

**MINUTES
LOAN ADMINISTRATION BOARD MEETING
DECEMBER 20, 2013**

Pursuant to public notice, a special meeting of the Escanaba Loan Administration Board was held on Friday, December 20, 2013, at 8:00 a.m. at City Hall, Room C102, 410 Ludington Street, Escanaba, MI.

Board Members Present: Chairperson Tim Kobasic, Boardmembers Roni Beaudoin, Jeanine Dagenais and Chris Economos

Also Present: City Treasurer Robert Valentine, City Attorney Russ Hall, Council Liaison Leo Evans, Andrew Crispigna and Executive Secretary Kim Peterson

Chairperson Tim Kobasic called the meeting to order at 8:04 a.m.

Motion was made by Boardmember Dagenais, seconded by Boardmember Beaudoin to approve the meeting minutes of August 1, 2013. Motion was approved unanimously.

NEW BUSINESS

Introduction of Council Liaison

Council Liaison Leo Evans was introduced.

Loan Request from Andrew Crispigna

Treasurer Valentine stated Andrew Crispigna submitted a UDAG RLF loan request in the amount of \$18,000. If approved, the funds would be used in conjunction with \$2,000 of personal money to pay start-up costs associated with a new venture named "Andrew's Diner". The location is the former Downtowner Restaurant. Treasurer Valentine is supporting this request as it takes an empty space in the downtown and puts it to use, creates jobs, and strength is that Mr. Crispigna has done a remarkable job with the reopening the family business. His initial loan has had all payments made on time. The financials are strong.

Andrew Crispigna stated the menu would be American. A sample menu was prepared for review. He stated a lease agreement has been made with the current owner of the restaurant that would allow him to be rent free for the first year and payments of \$400/month for years two and three with the hopes of purchasing the building thereafter. No big renovations are needed and a few pieces of equipment will be needed. Andrew's Diner will be different foods to draw a different crowd which will not compete with his current restaurant, Crispignas.

Discussed the flexibility of being able to transfer employees between the new restaurant and Crispignas.

Treasurer Valentine stated the proposed loan would be a five-year loan with one over prime. The loan would be secured by Andrew Crispigna's personal guarantee, along with personal property. Administration is recommending approval of such loan request.

A motion was made by Boardmember Economos, seconded by Boardmember Beaudoin, to approve the \$18,000 loan request to Andrew Crispigna for Andrew's Diner with a five-year loan at one over prime to include Mr. Crispigna's personal guarantee and personal property of Crispigans LLC.

Ayes were unanimous.

Quarterly Loan Review

Michigan Meats – The loan is currently being paid as they are a seasonal payer with both loans currently being paid ahead of time as this is their busiest time of year.

Donalway Golf – The loan continues to have problems with a consent judgment against the owners. Attorney Hall stated garnishments for Mrs. Waeghe's wages at Roy Ness Contracting, along with Mr. Waeghe if he collects a salary from Roy Ness Contracting were sent out. Financial records will be subpoenaed with a deposition being scheduled. Mrs. Waeghe's father recently passed away. All assets will be looked at for repayment. Treasurer Valentine stated the City is not equipped to take over the business collateral. The City has a third mortgage on the home and could have a judgment lien against the home.

Discussed transferring CDBG funds to the regional RLF pool. There are seven or eight funds in the Upper Peninsula with the City of Escanaba being one of the largest funds, along with Menominee. Treasurer Valentine sits on the loan committee and Darla Falcon and Treasurer Valentine are on the Board of Directors. Northern Initiatives from Marquette will administer these funds. CDBG money cannot be used for entire financing and Northern Initiative has the ability to do small business financing with various sources of capital.

Paulson/Beauchamp – No issue with this loan.

House of Ludington – Payments have been made on time since the last restructuring of the loan for \$500/month payments being established.

Marcoc – A \$30,000 judgment has been filed and a portion of said judgment was transferred to Cal Marcoc's wife. There was a bankruptcy meeting of creditors that took place in Marquette with Treasurer Valentine and Attorney Hall attending. There were problems with Mr. Marcoc's bankruptcy filing with misrepresentations. The plan was not approved as more information was needed so the bankruptcy is in a holding pattern pending Mr. Marcoc resubmitting his plan and correcting deficiencies. No funds have been collected from Mr. Marcoc and it is believed that no distributions from his parent's estate have taken place.

Peacock – Documents will be prepared to have the arrears filed back into the loan.

Cashen – Have not received much for payments. A letter was sent stating the loan will be turned over to legal for collection. Attorney Hall will get involved to see if the defaulted loan can be remedied.

Heath – Balance is down to \$2,700 with the loan being fully secured. Payments are not being paid monthly and contact will be continued.

Lofts on Ludington – Interest only continued to be paid on time.

Crispigna – Payments are being paid every month.

Review and Adopt 2014 Meeting Schedule

A motion was made by Boardmember Dagenais, seconded by Boardmember Economos, to accept the 2014 Meeting Schedule as distributed.

Ayes were unanimous.

Review Rules of Procedure

Discussed Rules of Procedure as it relates to a quorum. Language will be reviewed and this agenda item will be tabled until the next meeting. Chairman Kobasic, Treasurer Valentine and Executive Secretary Peterson will meet prior to the next meeting to review the Loan Administration Board Rules of Procedure in detail.

Crispigna Loan

Treasurer Valentine stated Joe and Ann Crispigna are asking to have their obligation waived as their home in Wells was recently sold and they purchased a new home in Escanaba. \$16,000 was escrowed from the sale proceeds to pay off the City's mortgage which was given as extra security for Andrew Crispigna's restaurant loan. He is recommending the Board release the mortgage and rely on the remaining security interests as the original loan of \$40,000 has been paid down to \$15,000 over two years with one year remaining on said loan.

A motion was made by Boardmember Beaudoin, seconded by Boardmember Dagenais, to have a new mortgage placed on Andrew Crispigna's residential residence.

Ayes were unanimous.

The Board amended the terms of Andrew Crispigna's \$18,000 loan to include a mortgage on his residential residence for both loans that he will have as a second mortgage.

General Public Comment

None.

Announcements

None.

Adjournment

A motion was made by Boardmember Dagenais, seconded by Boardmember Beaudoin, to adjourn the meeting at 9:06 a.m.

Motion was approved unanimously.

APPROVED:

TIM KOBASIC, CHAIRPERSON

KIMBERLY PETERSON, RECORDER