



# **Report on the Remote Recreation Loan Program**

**Lake of the Woods County Economic Development Authority**

**December 20, 2022**

## AUTHORIZING APPROPRIATION

As established by Minnesota Law in 1st Special Session 2021, Chapter 10, Article 1, Section 2, Subd. 2(z), and Article 2, Section 24, Lake of the Woods County received an appropriation from the State of Minnesota to established a forgivable loan program for remote recreational businesses of the Northwest Angle affected by the COVID-19 pandemic.

## BACKGROUND

The Northwest Angle is the northernmost point within the continental United States. It's accessible to the rest of the United States by water or road through a 41-mile detour through Canada. While it's very remote, the "Angle" is a popular vacation destination for anglers and sports enthusiasts. It supports a small local economy of resorts and several other tourism-related businesses.

Like all parts of the country, the COVID-19 pandemic was devastating to the local economy. Exacerbating this situation is that Minnesota's northern border with Canada was closed to nonessential in March 2020 until August 8th, 2021. Long after other Minnesota businesses resumed operations, Northwest Angle Businesses remained closed of these public health restrictions. Many businesses saw revenue declines over 80%. Even after the opening of the border, Canada's continued restrictions on American travelers, even those whose final destination is in the United States, had severe negative impacts on Northwest Angle businesses. In response to this crisis, during the 1st Special session of the 2021 Mn Legislative a \$5 million-dollar appropriation was made to Lake of the Woods County to establish a special forgivable loan program to support economy recovery efforts at the NW Angle.

### *Eligibility*

The program was open to any “remote recreational business” in the area as long as they met the following criteria:

1. Met the definition of small business;
2. located in within 75 miles of Canada;
3. Only accessible by land via Canada;
4. Been in operation on, or before March 15, 2020;
5. lost more than 30 percent of its revenue between March of 2020 and 2021;
6. Demonstrate that the closure of the border restricted the ability of American customers to access the locations; and
7. Not received a grant under the Main Street Covid-19 relief grant program.

### *Loan Terms*

Loans were capped at 75 percent of a business’s gross annual income for the 2020 fiscal year — with a maximum of \$500,000. The terms of the loan stated that loans would be forgiven if the business is still operating one year after when the loan was awarded.

Loan policy and applications were developed by the Lake of the Woods Economic Development Authority (EDA) and approved by the MN Department of Employment and Economic Development (DEED). On August 17, 2021 Lake of the Woods County formally entered into a contract with DEED and received the to receive the appropriation as a \$5 million-dollar grant. Terms of the agreement required all loans to be made by April 1, 2022.

## PROJECT OUTCOMES

The program was administered by EDA, who contracted with the Headwaters Regional Development Commission (HRDC) to manage the loan process and review applications. The EDA received 34 applications requesting \$3,164,329 for forgivable loans. Of these applications, 30 borrowers met the program criteria and loans for \$ 2,918,773 were made to local businesses. After making these loans, the remaining balance of \$2,081,227 was returned to the state on April 1, 2022.

Lake of the Woods County feels the program was critical to alleviating the severe economic dislocation caused by the border closure. Funding kept businesses from failing, and was critical to the long-term economic resiliency and growth of the area. To date all but one of the loans reached their one-year maturity and met the criteria necessary to forgive their Lake of the Woods Remote Recreation Business loans. One final loan made in early January of 2022 will mature after the publishing of this report.

Applicant	Qualified Amount	date docs sent	date signatures	1-year
		out	rec'd	
NWA Services, Inc	\$ 157,066	8/25/2021	8/24/2021	8/24/2022
Young's Bay Resort	\$ 425,264	8/25/2021	8/25/2021	8/25/2022
Flag Island Resort, LLC	\$ 500,000	8/25/2021	8/31/2021	8/28/2022
Crow Creek Properties, LLC (Jerry's)	\$ 277,141	8/25/2021	8/31/2021	8/30/2022
Jake's of Northwest Angle, Inc	\$ 235,386	8/25/2021	8/25/2021	8/25/2022
Lance Sage	\$ 14,953	8/26/2021	8/26/2021	8/26/2022
Andy Lundbohm, LLC	\$ 22,962	8/26/2021	8/30/2021	8/30/2022
Quiverfull Inc (Angle Outpost Resort)	\$ 322,163	8/26/2021	9/1/2021	8/28/2022
Frank P. Walsh dba Walsh's Bay Store Camp	\$ 90,798	9/2/2021	9/2/2021	9/2/2022
Bon Bon's Guide Service, LLC	\$ 20,922	9/9/2021	9/9/2021	9/9/2022
Carlson Park, LLC	\$ 30,333	9/9/2021	9/9/2021	9/9/2022
DACHA & Co	\$ 197,492	9/9/2021	9/10/2021	9/10/2022
Triple G Holdings, LLC	\$ 28,591	9/9/2021	9/10/2021	9/10/2022
Ronald and Dawn Bachleitner	\$ 19,851	9/10/2021	9/10/2021	9/10/2022
Shoonya Cabin, LLC	\$ 11,713	9/10/2021	9/10/2021	9/10/2022
Flag Properties, LLC (Longbow Cabin)	\$ 13,001	9/9/2021	9/13/2021	9/9/2022
Timothy and Gail Kinzel (Tanonka Cabin)	\$ 14,730	9/9/2021	9/14/2021	9/13/2022
Jerry and Tracy Pieper (Hazels Cabin)	\$ 13,010	9/10/2021	9/13/2021	9/13/2022
Hilltop, LLC	\$ 12,398	9/11/2021	9/14/2021	9/13/2022
Baumer's Angle Guide Service	\$ 14,220	9/11/2021	9/13/2021	9/13/2022
Rupp Real Estate Holdings, LLC (Neeshak cabin)	\$ 20,516	9/11/2021	9/11/2021	9/11/2022
Sage's Angle West, Inc.	\$ 26,914	9/14/2021	9/14/2021	9/14/2022
WBL Flag Island, LLC	\$ 40,308	9/14/2021	9/14/2021	9/14/2022
Flag Island Condo, LLC (Westhawk cabin)	\$ 13,840	9/12/2021	9/22/2021	9/22/2022
Oak Island Resort, LLC	\$ 90,630	9/21/2021	9/24/2021	9/24/2022
Todd Sandwick (Whitetail cabin)	\$ 9,554	9/27/2021	9/29/2021	9/29/2022
Daniel Emich (Woodduck cabin)	\$ 14,947	10/18/2021	10/20/2021	10/20/2022
LOW 3 Guys Property, LLC (Grandma's cabin)	\$ 16,675	10/18/2021	11/1/2021	10/31/2022
Timothy and Terry Peterson (Ogema Cabin)	\$ 11,540	11/1/2021	11/2/2021	11/2/2022
Points North Services	\$ 222,388	11/10/2021	11/10/2021	11/10/2022
Joe Cooper's Lake of the Woods Guide Service	\$ 29,467	1/26/2022	1/28/2022	1/31/2023
<b>Total</b>	<b>\$ 2,918,773</b>			

TOTAL \$ 5,837,546