

KANDIYOHI COUNTY AND CITY OF WILLMAR ECONOMIC DEVELOPMENT COMMISSION (EDC)
JOINT OPERATIONS BOARD (OB)
FINANCE COMMITTEE
MINUTES
March 9, 2010
EDC Conference Room, Willmar

Present: Brian Borgerding, Les Nelson, Wayne Nelson and Randy Zinda

Excused: Nick Dalton, Bruce Peterson and Kevin Rueckert

Staff: Jean Spaulding, Assistant Director

Guest: Don McGrath

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

Chair Brian Borgerding called the meeting to order at approximately 12:03 p.m.

IT WAS MOVED, SECONDED AND CARRIED to amend the agenda by adding review of a defaulted loan under New Business.

MINUTES—

IT WAS MOVED BY Les Nelson, SECONDED BY Randy Zinda, to approve the January 12, 2010 minutes as e-mailed. MOTION CARRIED.

UNFINISHED BUSINESS—

Revolving Loan Fund Manual. The committee reviewed and discussed proposed changes to the Revolving Loan Fund Manual and made the following recommendations:

- Under Loan Guidelines:
 - Retain paragraph 5.
 - Retain the language relative to being eligible under the Small Business Administration guidelines.
- Intro
 - Up to 1 to 1 (100%) leveraging with other financing. This program is intended to be gap financing with the majority of funds coming from other financing or equity.
- Under Loan Terms:
 - add the following paragraph: Recipients will be charged a 1% loan origination fee plus all costs associated with the loan.
 - make the second sentence under paragraph 4 a separate numbered paragraph: EDC will require personal guaranties of the applicant(s).
- Retain the section on Ineligible Activities.
- Interest rate shall be changed to Minneapolis prime plus 2% with no floor or ceiling.
- The bank servicing the loan will receive the 2% interest above Minneapolis prime as its service fee.

- The EDC will require automatic payments from the borrower's checking account.
- The financial institution that originates the loan will service the loan.
- Remove language as to a current debt schedule as an addendum or include it as outlined in the application.
- A completed Application should be a requirement.
- Remove language requiring key person insurance.
- Remove the non-refundable application fee of \$100.

Spaulding stated a Manual will be retained for internal operations of the loan program and an overview will be created to give to potential borrowers.

Loan Applications. Spaulding reported that in addition to the Standardized Loan Application for the Revolving Loan Fund and the Entrepreneurs' Loan Guarantee Program (ELGP), a new application form is being created for the Industrial Initiatives Loan Program.

Kandiyohi County Angel Network. Spaulding reported this week the Legislature is holding committee hearings regarding angel network tax credits. The EDC is collecting Bylaws from other organizations to review for a local angel network. Dan Fischer will be speaking at Rotary on a local angel network.

NEW BUSINESS—

Loan in Default. The committee reviewed information provided by Bremer Bank on the ELGP loan in default by Angela Peterson. Attorney Dean Anderson's opinion is that Bremer Bank's collection activities to date do not meet the program criteria, but the committee has discretion to recommend paying on the guarantee. The EDC would pay 80% on the principal remaining due of \$4,495.76 or \$3,596.61. By consensus, the committee decided to wait and see if Peterson submits an Answer to the Complaint served by Bremer Bank. This will be reviewed at the April meeting.

2010 Goals. By consensus, the committee determined to keep the same goals as in 2009 for 2010.

ADJOURNMENT—There being no further business, the meeting was adjourned at approximately 1:19 p.m.

NEXT MEETING—The next committee meeting is **noon, Tuesday, April 13, 2010**, at the EDC Office, 333 Litchfield Avenue SW, Suite 100, Willmar.