

Swift County RDA Board
Thursday, September 10th at 12:00 PM
LEC – Swift County Courthouse or **Zoom/Dial-in**
301 14th St N, Benson, MN
“Providing opportunities for economic and community development in Swift County”

Join Zoom Meeting

<https://us02web.zoom.us/j/88466106071>

Meeting ID: 884 6610 6071
 One tap mobile
 +13126266799,,88466106071# US (Chicago)

Tentative Agenda

Notes/Follow-Up

		100 Call to Order	
12:01		200 Agenda Changes 201	
		300 Consent Items 10 mins	
12:02	1	301 Meeting Minutes* 7-15-2020, 7-24-2020, 8-14-2020, 8-26-2020, 9-8-2020	
		302	
		400 Decision Items 15 mins	
12:12	7	401 MH Woodworking Loan Request* – \$26k for equipment	
		402 CARES Funding for local governments – Update working with Pam	
		500 Information Items 10 mins	
12:27		501 Executive Director’s Report – Transition update	
		502 Stephanie Heinzig – Resignation at end of Term 2020	
		700 Significant Correspondence/Calendar Items	
12:55		800 Adjournment – estimated time 12:37 PM	

Key: *=enclosure # =handout or presentation



Draft Minutes
Regular Minutes of Swift County RDA
Thursday, July 15, 2020 @ 12:00PM via ZOOM and LEC

Members Present: Tom Walsh, Stephanie Heintzig, Terri Barrett, Kelsey Tollefson, Brady Olson, Eric Carlson, Rick Molenaar

Staff Present: Jennifer Frost

Others Present:

100 Call to Order - meeting called to order

200 Agenda Changes – No Changes

300 Consent Items –

301 Meeting Minutes – The Minutes from 5-27-2020 were reviewed with no changes. Terri made MOTION to approve Minutes, Rick seconded.

302 Financial Statements Q2 2020 - The 2nd quarter financials for the RDA were reviewed. The balance sheet for showed \$636,451.09 in total liabilities and equity on 6-30-20. Profit & Loss showed a net ordinary income (loss) of (\$19,242.89) for the period of 2020 as of 6-30-20. Income and Expenses for the period 1-1-20 to 6-30-20 were \$71,218.74 and \$90,461.63 respectively. Eric MOTIONED to approve Q2 Financials, Stephanie Seconded.

303 Loan Report Q1 – Jen reviewed the loan report as of Quarter 2 for 2020.

400 Decision Items –

401 CARES Funding for Local Governments – The Board was asked to make a recommendation to the County Board on committing a targeted amount of local CARES funding to business and economic assistance to small business in Swift County. Jen explained the original legislative bill which did not pass required 10% be used for this purpose and based on MAPCED calls other Counties are pledging up to 30% of their local share toward businesses. After much discussion of using 10% and how the need could be far greater, Tom made a MOTION to recommend using 20% of local CARES funding for business assistance. Terri seconded.

402 Housing – Jen provided a Gra-Mar update and noted that we did not need a resolution of support and that the HRA was putting forward a no change levy request to fund a local housing trust fund and an accompanying request will be for the County to establish one. No decision required.

403 CRM – OctoUX – Jen provided an update of a CRM software solution she purchased to utilize for a grants program as well as BRE, which will be more important with the uncertainty of covid. No decision

500 Decision Items –

501 EDA EEA – Jen provided an update on the broadband idea in Appleton and discuss the possibility of using EDA EEA to hire an economic resiliency coordinator.

502 Budget 2021 – Jen offered several budget options for 2021 and several tax levy options. Most revolved around hiring a staff person to assist the office with basic tasks such as office management, communications/BRE (resiliency position). The Board was not asked to decide at this time but to review the budget categories and think about funding priorities proposed. The preliminary budget and 2021 levy request must be approved before September 15th for the County Board to consider the levy request.

503 Job/RDA Office/Communications Help – Jen provided an update of position possibilities and discussions she has had with “like” organizations such as the Chamber of Commerce in Benson. Some of the budget options proposed utilize part-time help and the County has no staff people willing to add hours to help the RDA. The RDA discussed pros and cons of contracting with an outside organization like the Chamber to hire someone to manage the office and share a staff person.

400 Adjournment – MOTION Meeting adjourned at 1:07 by Eric, Second by Brady.

**Next Meeting Date:
TBD**

Draft Minutes
Special meeting minutes of Swift County RDA
Thursday, July 24, 2020 @ 12:00PM via ZOOM

Members Present: Ed Pederson, Tom Walsh, Stephanie Heinzig, Terri Barrett, Kelsey Tollefson, Brady Olson, Eric Carlson, Rick Molenaar
Staff Present: Jennifer Frost
Others Present: Kesley Baker

100 Call to Order - meeting called to order at 12:05PM

200 Agenda Changes – No Changes

300 Discussion & Decision Items –

301 Swift County CARES – The Board carefully walked through options for CARES Grant program. Jen outlined several choices for the board including number of employees, types of industry, impact of Governor's Orders on businesses, etc. The general feeling of the Board was to include few restrictions to allow for the most applications.

400 Adjournment – Meeting adjourned by Tom, Second by Eric

Next Meeting Date:
TBD

Draft Minutes
Special meeting minutes of Swift County RDA
Friday, August 14, 2020 @ 12:00PM via ZOOM

Members Present: Ed Pederson, Tom Walsh, Stephanie Heintzig, Terri Barrett, Kelsey Tollefson, Rick Molenaar, Brady Olson Eric Carlson
Staff Present: Jennifer Frost
Others Present: Kesley Baker

100 Call to Order - meeting called to order at 12:02PM

200 Agenda Changes – No Changes

300 Discussion & Decision Items –

301 Tax Levy 2021 – The Board reviewed budget options and corresponding tax levy requests. The Board was reminded that the County Board will approve the levy in September and can reduce it down at its December meeting should budget circumstances change, but cannot increase it. Ed asked about CVEC shares and Jen noted we did not budget for any income and had planned to not use CVEC shares for regular operating expenses due to their uncertainty, and that the HRA had pledged their future dividends to a Local Housing Trust Fund for programming. Tom MOTIONED to adopt Budget A with a 2021 tax levy request of \$145,000, a \$28,000 increase over 2020. Stephanie seconded, vote was unanimous.

400 Discussion & Decision Items –

401 CARES Grant Update – Jen provided an update of applications received thus far and thought we would have more grant applications than we have in total funding, but that the submission rate has slowed since the first two days. The current count is about 30 applications and some are duplicates and some are industries that weren't impacted by mandate closures.

400 Adjournment – Meeting adjourned

Next Meeting Date:
TBD

Draft Minutes
Special meeting minutes of Swift County RDA
Wednesday, August 26, 2020 @ 12:00PM via ZOOM

Members Present: Ed Pederson, Tom Walsh, Stephanie Heintzig, Terri Barrett, Kelsey Tollefson, Eric Carlson
Staff Present: Jennifer Frost
Others Present: Kesley Baker

100 Call to Order - meeting called to order at 12:02PM

200 Agenda Changes – No Changes

300 Discussion & Decision Items –

301 Hiring Committee – Jen asked for volunteers to serve as a hiring committee in the Executive Director search with the County HRA team. Tom, Stephanie, and Terri volunteered.

302 Swift County CARES Next Steps – A brief discussion took place on next steps related to the CARES grant applications including weeding some down and providing paper copies to review and take notes.

303 Lehmann Business Services Proposal – Jen presented a professional services proposal for grant processing/due diligence. Tom made a MOTION to engage Lehmann for CARES grant due diligence, Kelsey seconded.

304 Office Desk – Future workspace– Jen explained that the County would likely be moving the RDA workspace to a new office and the furniture in the current space would not be needed. Kelsey Baker, County Administrator confirmed this and discussion took place on what would happen to the current RDA desk as the County would not have use for it. Stephanie noted that Jen acquired it nearly 10 years ago and it would have little value. Jenn said although she would like it, it was large and very heavy. Kelsey Baker and Jen planned to do a walk thru of the RDA owned assets and Jen would look at options, noting that some furniture like the old RDA board table and chairs are utilized in the Administration office.

400 Adjournment – MOTION by Tom to adjourn, Terri Seconded

Next Meeting Date:
TBD

Draft Minutes
Special meeting minutes of Swift County RDA
Tuesday, September 8, 2020 @ 4:30pm in the LEC and via ZOOM

Members Present: Ed Pederson, Tom Walsh, Stephanie Heintzig, Terri Barrett, Kelsey Tollefson, Brady Olson – via Zoom
Staff Present: Jennifer Frost, Pam Lehamann
Others Present: Kesley Baker

100 Call to Order - meeting called to order at 4:35pm

200 CARES Grant Review – The board review each Swift County CARES Grant application and made decisions including no funding, partial funding, verification, and funding. RDA Staff was tasked with communicating with applicants and requesting more info as required. Expectations are that applicants will have a certain time period to reply with verification data and if they do not, their award is forfeit. Pam will provide updates to the Board and Kelsey until a new Executive Director is in place.

400 Adjournment – Meeting adjourned at 6:11 pm

Next Meeting Date:
TBD

Board Presentation

A. Subject	Date	Time	#
MH Woodworking Loan	9/10/2020	15 mins	401

B. Reporter

Jennifer Frost

C. Summary

The Loan Committee made up of Brady Olson and Ed Pederson met with Mike and Kim Harkema regarding the MH Woodworking Loan application to review detailed business and financial data and business plan. The Committee asked many questions and requested RDA Staff follow up with the lead banker, Kevin Crowley at Heritage Bank to discuss collateral and/or lower the percentage of project financed by RDA. (Equal % but subordinate position to less % and subordinate position). Regardless, the Committee recommended funding the project at up to \$30,000 at 3% for 8 years based on follow up from RDA Staff.

After conversations with the bank, RDA Staff is recommending the RDA fund \$24,000 at 3% for 8 years with a subordinate blanket position on all equipment mirroring the bank's first position. The bank will now do \$36,000 for a 60% bank, 40% RDA split. (This does not include the Veteran's Loan that was also secured by applicants.

D. Fiscal Impact

RDA RLF has \$55,000 in it's available to lend funds and can easily accommodate \$24,000.

E. Recommendation/Request

Approve loan to MH Woodworking for \$24,000 at 3% for 8 years with a blanket second position on equipment. Payments to begin 60 days after loan close.

F. Prepared By

Jennifer Frost

DATE: 9-3-2020 NAME OF BORROWER: Michael + Kimberly Harkema

AMOUNT OF LOAN REQUESTED: 30,000 (upto) \$24,000
Recommend RDA Board
LOAN: Approved Denied

AMOUNT OF LOAN APPROVED: \$ ~~30,000~~ 24,000 INTEREST RATE: 3 %

NUMBER OF PAYMENTS: 96 8 years

PAYMENT SCHEDULE: Monthly

COMMENTS: (If loan was denied or approved with conditions, state reasons, conditions and recommendations. Continue on back of page if necessary.)

*Jon will review w/ Banker on collateral.
Heritage will agree to 60/40 \$36K - 24K
new debt service = \$281.51*

LOAN REVIEW COMMITTEE SIGNATURES

DATE

Brady Olson via Zoom

9-3-2020

Edward Hansen

Swift County Rural Development Authority
1228 Atlantic Ave
Benson MN 56215

REVOLVING LOAN FUND

I. APPLICANT INFORMATION

Name of Business MH Woodworking
Business Address 1570 60th St SE
City Herkhoven Zip code 56252 Business Phone (320) 444-2111
Website _____

Applicant Name Michael Harkema title Owner
Address 1570 60th St SE
City Herkhoven State MN Zip code 56252
Contact Phone (320) 444-2111 E-mail address mgc.harkema@gmail.com

Type of Business: Sole Proprietorship Corporation Partnership
 Limited Liability Corporation Limited Liability Partnership

DUNS Number: _____ To look-up or request a FREE DUNS go here: <https://fedgov.dnb.com/webform>

Please list individuals with ownership share in the Business:

Name	Address	Phone	%Ownership
<u>Michael Harkema</u>	<u>1570 60th St SE, Herkhoven</u>	<u>320-444-2111</u>	<u>100%</u>

TO BE SIGNED BY APPLICANT

I have willfully furnished this information to the entity indicated on page one of this applications, for the purpose of applying for a loan.

- \$ I understand the information provided may be reviewed by the appropriate staff, and/or Board(s).
- \$ I understand that the information I have provided may be made public according to the laws of the State of Minnesota.
- \$ I am fully aware that if my loan is approved, I will be responsible to pay legal fees incurred by the loan originator and filing or search fees associated with the loan made to me and/or my business.
- \$ I understand that if approved, the funds provided are a loan and must be paid back to the lender(s) in the time and under the conditions agreed to at the time of approval.

Applicant Signature [Signature] Date 8/14/2020
Applicant Signature _____ Date _____

Swift County Rural Development Authority
1228 Atlantic Ave
Benson MN 56215

**REVOLVING LOAN FUND
Application**

II. NATURE OF LOAN REQUEST

What is the nature of the business?

Custom kitchen cabinets, Vanity and Furniture
Woodworking business

Brief description of the project for which funding is sought: Purchase a CNC Router and Edgebanding machine to expand the company's existing woodworking business. Ensure efficiency on an upcoming \$50,000 job that includes custom kitchen cabinets, Furniture, Vanities and closet organization.

How much cash equity are you planning to invest in your business venture? \$ 5,000

Total Project Cost \$ 80,000 Amount of Public Loan Request \$ 37,500 ^{30,000} ^{26,000}

Requested Term 8 years Interest Rate 3 %

Collateral offered equipment purchased Position _____

Type of Project: Existing Business Expansion _____ New Business

Purchase of Existing Business

Other, please explain _____

Direct impact of this project on local tax base \$ 0 (est. taxable value increase)

Projected job generation within a two-year time frame as a result of this loan:

Existing jobs 1 + Jobs Created 0 = Total 1

List other benefits to the community you believe will be directly attributable to your project:

I will be able to provide services to other local cabinetmakers, which could increase their productivity and services. Allow for more customized work at a lower labor cost for the homeowner so they can have a more organized and efficient home or space.

III. SOURCES AND USES OF FUNDS

Please complete this section for the funding sources you are applying to, or have commitments from for this project.

Source & Use Project Cost and Request Summary

	Swift County	Bank	Equity	Other specify	Other specify	Other specify	Total
Amount	\$ 30,000	\$ 30,000	\$	DEED Vet Loan \$ 20,000	\$	\$	\$ 80,000
Uses (specify)	Purchase Equipment	Purchase Equipment		Working Capital			
% of Project Cost	37.5%	37.5%		25%			
Term (years)	8	7		4.5	3		
Amortization							
Interest Rate	3%	4.99%		0%	6%		
Debt Service	396.40	426.00		555.56	existing 385.60		Estimated 1,763.56
Lien Position	subordinate	1st		No payments 1st 18 months			
Collateral	Equipment	equipment					
First Pmt Date							
TOTAL	30,000	30,000		20,000			

Contact information for "Banks" and "Other" from Sources and Uses Matrix

Source #1 Heritage Bank Contact Person Kevin Crowley

Address 310 1st St., Willmar, MN 56201 Phone 320-235-5720

Source #2 MN Reservist & Veteran Business Loan Contact Person Chinwe Ngwu

Address DEED Phone 651-259-7427

Source #3 _____ Contact Person _____

Address _____ Phone _____

Source #4 _____ Contact Person _____

Address _____ Phone _____

IV. JOB CREATION/RETENTION INFORMATION

Provide the following information on the jobs you expect to create and/or retain due to the loan from the Swift County loan program in the next two years

Job Title	# of Jobs	Hourly Wages	Annual Salary	Are jobs Perm. Or Temp?	Are jobs Full or Part-time?	Expected Hiring Date
Cabinetmaker	1			Perm	Full	

Additional information regarding job creation or retention that may be helpful to the loan committee:

As a self-employed business owner, my family plays an important role in helping my business to succeed. My wife works full time out of the home, but is able to provide the service of bookkeeping and financial paperwork that is necessary of the business. As our children are still growing, we are able to get them more involved and are hoping that one or more of our kids would like to take over the business that we have grown.

V. APPLICATION CHECKLIST

The following items must be provided to staff at least one week prior to consideration by the public lender(s).

To be completed by Applicant:

- Application (with assistance by staff or others if needed). The application must be signed by the applicant(s) to be considered complete.
- Business plan (Guide can be provided from RDA Staff).
- Historical financial information for the past three years including cash flows, profit and loss statements, and balance sheets
- Projected financial information for the next three years including monthly cash flow for the first year, annual cash flow for the next two years, profit and loss statements, and balance sheets
- Personal financial statement, less than 90 days old, for each person with a 20% or greater share of ownership in the business
- Authorization form, one for each individual seeking financing from the public entity
- Current business financial statements, less than 30 days old
- List of current debts, both business and personal, indicating original loan amount, purpose, lender, term and interest rate, payment amount and frequency, status, and maturity date
- Letters from appropriate offices regarding liens and judgments on record against both the business and owners
- A letter from the applicant stating reasons the loan is needed; why the project could not be funded by private sources; stating that the business will operate in the proposed location for at least five years after the loan is made; stating that the business does not have any ongoing adverse action on record with OSHA, EPA, MPCA, NLRB, FSA or other State or Federal agencies; and stating that the project will result in no adverse environmental impacts.

If approved Applicant must provide:

- Proof that the public lender is listed as a loss payee on the item(s) financed for the duration of the loan, annual proof will be provided
- Proof that public lender is listed as beneficiary on life insurance policy for balance of loan

To be completed by financial institution(s):

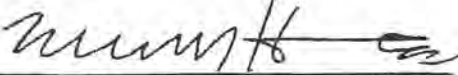
- Letter(s) stating amount of loan(s) for this project, and their terms and conditions
- Letter(s) of denial including reasons for denial

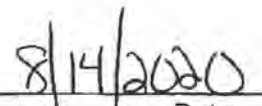
To be completed by staff:

- Credit check (Score/Report can be provided by borrower's bank)
- Communicate with lender(s)
- Assist applicant complete application and supporting documentation

To be signed by applicant:

I have willfully furnished this confidential information to the Swift County Rural Development Authority for the purpose of applying for a loan. I understand that this information will be reviewed by the Swift County RDA Staff and will be available for review by the SCRDA Loan Committee.


Signature


Date