

Port Authority Revolving Loan Fund Report 2016



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Assistance to Businesses

The primary goal of the Port Authority of Winona Revolving Loan Fund is to use fund monies to fill a financing “gap” in an effort to stimulate private sector investment resulting in the creation of permanent, private sector living wage jobs. It is our further goal that the monies will increase business productivity and competitiveness as well as further strengthen and diversify the Winona economy.

The Port Authority has partnered with all of the local financial institutions and other entities such as the Southern Minnesota Initiative Foundation, the Small Business Administration and the Minnesota Department of Employment and Economic Development to provide matching loan dollars for projects in the community.

Over the years the Port Authority has assisted 43 businesses with loans from our fund. These loans have provided just over \$4.5 million in direct loans and leveraged over \$50 million in additional investment. Along with the investment, almost 500 jobs have been created or retained as a result of the funded projects.

A loan to Mikrut Properties in 2010 allowed for Behrens to relocate and retain the company and employees in Winona.



A loan to Companion Animal Care Center in 2010 allowed for the building of a new veterinary clinic.

History of the Revolving Loan Fund

The Revolving Loan Fund made its first loans in 1995 after loans originating from the Department of Employment and Economic Development were made to local companies. As the loans were repaid, a portion of the funding remained in the community in order to create a local loan fund. Both State and Federal funds have been used to fund the program, each having specific guidelines.

Port loans are typically from \$10,000 to \$75,000 and are designed to fill a “gap” in funding. In 2008, changes were made to State Statute allowing for loans up to \$150,000. The Revolving Loan Fund Committee reviewed and recommended the following changes to the program guidelines:

Loan applications will be reviewed and brought before the Port Commissioners for final determination on the loan.

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Public Purpose

Currently the question of public purpose regarding loan funds is established by State Statute. Listed below are a few components of the State Statute.

- Creation or retention of living wage private sector jobs in order to stimulate economic growth.
- Leverage of private investment to ensure economic renewal and competitiveness.
- Increase the local tax base; improve employment and economic opportunity for citizens.
- Stimulation of productivity growth through improved manufacturing and new technologies.

Public Purpose continued

- Demonstrating that investment of public dollars induces private funds.
- Demonstrating there are excessive public infrastructure or improvement costs beyond the means of the affected community and private participants in the project.
- Provides higher wage levels to the community or will add value to current workforce skills.
- Assistance is necessary to retain existing businesses.
- Assistance is necessary to attract out-of-state businesses.
- Expand and diversify the Winona economy.

Additional criteria above and beyond these can be adopted. Staff maintains a criteria worksheet in each loan file.

2016 Success Stories

Infinity Chiropractic and Yoga

Dr. Kristin Noble, a Winona State graduate and Owner of Infinity Chiropractic and Yoga was looking for an opportunity to consolidate her facilities. Her chiropractic practice was in one location while her wellness and yoga facilities were a block away. With loans from Merchants Bank and a small loan from the Port Loan Fund, Dr. Noble has consolidated her practices at 117 West Third Street in Downtown Winona.

Lee William Properties (Legacies)

Legacies LLC, a company dedicated to provide services to children and adults with special needs was bursting at the seams at their 174 Main Street location in Downtown Winona. They came to the Port Authority with a plan and financial commitment from Winona National Bank to purchase and relocate to 51 East 4th Street. The Port was able to provide the necessary gap financing necessary to make the project move forward. After some significant remodeling, Legacies is now settled into their roomier, more efficient work space.

2015 Success Stories

In 2015, the Port Authority of Winona worked with its partners to help facilitate \$700,000 in loans to local businesses:

- \$300,000 from the Department of Employment and Economic Development, Minnesota Investment Fund
- 250,000 from the Port's revolving loan fund
- \$150,000 from the Southern Minnesota Initiative Foundation

These funds leveraged a minimum \$6,892,000 of additional investment in the community.

Beneficial Reuse Management (Gypsoil)

Illinois-based Beneficial Reuse Management (BRM), the parent company for Gypsoil, has created a successful business model by diverting several million tons of industrial byproducts from landfill disposal to a beneficial reuse in products such as fertilizer. By working with the University of Minnesota Duluth, BRM created a gypsum pellet for agriculture fertilization. In 2015 Gypsoil began an extensive renovation of facilities at 110 Harvester Way. Today they are in production and have created at least 14 living wage jobs with more to come as business ramps up.

The roughly \$6.5 million project was funded by a combination of:

- Beneficial Reuse's banking partner
- Beneficial Reuse equity into the project
- A Minnesota Department of Employment and Economic Development Minnesota Investment Fund Loan of \$300,000.
- A Port Loan of \$140,000
- A Southern Minnesota Initiative Foundation Loan of \$150,000

The products that Beneficial Reuse/Gypsoil produces at it's Winona facility will be distributed to the local ag community.

To learn more about Gypsoil, visit: www.gypsoil.com