FY 2015
Revolving Loan Fund Report
for
July 1, 2014 – June 30, 2015
Prepared by
Randy Larson Jr., Loan Officer
EXECUTIVE SUMMARY .........................................................2
LOAN ADVISORY BOARD MEMBERS........................................2
STATUS REPORT .................................................................3
TOTAL FUNDS .................................................................4
ACCOUNTS RECEIVABLE ....................................................4
COMMITTED FUNDS .........................................................4
BALANCES AVAILABLE FOR LENDING .................................4
APPROVED LOANS .............................................................5
CURRENT LOAN PORTFOLIO ................................................6
PROGRAM IMPACT SUMMARY .............................................7
LOAN FUND HISTORY ........................................................8
SUMMARY OF PROGRAMMATIC CHANGES ...........................8
MARKETING .................................................................8
LENDING POLICIES (FAQ) .................................................9
EXECUTIVE SUMMARY

The UMVRDC Revolving Loan Fund participated in 3 projects over the last fiscal year assisting with gap financing for business start-ups and expansions needing working capital, inventory, fixed assets and real estate. A total of $400,000 in revolving loan funds were lent out and helped generate an additional $19,347,580 in leveraged financing from public and private sources along with owner investments.

FY2015 LOAN ADVISORY BOARD MEMBERS

The Loan Advisory Board met on an as-needed basis to review loan applications and other requests throughout the fiscal year.

The time and dedication by all board members is greatly appreciated!

Big Stone County
Vicki Oakes – Economic Development Representative

Chippewa County
Jim Dahlvang – County Commissioner
Mitch McKay – Economic Development Representative

Lac qui Parle County
Terry Overlander – County Commissioner
Josh Falness – Economic Development Representative

Swift County
Joe Fox – County Commissioner
Vacant – Economic Development Representative

Yellow Medicine County
Louis Sherlin – County Commissioner
Paul Wilson – Economic Development Representative

UMVRDC Representatives
Gary Hendrickx – RLF Chairman
Gary Johnson
Warren Rau
STATUS REPORT (as of June 30th, 2014)

Total Loans in Portfolio – 34

Current Loans – 31

Deferred Loans – 1

Delinquent Loans – None

Defaulted Loans – 2

Loans Approved but Not Disbursed – 0 (listed on page 5)

Loans Paid in Full – 3

- I Fit – Clarkfield
- Jimmy’s Pizza – Appleton
- Clarkfield Hardware Hank - Clarkfield

Loans Written Off – 0
## TOTAL FUNDS

Total Funds in Revolving Loan Fund  
$1,779,345.11

### ACCOUNTS RECEIVABLE 2015 (as of June 30th)  
2009 Comparison

<table>
<thead>
<tr>
<th>Loan Status</th>
<th># of Loans</th>
<th>Outstanding Balance</th>
<th># of Loans</th>
<th>Outstanding Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loans Current</td>
<td>31</td>
<td>$1,303,253.45</td>
<td>18</td>
<td>$786,744.82</td>
</tr>
<tr>
<td>Delinquent</td>
<td>0</td>
<td>$0</td>
<td>0</td>
<td>$0</td>
</tr>
<tr>
<td>Default</td>
<td>2</td>
<td>$25,226.40</td>
<td>2</td>
<td>$134,260.35</td>
</tr>
<tr>
<td>Deferred</td>
<td>1</td>
<td>$50,284.37</td>
<td>3</td>
<td>$79,662.46</td>
</tr>
<tr>
<td>Other</td>
<td>0</td>
<td>$0</td>
<td>0</td>
<td>$0</td>
</tr>
<tr>
<td><strong>Total Receivables</strong></td>
<td><strong>34</strong></td>
<td><strong>$1,378,764.22</strong></td>
<td><strong>23</strong></td>
<td><strong>$1,000,667.63</strong></td>
</tr>
</tbody>
</table>

Total RLF Funds  
$1,779,345.11  
$1,200,000.00

## COMMITTED FUNDS (as of June 30th)

Total Funds Committed for Projects: (listed on page 5)  
$0

## BALANCES AVAILABLE FOR LENDING (as of June 30th)

Total Funds Available for Lending (as of June 2015):  
$400,580.92
APPROVED LOANS

In FY15, the Revolving Lon Fund program (RLF) experienced a decrease in the number of inquiries for potential loan requests. One loan for $100,000 was requested and closed in FY15. The other two loan, totaling $300,000, were approved in FY14 and closed in FY15. Loans for the businesses listed below were approved for equipment, fixed assets, inventory, working capital and real estate. A combination 91 full and part-time position were created or retained as a result of these business expansion and retention projects. A total of $19,347,580 was leveraged in additional public and private funds for the projects listed below. Financial partners in projects included local banks/financial institutions, Southwest Initiative Foundation, Minnesota Investment Funds (MIF funds) and local EDA’s.

**Lac qui Parle County**

Bluegrass Proteins, Inc., Dawson - $200,000

**Equipment – New Business**

**Chippewa County**

Kay’s Processing, LLC/Kay’s Naturals, Clara City - $100,000

**Working Capital – Existing Business**

**Swift County**

West Central Powder Coating, Inc. - $100,000

**Real Estate – Existing Business**
## CURRENT LOAN PORTFOLIO (as of June 30th)

<table>
<thead>
<tr>
<th>Borrower</th>
<th>Original RLF Loan Amount</th>
<th>Disaster RLF Loan Amount</th>
<th>Interest Rate</th>
<th>Term (years)</th>
<th>Original RLF Balance at 06/30/2015</th>
<th>Disaster RLF Balance at 06/30/2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Al's Mercantile</td>
<td>50,000</td>
<td></td>
<td>5%</td>
<td>10</td>
<td>$ 30,918.21</td>
<td></td>
</tr>
<tr>
<td>Appleton Hardware Inc</td>
<td>50,000</td>
<td></td>
<td>4%</td>
<td>12</td>
<td>$ 8,809.15</td>
<td></td>
</tr>
<tr>
<td>Appleton Meat Center</td>
<td>30,000</td>
<td></td>
<td>4%</td>
<td>10</td>
<td>$ 17,066.19</td>
<td></td>
</tr>
<tr>
<td>Appleton Power Equipment</td>
<td>25,000</td>
<td></td>
<td>4%</td>
<td>10</td>
<td>$ 13,772.19</td>
<td></td>
</tr>
<tr>
<td>Barr's/Conroy Electric, Inc.</td>
<td>46,000</td>
<td></td>
<td>4%</td>
<td>10</td>
<td>$ 32,878.83</td>
<td></td>
</tr>
<tr>
<td>Bluegrass Proteins, Inc.</td>
<td>100,000</td>
<td>100,000</td>
<td>4%</td>
<td>5</td>
<td>$ 96,351.03</td>
<td>$ 96,351.03</td>
</tr>
<tr>
<td>Books by Kelly</td>
<td>20,000</td>
<td></td>
<td>5%</td>
<td>5</td>
<td>$ 11,258.38</td>
<td></td>
</tr>
<tr>
<td>C&amp;L Loan #2</td>
<td>57,500</td>
<td></td>
<td>2.90%</td>
<td>10</td>
<td>$ 50,284.37</td>
<td></td>
</tr>
<tr>
<td>C.C. Diamond Products, LLC</td>
<td>100,000</td>
<td></td>
<td>4%</td>
<td>10</td>
<td>$ 73,563.16</td>
<td></td>
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<tr>
<td>Clarkfield Family Foods</td>
<td>28,000</td>
<td></td>
<td>4%</td>
<td>10</td>
<td>$ 13,634.84</td>
<td></td>
</tr>
<tr>
<td>Friendship Cafe</td>
<td>10,000</td>
<td></td>
<td>4%</td>
<td>10</td>
<td>$ 4,850.54</td>
<td></td>
</tr>
<tr>
<td>Granite Falls Dairy Queen, Inc.</td>
<td>100,000</td>
<td></td>
<td>4%</td>
<td>10</td>
<td>$ 73,390.09</td>
<td></td>
</tr>
<tr>
<td>Handeland Chiropractic, LLC</td>
<td>33,000</td>
<td></td>
<td>5%</td>
<td>10</td>
<td>$ 20,906.98</td>
<td></td>
</tr>
<tr>
<td>Jack Anderson (GoldLeaf Fin.)</td>
<td>100,000</td>
<td></td>
<td>2.90%</td>
<td>5</td>
<td>$ 56,787.07</td>
<td></td>
</tr>
<tr>
<td>Jager building Supply, LLC</td>
<td>62,000</td>
<td></td>
<td>4%</td>
<td>10</td>
<td>$ 45,570.60</td>
<td></td>
</tr>
<tr>
<td>J C &amp; Sons Hardware Inc</td>
<td>70,000</td>
<td></td>
<td>4%</td>
<td>10</td>
<td>$ 36,754.22</td>
<td></td>
</tr>
<tr>
<td>Kaercher Publications, Inc.</td>
<td>65,520</td>
<td></td>
<td>4.50%</td>
<td>10</td>
<td>$ 49,075.23</td>
<td></td>
</tr>
<tr>
<td>Kay's Processing, LLC</td>
<td>100,000</td>
<td></td>
<td>2.90%</td>
<td>5</td>
<td>$ 57,059.06</td>
<td></td>
</tr>
<tr>
<td>Kay's Processing/Naturals Loan 2</td>
<td>100,000</td>
<td>100,000</td>
<td>5.00%</td>
<td>5</td>
<td>$ 89,621.80</td>
<td></td>
</tr>
<tr>
<td>Lamecker's General Store</td>
<td>25,000</td>
<td></td>
<td>4.00%</td>
<td>5</td>
<td>$ 20,100.75</td>
<td></td>
</tr>
<tr>
<td>Madison Meats</td>
<td>37,200</td>
<td></td>
<td>4%</td>
<td>5</td>
<td>$ 8,160.21</td>
<td></td>
</tr>
<tr>
<td>Merritt Construction, Inc.</td>
<td>10,000</td>
<td></td>
<td>4.50%</td>
<td>12</td>
<td>$ 7,606.32</td>
<td></td>
</tr>
<tr>
<td>Northern Geo, LLC</td>
<td>50,000</td>
<td>100,000</td>
<td>4%</td>
<td>10</td>
<td>$ 45,411.59</td>
<td>$ 90,823.19</td>
</tr>
<tr>
<td>Northern Grain</td>
<td>100,000</td>
<td></td>
<td>2.90%</td>
<td>5</td>
<td>$ 63,677.61</td>
<td></td>
</tr>
<tr>
<td>Ortonville Hardware Hank</td>
<td>66,000</td>
<td></td>
<td>4%</td>
<td>7</td>
<td>$ 897.42</td>
<td></td>
</tr>
<tr>
<td>Porter Elevator</td>
<td>75,000</td>
<td></td>
<td>4%</td>
<td>12</td>
<td>$ 49,782.73</td>
<td></td>
</tr>
<tr>
<td>Private Industry Council</td>
<td>50,000</td>
<td></td>
<td>4%</td>
<td>9.6</td>
<td>$ 20,342.50</td>
<td></td>
</tr>
<tr>
<td>R&amp;R Outdoors</td>
<td>11,000</td>
<td></td>
<td>4%</td>
<td>10</td>
<td>$ 9,403.63</td>
<td></td>
</tr>
<tr>
<td>SEWearables</td>
<td>33,000</td>
<td></td>
<td>4.50%</td>
<td>7</td>
<td>$ 17,588.63</td>
<td></td>
</tr>
<tr>
<td>SpecSys Inc.</td>
<td>50,000</td>
<td></td>
<td>4%</td>
<td>10</td>
<td>$ 24,255.62</td>
<td></td>
</tr>
<tr>
<td>Swift Falls Bar &amp; Grill</td>
<td>22,500</td>
<td></td>
<td>4%</td>
<td>10</td>
<td>$ 10,898.86</td>
<td></td>
</tr>
<tr>
<td>The Corner Stop</td>
<td>30,000</td>
<td></td>
<td>5%</td>
<td>10</td>
<td>$ 3,966.53</td>
<td></td>
</tr>
<tr>
<td>The Sawmill</td>
<td>50,000</td>
<td></td>
<td>4%</td>
<td>10</td>
<td>$ 29,670.71</td>
<td></td>
</tr>
<tr>
<td>West Central Powder Coating, Inc.</td>
<td>100,000</td>
<td></td>
<td>4%</td>
<td>10</td>
<td>$ 97,274.95</td>
<td></td>
</tr>
</tbody>
</table>
Since the RLF was incorporated in August of 1988, the Fund has made a significant impact on the economic growth and employment opportunities in Region 6W. The RLF has completed the following loan activities:

<table>
<thead>
<tr>
<th>ECONOMIC IMPACT</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of Loans Closed</td>
<td>113</td>
</tr>
<tr>
<td>Loan Amounts</td>
<td>$5,947,160.00</td>
</tr>
<tr>
<td>Private Dollars Leveraged</td>
<td>$96,154,842.00</td>
</tr>
<tr>
<td>Public Dollars Leveraged</td>
<td>$18,101,869.00</td>
</tr>
<tr>
<td>Owner Equity</td>
<td>$31,937,490.00</td>
</tr>
<tr>
<td>Jobs Created</td>
<td>1,141.50</td>
</tr>
<tr>
<td>Jobs Retained</td>
<td>1,584.50</td>
</tr>
</tbody>
</table>

Business Type:
- Start-Up: 40
- Expansion: 46
- Retention: 27

Total: 113

Classification:
- Industrial: 54
- Commercial: 26
- Service: 33

Total: 113
LOAN FUND HISTORY

The Western Minnesota Revolving Loan Fund (RLF) was established on December 5, 1988. Big Stone, Chippewa, and Swift Counties and the U.S. Department of Commerce Economic Development Administration (EDA) originally provided capital for the RLF. In 1993, the RLF was recapitalized with EDA funds and matching funds from all five counties in Region 6W. With this recapitalization, businesses in Big Stone, Chippewa, Lac qui Parle, Swift and Yellow Medicine Counties were eligible to receive loans.

The RLF was again recapitalized with EDA and county funds in 2001 to create a separate disaster fund for Chippewa and Yellow Medicine Counties and after once revolved would be combined with the existing revolving loan fund for all counties to utilize. A request to combine funds in August 2006 was submitted to EDA for approval and action. In December 2010 EDA combined the UMVRDC’s two funds into one.

In February 2013 the UMVRDC was awarded $400,000 from the Department of Commerce Economic Development Administration (EDA) for an additional loan fund. Funds were matched by each of the UMVRDC’s counties: Big Stone, Chippewa, Lac qui Parle, Swift & Yellow Medicine. Matching funds from the counties totaled $100,000 bringing the additional funding to a total of $500,000. For the purposes of this report numbers for the original fund and the new fund are combined. Currently, the UMVRDC has two loan funds in which it can award loans to aid economic development in our region.

SUMMARY OF PROGRAMMATIC CHANGES

There were no programmatic changes in FY15.

MARKETING

EDA requires seventy five percent (75%) of RLF funds to be lend out at all times. In order to maintain this lending standard, the RLF has tried a variety of different marketing approaches and found the most effective marketing to be word-of-mouth. Many of the loan requests came from local lender referrals along with board member and local economic development staff promoting our program. UMVRDC staff continues to make regular contact with financial and economic development professionals throughout the region, which also serves as a valuable marketing strategy to ensure compliance with EDA’s lending standards. With the newest dollars from EDA that became available in June 2013 there are ample funds available. Staff will be marketing these funds heavily over the next year and relying on existing partnerships with local EDA’s and lenders to help bring forth quality loan projects for consideration.
FREQUENTLY ASKED QUESTIONS (FAQ)

**Loan Size**
- $5,000 - $100,000

**Type of Assets Financed**
- Equipment
- Inventory
- Working capital (with additional restrictions)
- Real Estate

**Terms**
- Fixed assets financed at a maximum of 10 years
- Real estate financed at a maximum of 20 years
- Working capital financed at a maximum of 5 years
- Average financing is 5 – 7 years

**Interest Rates**
- Not less than 4 percent below prime with a minimum of 4 percent or 75% of the prime interest rate listed in the Wall Street Journal whichever is less.
- Most loans are made at 4 – 7 percent
- Fixed Rate

**Equity & Collateral**
- Minimum of 10 percent borrower equity (in-kind equity allowed)
- All loans must be secured with available assets, inventory, real estate, etc. and personal guarantees

**Repayment**
- Monthly payments are made through electronic transfer (ACH)

**Other Requirements**
- Applicant must attend Loan Advisory Board meeting (2nd Monday)
- Project must demonstrate a gap financing need
- Bank participation is required

*The UMVRDC may use one or more of the following incentives to accomplish the objectives of the RLF:*
- Lower Interest Rates
- Longer Terms
- Balloon Payments
- Lower owner investments and/or sweat equity may be considered
- Subordinated positions