



Report on the Remote Recreation Loan Program

Lake of the Woods County Economic Development Authority

December 31, 2023

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, and amended in 2023 Minnesota Laws Chapter 53, Article 15, Section 30 Lake of the Woods County received an appropriation from the State of Minnesota to establish 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 due to 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 economic recovery efforts at the NW Angle. In 2023 MN Legislative amended this to allow for the unspent allocations in the amount of \$2,100,000 from the 2021 Legislation to be allocated to qualifying businesses of the Northwest 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, 2021;
5. Lost more than 30 percent of its revenue between March of 2021 and 2022;
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 2021 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 December 4, 2023, Lake of the Woods County formally entered into a contract with DEED and received the appropriation as a \$2,100,000 million-dollar grant. Terms of the agreement required all loans to be made by December 30, 2023.

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 27 applications for forgivable loans. Of these applications, 24 borrowers met the program criteria and loans for \$ 2,100,000 were made to local businesses on December 29, 2023.

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. In December 2024, we will reach out to all of the businesses to verify they have reached their one-year maturity and meet the criteria necessary to forgive their Lake of the Woods Remote Recreation Business loans.

Lake of the Woods County
2023 Northwest Angle Special Legislation
Forgivable Loans

Checks were submitted to Recipients/Businesses on 12/29/2023
Loans are forgiven if business remains in operation for
at least one year after date - 12/29/2024

Recipient	Amount
NWA Services, Inc	198,434
Young's Bay Resort	416,200
Crow Creek Properties, LLC (Jerry's)	352,951
Jake's of Northwest Angle, Inc	255,351
Lance Sage	8,344
Andy Lundbohm, LLC	32,076
Quiverfull Inc (Angle Outpost Resort)	301,223
Frank P. Walsh dba Walsh's Bay Store Camp	120,942
Bon Bon's Guide Service, LLC	26,143
Triple G Holdings, LLC	25,318
Ronald & Dawn Bachleitner (Bluebill & Mallard Duplex)	17,579
Shoonya Cabin, LLC	10,372
Timothy & Gail Kinzel (Tanonka Cabin)	12,977
Jerry & Tracy Pieper (Hazels Cabin)	11,520
Sage's Angle West, Inc	32,688
Flag Island Condo, LLC (Westhawk Cabin)	12,255
Oak Island Resort, LLC	124,887
Todd & Melinda Sandwick (Whitetail Cabin)	8,460
Daniel Emich (Woodduck Cabin)	13,342
LOW 3 Guys Property, LLC (Grandma's Cabin)	14,766
Joe Cooper's Lake of the Woods Guide Service	26,094
Prothero's Post Resort LLC	53,203
Edman's Angling Adventures	10,460
Kelly Knight (Cabin Cleaning & Office Support)	14,415
Grand Total	2,100,000