

**MINUTES
LOAN ADMINISTRATION BOARD MEETING
MAY 6, 2010**

Pursuant to public notice, a special meeting of the Escanaba Loan Administration Board was held on Thursday, May 6, 2010 at 8:00 a.m. at City Hall, Room C102, 410 Ludington Street, Escanaba, MI.

Board Members Present: Chairperson Tim Kobasic, Vice Chairperson Tom Nault, Members Roni Beaudoin and Chris Economos

Board Members Absent: Member Jeanine Dagenais

Also Present: Robert Valentine, Russ Hall, Calvin Marcoe

Chairperson Tim Kobasic called the meeting to order at 8:02 a.m.

Approval of Minutes from April 9, 2010

A motion was made by Board Member Beaudoin, seconded by Vice Chairperson Nault, to accept the meeting minutes from April 9, 2010.

Motion was approved unanimously.

NEW BUSINESS

Modification Request From MaMa Mias

Treasurer Valentine summarized the modification proposal as follows: Baybank is willing to lend an extra \$20,000 to MaMa Mias for purposes of reopening the business. In exchange they are asking the City to subordinate its interests to the first \$130,000 of Baybank loans. Mr. Valentine advised that the City is currently behind the bank on real estate and in first position on the general assets of the business including the liquor license. Mr. Valentine further advised that Mr. Marco had requested consideration of a modification in terms whereby interest would be capitalized and the term extended out to 7 years. Mr. Valentine advised that Baybank had extended its amortization period to 20 years and agreed to a rate of 7%

The floor was given to Mr. Marcoe for a synopsis of his plan going forward. Mr. Marco identified a number of mistakes made during his first year of operations and committed to not repeating these items upon reopening. Mistakes included irregular hours, inconsistent cooking and food prep, following Crispignas menu and poor insurance. Mr. Marco also described two events which caused financial setbacks and forced the closing of the business during repairs. Those events were a broken sprinkler head and a frozen pipe. Those events also resulted in the need to replace the boiler according to Mr. Marcoe.

Board member expressed to Mr. Marcoe the importance of getting things right and consistently delivering a quality product and advised that the community punishes those businesses who do not do that. Mr. Marco understood that and advised that this is his 4th restaurant venture.

Board member Beaudoin asked Mr. Marcoe why the City did not receive any payments July – December if in fact the problems all started in December with the sprinkler head and frozen pipe. Mr. Marcoe did not provide a concise answer to the question.

After further discussion and dialog between the board and Mr. Marcoe, Chairman Kobasic called for a motion. Board member Economos moved to approve the request as presented and for refinancing of the loan over 7 years at 5% with accrued interest to be recapitalized into the principal balance. Board member Beaudoin supported the motion. There being no further discussion, the board voted unanimously in favor of the motion.

General Public Comment

None.

Announcements

Adjournment

A motion was made by Board Member Beaudoin, seconded by Vice Chairperson Nault, to adjourn the meeting at 9:25 a.m.

Motioned approved unanimously.

APPROVED:

TIM KOBASIC, CHAIRPERSON

KIMBERLY PETERSON, RECORDER