

Wednesday, September 22, 2021, 7:00 p.m.

Kandiyohi County Health and Human Services Building – Multipurpose Room

Members Present: Commissioners Robert Anderson, Kevin Crowley, Doug Erickson, Rick Fagerlie, Kathy Grochow, Jon Hawkinson, Sue Hilgert, Jill Hoff, Doug Krueger, Tom McDonnell, Robert Moller, Shawn Mueske, Rollie Nissen, Lorallen Schmeling, Paul Simonsen, Berit Spors, and DuWayne Underthun

Members Absent: Commissioners Jeff Benson, Shirley Carter, Maureen Melgaard-Schneider (ex-officio), Tracy Montgomery, Chris Rowan, Steve Schmitt, and Dave Sebesta.

Staff Present: Executive Director Eric Day, Finance Director Sue Gimse, Economic Development Professionals Michelle Marotzke and Nate Reuss, Transportation Planner Kyle Ten Napel, Community Planner Justice Walker, Transportation Resource Coordinator Terry Smith, and Communications Specialist Ben Carlson.

Guests: None

Call to Order

Chairperson Crowley called the meeting to order at 7:00 p.m.

Introductions

MMDC's new Economic Development Professional, Nate Reuss, provided an introduction to the board, after which time Commissioners and all other staff provided introductions.

Approval of Agenda

Chairperson Crowley asked for any additions or corrections to the agenda. Hearing none, Commissioner Fagerlie made a motion to approve the agenda. Commissioner seconded the motion, which carried.

Approval of June 23, 2021, Full Commission Meeting Minutes

Commissioner Hilgert moved to approve the minutes of the June 23, 2021, MMDC Commission meeting, as presented. Commissioner Nissen seconded the motion, which carried.

Treasurer's Report

Commissioner Erickson provided an overview of the Account of Revenue and Expenditures Report. MMDC's checkbook balance, as of September 15, 2021, is \$966.19. Bills approved totaled \$538,085.90 (payroll \$150,089.93; vendors \$94,149.63; transfer to savings 293,846.34).

The board financial report, provided with the meeting materials packet and referred to by Commissioner Erickson, also indicated a savings account balance of \$390,107.17; Long Term Savings were \$583,513.98; and the 4M balance was \$92.06.

Commissioner Erickson made a motion to approve the treasurer's report. Commissioner Moller seconded the motion, which carried.

Consent Agenda

The consent agenda consisted of notes/minutes from the following recent committee meetings:

- Executive Committee – September 1, 2021
- MMRTCC Subcommittee – June 22, July 27, and August 24, 2021
- Legacy Revolving Loan Fund Committee – August 30 and September 10, 2021
- RLF CARES Loan Committee – July 26, August 23, and August 30, 2021

Commissioner Hilgert moved to approve the Consent Agenda. Commissioner Schmeling seconded the motion, which carried.

Correspondence and Announcements

Executive Director Day informed the Commission of three items:

- MMDC's contracted auditors will be onsite during the third week of October. Finance Director Gimse is expected to be busy during this week.
- Main Street COVID Relief grants are available to businesses affected by the COVID-19 Pandemic, through the MN Department of Employment and Economic Development. This opportunity can bring a grant ranging from \$10,000,000 to \$25,000,000 to small and medium sized businesses that saw a pandemic-linked revenue reduction of at least 10% in 2020, compared to 2019 or who were directly impacted by executive orders surrounding closure or service restriction. Day emphasized that the grant application window is short and that applications were due by September 30, 2021. An informational handout was provided. Day encouraged all Commissioners to share this information with their business networks.
- Day and Economic Development Director Marotzke will be attending their first National Association of Development Organizations conference in October (Portland, Oregon), and hope to come back with good information.

Staff Reports

Chairperson Crowley asked if there were any questions from the Commission on the written director and staff reports that were provided within the meeting materials packet. There were no questions.

Old Business

There was no Old Business.

New Business – Action Items & Commission Business

Personnel Committee – Personnel Policy Manual Update

Day informed that the MMDC Personnel Committee met prior to the meeting of the Full Commission to consider Day's recommended updates to the MMDC Personnel Policy Manual. Day pointed to a summary of changes document that was provided in the Commission's meeting packet. Day informed that this document includes all changes that are beyond grammatical changes or wordsmithing – anything that has an actual impact, large or small, on the MMDC's policies. Day informed the Commission that, during the Personnel Committee meeting, a motion to recommend adoption of the proposed changes, as presented, to the full Commission, did carry. Day stated that he would then be requesting a motion to approve Personnel Policy Manual changes, as presented, from the Commission and offered to take any questions on suggested changes from Commissioners.

Commissioner Crowley requested clarification on the change to the amount of sick leave staff hired after January 2015 can accrue (From 1,000 hours down to 400 hours). Day explained that he does not want staff to come to work sick just so that they can continue to bank those hours, a portion of are "paid out" employees' health savings accounts at the time of retirement.

Commissioner Spors informed the Commission that the Personnel Committee did have extensive discussion about the recommended changes and indicated there was consensus at that meeting that the changes were appropriate. Commissioner Spors then made a motion to approve the recommended changes, as presented. Commissioner Moller seconded the motion, which carried after some discussion and clarification surrounding:

- The removal of the exemption from Veterans Preference rules when considering candidates for the executive director position.
- The clarification of policy surrounding the Commission's current practice of allowing the option to provide staff with Commission credit cards in lieu of reimbursement.

Day indicated that he will make the necessary changes to the manual and send it out to all Commissioners so that they have the updated version for their reference.

MMRTCC Update

Transportation Resource Coordinator Smith referred to his written report. The MMRTCC has now moved into a two-year Phase 4 period. Smith reported that the transition to Phase 4 has included a change in reporting practices, which is expected to help all RTCCs track their progress. Other areas of focus include marketing of volunteer and professional driving opportunities. Smith indicated that purchased ad space and airtime has been used to leverage radio interviews and articles, in the hopes of attracting more people to driving opportunities. Smith reported that he has taken calls from potential drivers (volunteer and professional) and has handed them off to the appropriate

agency so that they could make the final pitch to the interested party. Smith said that some important relationship development with the different transportation providers, especially Central Community Transit, has progressed.

Smith informed on the MMDC/MMRTCC's participation on the Minnesota Volunteer Driver Coalition, which successfully influenced Minnesota's legislators to make two significant changes to law since the last Commission meeting. They include:

- State income tax subtraction to volunteer drivers reimbursed earning more than \$600 annually, due to the fact that they are often reimbursed at rates exceeding the \$.14/mile volunteer reimbursement rate.
- A state definition of a "volunteer driver", which is intended to help insurance companies differentiate between volunteers and for-hire drivers, in the hopes of avoiding insurance rate hikes for volunteer drivers.

Smith stated that the Minnesota Council on Transportation Access and Minnesota Volunteer Driver Coalition are in the process of developing educational materials, which MMDC/MMRTCC will help disseminate.

Smith reported that he has also been working on developing an updated inventory of vehicles that might be used to transport non-drivers, including in times of local emergency. Smith stated that this includes work with each county's emergency management personnel.

Smith informed that most of our region's transportation providers are struggling to find staff, including drivers. MMDC/MMRTCC will continue to look for opportunities to assist in this area.

Smith also remarked that he has also been busy with work related to the support of the Local Human Service – Public Transit Coordination planning process.

Day added that, in early October, Smith will be participating in a transit/transportation-focused conference, which will be held in Duluth. Day informed that MnDOT encouraged the MMDC to apply for a scholarship, which MMDC received. This scholarship will cover Smith's conference fee, lodging, mileage, etc.

Day also encouraged Commissioners to reach out to Terry if they are involved with a service club or other group that would be willing to hear a short presentation about the volunteer driver opportunity.

Commissioner Krueger (also Trailblazer Transit Board Chair) expressed that there is a bit of disappointment in the McLeod County area because Trailblazer covers the Counties of McLeod, Sibley, and Wright, and this puts them in three different RTCC territories. They feel pulled in several different directions. Commissioner Krueger reported that Trailblazer Transit's Executive Director would prefer to discontinue participation with the MMRTCC, but that he (Krueger) has convinced him to stay involved with the MMRTCC to this point. Krueger also expressed concern over the fact that they are having some issues at the county level. Namely, non-emergency transportation companies are able to charge almost twice as much as Trailblazer for similar rides. These companies are able to direct bill and make it easier for the people who are calling for the rides. This has been

looked into and it seems to be legal. Krueger expressed that MnDOT and the Department of Human Services can and should fix.

Day informed the Commission that, at times, he needs to remind himself that the MMRTCC does not exist to serve the transportation providers. Rather, the MMRTCC exists to help non-drivers get the transportation they need. This may include assisting providers, including helping to educate riders and assist with things like professional and volunteer driver recruitment.

Day stated that both of the MMRTCC region's public providers (CCT and Trailblazer Transit) do a phenomenal job of serving their communities with the limited resources that they have and said that their executive directors and staff should be commended for the job that they do.

Commissioner Schmeling added that the CDL licensing and renewal process is another major problem and provided insight into his struggles to maintain his CDL, which ultimately led to his decision to let the license expire.

Investment Recommendation

Finance Director/Office Manager Gimse informed the Commission that the Commission has a CD that will mature on September 27, 2021. This CD is currently at Concord Bank at 0.81%. Gimse reported that she called several banks and found their rates ranged from 0.1% to 0.45%. She informed that the representative from Concord Bank brought the matter to their team, and that Concord is willing to continue with a 0.81% rate for 12 months. Gimse stated that there would be about \$2,006 in interest coming in. Concord would like us to move the accumulated interest, as they would like to avoid the need for additional collateral. Gimse's recommendation is to leave the CD (\$248,000) with Concord Bank for another 12 months at 0.81% but move the interest into checking for operational expenses.

Commissioner Grochow made a motion to follow Gimse's investment recommendation – reinvest \$248,000 in a CD with Concord Bank for another 12 months at 0.81% interest and move accumulated interest, totaling just over \$2,000, to checking. Commissioner Hilgert seconded the motion, which carried.

Commissioner Per Diems and Expense Reimbursement

Gimse reminded Commissioners to sign their per diem/reimbursement forms, as these checks will be cut after September 30. Gimse encouraged each Commissioner to review their form carefully, to ensure no meetings were missed.

Upcoming Audit

Gimse informed that, as part of the auditor's field work, Commissioners may receive a call from the auditing firm. The purpose of this call is to ask a few questions surrounding whether there is any suspicion or concern of fraud, etc.

Final Excess Revenue Numbers for FY 2021

Gimse reported that, as part of her audit preparation process, she made a final determination of excess revenue for FY 2021. MMDC had excess revenue of \$43,187, \$211 over what was previously projected.

Commissioner Contact Information Update

Gimse informed Commissioners that it was necessary to verify that staff had the correct contact information for each Commissioner, to ensure effective communication. Gimse then passed a contact information sheet around the room and asked Commissioners to update, as needed.

Legacy RLF Lending Plan Approval

Economic Development Professional Michelle Marotzke provided an overview of the proposed lending plan for the MMDC's Legacy RLF, MMDC's original RLF, which was recently defederalized. She pointed to a drafted plan which was included in the meeting materials packet. Marotzke informed that MMDC is now in full control of the fund, and that it is no longer necessary to report to the EDA or operate under their restrictions. Marotzke stated that the proposed lending plan is similar to the CARES Act RLF plan, to promote consistency with regard to origination fees, term limits, and loan amounts. The proposed interest/lending rate for the Legacy RLF is 1% above prime at the time of closing or 4%, whichever is greater. Collateral would be required for all loans over \$15,000, with personal guarantees required for smaller loans (also in-line with the CARES Act RLF). The proposed plan would also allow the MMDC to operate as a sole lender, however, Marotzke clarified that MMDC will work to avoid taking business away from traditional banks. All businesses and nonprofits would be eligible to apply, with the exception of the adult entertainment sector.

Commissioner Moller made a motion to approve the MMDC Legacy RLF Plan, as written. Commissioner Mueske seconded the motion, which carried.

Legacy and CARES RLF Updates

Marotzke informed the Commission that Meyer's Market, which has had an underperforming loan for the past year, locked their doors on August 31, 2021. She reported that she entered the building with Fairfax's city administrator (building owned by Fairfax HRA/EDA) and that she took many pictures. Inventory was on the shelves. On August 26 Fairfax sent Meyer's Market a letter notifying them of their intent to terminate their lease agreement with Meyer's Market. This is likely what prompted the business to shut their doors. The original MMDC loan amount is \$30,000. There is a 50% guarantee from Fairfax HRA/EDA. MMDC sent a notice of default via certified mail. MMDC has received the signed receipt for this mailing. MMDC does have collateral in the form of a UCC financing statement and a personal guarantee with the borrower. Meyer's Market also owes about \$100,000 to Mason Brothers a food distributor. Lending partners have given Mason Brothers permission to enter the premises and recover what inventory they can for redistribution. Marotzke reported that the Fairfax city administrator is in talks with another local grocer who may be interested in expanding their business to Fairfax. This grocer is also expanding to another town at present. It is unknown at this point if MMDC would be involved with that purchase as a lender.

Day reminded the Commission that this loan was discussed at the June Commission meeting and also reminded of the fact that, in addition to lack of grocery know-how, the business suffered from the effects of the pandemic as well as some unrelated but significant health problems for the

borrower. MMDC will continue to work with lending partners to recover whatever we can. Marotzke expects that this could take around six months to resolve.

Marotzke reported that the Willmar Child Care Center is the other problem loan, at present. The owner has been in Africa, where he lost several family members to COVID-19. He has been busy getting their affairs in order. The person who has the owner's power of attorney has also been struggling. Lending partners include MMDC, Southwest Initiative Foundation, Kandiyohi County & City of Willmar EDC, and the African Development Center. MMDC's original loan amount was \$50,000. Two payments were received on September 20, 2021. However, with those payments, the borrower is only current to June or July of 2020. This is with a four-month deferment the business received previously. A notice of default was mailed and emailed to the borrower late last week. Lenders did receive an email communication from the borrower this week and explained that he is revamping his business plan. Marotzke reported that she has been in touch with the other lenders and there will likely be a meeting in the near future to discuss plans for moving forward. Marotzke also reported that there are some solid childcare providers in the area who are interested in expanding and that some very light conversations have been had between these parties and lending partners.

Marotzke stated that a \$10,000 MMDC RLF loan recently closed for an in-home childcare provider. This provider nearly had to close their doors when they learned that the home they were using was being sold. Day thanked Commissioner Moller for connecting this borrower with the MMDC. The borrower has now been able to find a new location, and purchase via a contract for deed. Marotzke pointed out that First Children's Finance was also involved and provided some assistance with the down-payment.

Marotzke stated that a loan with Groom Zone, a dog grooming and boarding facility, will close next week.

Marotzke reported that all other loans seem to be performing well. She stated that there was a borrower who missed a payment, but that it was quickly discovered that this was an oversight and the borrower sent the payment in as soon as it was brought to her attention. Michelle shared information on how to work with her bank to initiate automatic payments to avoid the problem in the future.

Cedar Heart Homes RLF Application – Increase of Loan Amount

Marotzke informed the Commission that the Cedar Heart Homes (a proposed senior living facility business) project cost has increased, due to a rise in material costs, etc. The originally-approved loan was for \$100,000. Marotzke stated that the borrower is asking for an increase in lending amount to \$117,000. The borrower has applied more of their own funding (from their retirement accounts) to the project and some other lending partners have also increased their lending amount.

Commissioner Simonsen pointed out that the notes from the RLF Committee incorrectly state that the facility is located within Kandiyohi County, rather than Renville County. Marotzke apologized for that error and stated that she would make the correction.

Commissioner Erickson made a motion to approve the increase in lending amount from \$100,000 to \$117,000, for the Cedar Heart Homes loan. Commissioner Simonsen seconded the motion, which carried after some additional discussion.

Aging Update

Commissioner Melgaard-Schneider was unable to attend the meeting, but provided a written report, which Day distributed to the commissioners. That report is as follows:

Commissioners may recall that I reported at the June 23 meeting on the availability of a new Food and Drug Administration (FDA) drug for treatment of Alzheimer's known as Aduhelm. This drug may alter the course of the disease, although it is still unclear whether it will help preserve a person's memory and thinking.

FDA approval set off a variety of responses, from celebrations among some patients, caregivers, and physicians, to pointed questions about the drug's benefits and costs. The medication, developed by Biogen, will be marketed for a list price of \$56,000 a year.

As mentioned at the June 23 meeting, there has already been considerable controversy over the drug. Interestingly, three (3) members of the 11-member panel of outside advisers to the FDA have resigned in protest over the agency's decision to approve Aduhelm treatment despite the committee's unanimous recommendation against doing so, citing inconclusive evidence that the drug was effective. Those resigning included Mayo Clinic neurologist Dr. David Knopman. Patients using the drug believe it is providing them with hope, and when you're in a desperate situation, you want access to any drug that just might help.

Respectfully submitted,
Maureen Melgaard-Schneider

Local Human Services – Public Transit Coordination Plan Update

Transportation Planner Kyle Ten Napel provided an overview of the Local Human Service – Public Transit Coordination Plan, the process for which is underway. Ten Napel is leading plan work with assistance from community planner Justice Walker and additional support from transportation resource coordinator Terry Smith and executive director Day. Ten Napel reported that this project involves collaboration between MnDOT and the Minnesota Department of Human Services. In addition to gauging satisfaction among riders, the goal of this plan is to identify gaps and opportunities for transportation improvement. Day clarified that the bulk of planning work is being funded by a separate contract with MnDOT (\$35,000), with Smith's and Day's support work covered by the RTCC grant (one of the State's prescribed RTCC tasks). Rider surveys are in the field and there are plans for both Ten Napel and Walker to ride the transit bus in Willmar and Litchfield to survey riders. MMDC is also working to ensure the surveys are available at other locations with a higher number of riders. Additionally, MMDC will hold focus groups in each county, in an effort to collect additional information. A public engagement event will also be held. Ten Napel reported that the previous Local Human Services – Public Transit Coordination Plan largely included a significant amount of text. The hope is that the new plan will be much more visual and user-friendly. The first meeting of the plan's steering committee will be held September 28.

Day added that MnDOT has agreed to translate the rider survey into both Somali and Spanish at their expense. The planning process is expected to continue through the fiscal year.

Commissioner Spors offered to assist Ten Napel with connecting with senior living providers. Spors also suggested that all Commissioners like and share the survey, from MMDC's social media page.

MMDC Community Enhancement Fund – Parameters, Eligibility, and Application Approval

Day reminded the Commission that he received approval and funds were dedicated, at the June 2021 meeting, to assist communities and organizations via a Community Enhancement Grant fund. The purpose of this would be to enhance public well-being and quality of life. Day pointed to the drafted program overview and application, which was included in the meeting packet. That document contained information on permitted uses of the fund, which include: Providing health, safety, or other wellness-focused training to community members and/or specific groups; purchasing supplies and/or equipment needed for emergency response; enhancing law enforcement organizations' ability to develop positive relationships with youth, People of Color, and other groups; adding public amenities that promote physical and/or mental wellbeing and/or increase opportunities for positive community interaction; and supporting workforce training opportunities. Day pointed to several prohibited uses. He went on to explain that \$30,000 was dedicated for the purposes of this fund and pointed to suggested funding limits and match requirements in the drafted document. Applications can be submitted through February 15, however applicants are encouraged to submit early.

Day informed that the Full Commission would determine which projects are funded, after Day determined eligibility and clarified any issues of concern. Day stated that Commissioner Hilgert recommended that the applicant be available during the time of Commission Consideration. Day stated that he agreed this was a good idea and stated that he would incorporate language requiring availability, by phone or in-person, into the final document.

Day asked for a motion to approve the guidelines and application for the MMDC Community Enhancement fund, with Commissioner Hilgert's suggested inclusion surrounding applicant availability at the time of Commission consideration. Commissioner Nissen then made a motion to approve the MMDC guidelines and application, with the suggested modification. Commissioner Fagerlie seconded the motion, which carried after some additional discussion, which included a question from Commissioner Erickson, who inquired as to if one applicant would be eligible for more than one grant. Day stated that this would be a board decision but said that he could reach out to any applicant submitting multiple proposals, to ensure the Commission is aware of the applicants' top priorities.

Board Member Recruitment Update

Day informed the Commission that he approached New London-Spicer School Board member Jeffrey Vetsch to see if he would be interested in filling the seat left open by Gary Danielson, who passed away earlier this year. Day provided some background information on Vetsch and explained that Vetsch was indeed interested in the opportunity to serve the region and day presented Vetsch's information to the school board chairs residing within the MMDC region to give them the opportunity to either support Vetsch's participation or submit a name of a different qualifying individual. Day stated that he had received several responses supporting Vetsch's

participation and no responses in the negative. Therefore, Vetsch will be able to begin his service to the MMDC region at the next Full Commission meeting.

Day thanked Commissioner Moller for providing the suggestion to approach Mr. Vetsch.

Other Items/Discussion

CEDS Update

Day provided an update of the Comprehensive Economic Development Strategy process, which is underway. Day reported that Marotzke led three community input sessions in each county during the month of August. A survey is also available to capture information from individuals who were unable to attend. Day stated that this survey would be sent to all Commissioners and encouraged them to share it with their own networks. Day stated that it is likely that the CEDS Committee will be convened in the coming weeks and said that the goal would be to complete the plan by the end of November or beginning of December, so that it could be put out for a 30 day comment period. It would then receive final revisions in January, based on public comments, and will be submitted to the EDA for their final approval during that same month.

Discussion on Possibility of a Third Revolving Loan Fund

Day informed the Commission that the Employment Adjustment Assistance Notice of Funding Opportunity provides an option to apply for the capitalization of a Revolving Loan Fund. Day stated that he has discussed the idea with the MMDC's Economic Developers and Finance Director and, before time/effort went into the effort, he wanted to take the temperature of the Commission. Day stated that matching funds – likely 20% - would be required. For sake of discussion, Day suggested that the MMDC could apply \$100,000 from reserves to leverage an additional \$400,000 from the EDA, adding that it might be possible the MMDC could find one or more regional partners interested in contributing to the \$100,000 match.. Day stated that, to align with the EDA's funding priorities, funds would likely be made available to businesses owned by people of color, people with disabilities, women, and veterans, for start-up, expansion, and operational expenses that lead to the preservation or creation of jobs. Day stated that, given the investment rates the MMDC is receiving on CDs, etc. is below one percent, this may actually be a better use of funds. Day pointed out that the down-side of this strategy would be the fact that the money would be tied up in the RLF for at least seven years after all of the original funds were dispersed. Day reminded the Commission that both of the MMDC's revolving loan funds are totally committed to borrowers at present.

Gimse reported that the MMDC's total reserves are approximately \$853,341, including the reserves that are designated for specific reasons.

While there was no motion requested or received, several Commissioners expressed positive feelings about the possibility of a third revolving loan fund and Day stated that he and the MMDC Economic Development Team will continue to explore this possibility, including exploring and having conversations with regional partners to determine they would be interested in partnering for the matching funds or promotion, etc.

Adjournment

With no further business, Commissioner Moller moved to adjourn the meeting. Commissioner Mueske seconded the motion, which carried.

Chairperson Crowley adjourned the meeting at 9:00 p.m.

Respectfully Submitted,

Eric Day, Acting Secretary

Kevin Crowley, Chairperson

Suzanne Hilgert, Secretary