserve of 50% of the guaranteed amount for the Entrepreneurs' Loan Guarantee Program. MOTION CARRIED.

**Marketing Insert.** Schwantes reported the EDC's Marketing & Public Relations Committee has been working on a number of projects, including a trifold pocket folder that will contain inserts.

The committee reviewed a first draft of the finance insert for this folder (see copy attached to original minutes) and recommended the following changes under the loan descriptions:

- remove Kandiyohi County before each program name
- under Industrial Initiatives (II) Loan Program and Revolving Loan Fund (RLF) remove (standard industry classification)
- add language regarding Finance Committee approval to the RLF and ELGP sections
- ELGP should state 1% of the guaranteed amount
- delete "Other purpose discretion" from the RLF Eligible Activities

and the following changes under the Application Request

- include a date line
- alphabetize the entities under Other Business Loan Programs
- remove KC before each program
- 's' is missing after Entrepreneur'
- remove Standard Industry Classification and replace it with NAICS (North American Industry Classification System) [this change should also be made on all loan program manuals/documents]

and the following changes to the insert as a whole:

- change any black printing that appears in the blue sections to white print as the black is hard to read and is illegible if photocopied
- instead of the blue box under II, just do an outlined box
- make sure there are business card slots on the folder.

**Schwantes** will distribute the final inserts to the committee as soon as they are available at a meeting.

## **UNFINISHED BUSINESS**

**ERLF.** Schwantes reported the loan to Henry Tabrizi is in default and will be taken to Conciliation Court. All other outstanding loans are current (see report attached to original minutes). Paula Rauschendorfer informed the committee Tammy Carver is no longer in business.

**Financing Seminar.** Schwantes reported she is working on obtaining information to hold a financing seminar. Schwantes reported on a bioscience seminar she attended. At the seminar she discovered there is no longer much distinction between a venture capitalist and an angel investor. **Schwantes** will contact Glen Thuringer of Worthington, who created an equity fund and Glen Herfurth of Montevideo, who created an angel fund. Plans are to hold a seminar in November. Suggested topics should be given to Schwantes. Brian Borgerding stated the past seminars have been very good and should be repeated. It was mentioned to possibly have intellectual property on the seminar agenda.

**2006 Planning Session.** Schwantes thanked Paula Rauschendorfer and Larry Knutson for assisting with the Finance Committee's presentation for the EDC's planning session.

**NEXT MEETING**—The next regular meeting is **noon, Tuesday, March 14, 2006**, at the EDC Office, 312 Fourth Street SW, Willmar.

**ADJOURNMENT**—There being no further business, the meeting was adjourned at approximately 12:55 p.m.