

BENTON COUNTY ECONOMIC DEVELOPMENT AUTHORITY (EDA)
MEETING MINUTES
August 16, 2016

Open the Meeting/Roll Call

President Buerkle called the meeting to order at 11:03 AM. Members Jake Bauerly, Spencer Buerkle, Jim McMahan, Warren Peschl and Ed Popp were present. Also present was Monty Headley, Benton County Administrator; Bernie Peterson, Chair of the Benton County Economic Development Loan Committee; and Vicki Feuling, Administrative Assistant

Approve/Amend the Agenda

Motion by Member Peschl, second by Member Popp, to approve the agenda as presented.
Motion carried unanimously.

Approve/Amend the Minutes of May 3, 2016

Motion by Member McMahan, second by Member Bauerly, to approve the minutes of May 3, 2016 as written. Motion carried unanimously.

Consider an Economic Development Loan to Welsh Place LLC for a Senior Assisted Living Facility in Sauk Rapids

Headley explained that *Welsh Place LLC*, operated by Mary Ann Lewellyn and Tom Lewellyn, plan to remodel a facility on 2nd Street North in Sauk Rapids as a 32-bed senior assisted living facility. He stated that the structure was originally built as a hotel and was leased by the St. Cloud Hospital for the past twelve years to house clients in the hospital's dependency treatment program; Mary Ann and Tom Lewellyn have owned the facility since it ceased operating as a hotel. Headley pointed out that the renovations needed are substantial, including adding a small kitchen in each room, an elevator, and a commercial kitchen; the total financing package for this renovation is approximately \$2.5 million. He reported that the primary parties in the financing package will be the Central MN Credit Union (\$1.8 million) and the Small Business Administration (\$600,000); because of the Small Business Administration's involvement, and the fact that a portion of the financing will refinance current debt on the facility, the Small Business Administration is asking for more cash from the borrowers (hence, Benton County's involvement). Headley noted that the Finance Committee recently met with Mary Ann and Tom Lewellyn and a representative of the Credit Union; the parties to this financial arrangement wish to close quite soon.

Headley explained that the Loan Committee is requesting approval from the Benton County EDA for a \$150,000 loan to Mary Ann and Tom Lewellyn (Welsh Place LLC); the loan committee does feel it is important to have additional security for the loan, therefore they are recommending that, should the EDA approve the loan, a stipulation be added that the loan repayment also be guaranteed by the facility operator (Eldercare of Minnesota, Inc.). As the smallest participant in the loan, Benton County would have the lowest subordinate position against the collateral; therefore the Loan Committee felt it was important to have a loan guarantee from the facility operator.

Peterson reiterated that the \$150,000 shortfall was created per rules that the Small Business Administration loan program has with refinancing existing debt. He noted that approval today

would be a commitment to make the loan; loan documents will be prepared and brought back to the September 6th meeting of the EDA for signature of the Chair.

Motion by Member Peschl to approve approximately \$150,000 in loan funds to Welsh Place LLC for a Sauk Rapids Assisted Living Facility, subject to receiving a loan guarantee from Eldercare of Minnesota, Inc., and authorizing the EDA Chair to execute the applicable loan documents.
Second by McMahon. Motion carried unanimously.

Administrator Headley expressed appreciation to Bernie Peterson, John Herges, Steve Simones, Curt Smallbrock and our two Board members (Buerkle and Peschl) “who always answer the call when we need a loan committee to come together and help us make a good decision on those loans”.

Adjourn

Motion by Member Popp to adjourn the meeting at 11:12 AM. Second by Member Bauerly.
Motion carried unanimously.