



Loan Administration Board  
**MEETING AGENDA**  
April 19, 2012

*Board Members*

*Tim Kobasic, Roni Beaudoin, Chris Economos, Jeanine Dagenais*

*Council Liaison: Brady Nelson*

*City Official: Robert Valentine*

City Hall Room 102 - Escanaba, MI 49829

Special Meeting  
April 19, 2012 8:00 a.m.

CALL TO ORDER

APPROVAL/ADJUSTMENTS TO THE AGENDA

APPROVAL OF MINUTES FROM NOVEMBER 4, 2011

APPROVAL OF MINUTES FROM DECEMBER 1, 2011

NEW BUSINESS

1. QUARTERLY LOAN REVIEW (REPORT TO BE PRESENTED AT THE MEETING)
2. UPDATE FROM ATTORNEY HALL ON STATUS OF CAL MARCOE COLLECTIONS
3. REVIEW DONALWAY GOLF OPTIONS WITH ATTORNEY HALL

GENERAL PUBLIC COMMENT

ANNOUNCEMENTS

ADJOURNMENT

The City of Escanaba will provide all necessary, reasonable aids and services, such as signers for the hearing impaired and audiotapes of printed materials being considered at the meeting to individuals with disabilities at the meeting/hearing upon five days notice to the City of Escanaba. Individuals with disabilities requiring auxiliary aids or services should contact the City of Escanaba by writing or calling at (906) 786-9402.

Respectfully Submitted,

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Robert Valentine  
City Treasurer/HR Manager

**MINUTES  
LOAN ADMINISTRATION BOARD MEETING  
NOVEMBER 4, 2011**

Pursuant to public notice, a special meeting of the Escanaba Loan Administration Board was held on Friday, November 4, 2011, 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, and Executive Secretary Kim Peterson

Chairperson Tim Kobasic called the meeting to order at 8:11 a.m.

No adjustments to the agenda.

**Approval of Minutes from October 28, 2010**

**A motion was made by Boardmember Beaudoin, seconded by Boardmember Dagenais, to accept the meeting minutes from October 28, 2010.**

**Motion was approved unanimously.**

**NEW BUSINESS**

**Quarterly Loan Review**

Discussed not meeting to review the last three quarterly reviews and acknowledging them.

Boardmember Beaudoin questioned whether the Loan Administration Board would disband or continue to meet. Treasurer Valentine stated there is still the EDA and UDAG Downtown Fund and the Board will continue to meet.

**A motion was made by Boardmember Dagenais, seconded by Boardmember Beaudoin, to accept the quarterly loan review.**

**Motion was approved unanimously.**

Boardmember Dagenais made a request to get the top page of the quarterly loan reviews with just the current active loans. Treasurer Valentine stated he could give loan detail so the payment history could be reviewed.

**Consideration of a Proposal to Swap Property With Michigan Meats in Exchange for Credit Toward Delinquent Loan Payments**

Treasurer Valentine stated Michigan Meats has struggled since their fire. Michigan Meats owns two lots in the Whitetail Industrial Park and has the first right of refusal on a third parcel. Michigan Meats is asking to deed vacant parcel back to the City of Escanaba and use the credit on towards their loan. A map was distributed with the lot layout and it is believed that Michigan Meats is located on lot 7 and the lot that is proposed to be deeded back is lot 8. Lot 9 is the lot with the first right of refusal clause. The value of lot 8 is \$23,000 if sold today. The price Michigan Meats paid for the lot was consolidated with the special deal they were given. Michigan Meats was previously located at the Red Pines Industrial Park and EMP wanted that parcel of property and the City helped relocate Michigan Meats to the Whitetail Industrial Park. Michigan Meats is currently nine months in arrears. If credit of the \$23,000 was applied to their loan payment and the busy hunting season coming up, it is hoped that Michigan Meats will be made current by end of year. The City does not currently need lot 8 for anything as it would just help out a struggling business.

Discussed the market value of the lot being \$50,000. However, the City is currently selling similar lots for \$23,000.

Treasurer Valentine stated if the Board approved this transaction today, City Council approval is still needed and sign off by State Bank. State Bank is the first lien holder with the mortgage. Treasurer Valentine has had discussions with State Bank on releasing this mortgage and he has not heard back with an answer. It is believed that Michigan Meats is current with their loan at State Bank.

Discussed deducting the legal paperwork preparation amount from the \$23,000 if the transaction was approved. Discussed lot 8 being on retainer if a future expansion was done.

**A motion was approved by Boardmember Beaudoin, seconded by Boardmember Economos, to recommend to City Council the purchase of lot 8 for \$23,000 minus legal costs or Michigan Meats pays for such legal costs and swapping the first right of refusal from lot 9 to lot 8.**

**Ayes were unanimous.**

#### **Update on Marco Loan**

Treasurer Valentine stated the City received a judgment in Circuit Court from Cal Marco for \$60,000. Mr. Marco acted as his own attorney. Mr. Marco has twenty-one days to pay the debt and if this is not paid, the City can schedule a debtor examination which will be done immediately if not paid. The debtor examination will be able to determine whether the debt will be collectable.

Attorney Hall stated Mr. Marco states Bay Bank did not do the City or him any favors as Bay Bank sold all the assets to a Boardmember of Bay Bank at a discounted price with no consideration to the liquor license. This was done with no notice to the City. Attorney Hall stated he will look further into this issue.

Discussed Mr. Marco's father's \$50,000 cd. Attorney Hall stated the \$50,000 was applied. The loan balance was about \$180,000 and the \$50,000 was applied and the foreclosure netted \$95,000 and the \$15,000 with the private sale of equipment.

### **Special Discussion on Donalway Golf**

Treasurer Valentine stated he has been trying to communicate with Al Waeghe and obtain his financial records for review as he is delinquent on his loan by a year. Donalway Golf has moved their location and Treasurer Valentine has not been at the new location yet.

Chairperson Kobasic questioned whether they were selling any product. Treasurer Valentine stated he has seen some orders, but the cash flow seems to be a huge issue. Treasurer Valentine stated he has been asking for the updated financials and the 2010 tax return.

Discussed Mr. Waeghe giving the necessary information to Treasurer Valentine to review so a plan could be in place or the City would proceed with collection. The Board wants to see the business plan brought current within thirty days.

**A motion was made by Boardmember Beaudoin, seconded by Boardmember Economos, to request Al Waeghe to provide Treasurer Valentine with updated financials and the 2010 tax return within thirty days. The Loan Administration Board will review this information and discuss a plan of action within ninety days.**

**Motion was approved unanimously.**

### **UDAG Downtown RLF Loan Request From Andrew Crispigna**

Chairperson Kobasic stated Mike Decker purchased the property and asked whether he has any interest in the restaurant business. Treasurer Valentine stated his understanding was that he will not have any ownership interest or managerial interest. Discussed the liquor license and whether it was going to be leased or not and the legality of such.

Discussed Andrew Crispigna's credit report and issues within it. Discussed his two car loans. Discussed Andrew Crispigna's work history and not working long at some places. Acknowledged that Crispigna's family has been involved with the restaurant business and Joe and Ann Crispigna would be involved.

Reviewed the lease agreement dated September 15, 2011, and signed on November 14, 2011. The lease is for \$2,000 a month with payments starting October 15, 2011.

Andrew Crispigna is not putting any funding into this business venture and would not have any guarantees. Discussed having Joe Crispigna or Mike Decker co-sign with limited guarantees.

Reviewed the business plan and discussed how it would not be the old Crispignas, but more of a fast-food atmosphere like Noodles and Company. Discussed food items from Joe Crispigna being sold at Elmer's Market and whether this would hurt the business as people could buy items at the store versus going to the restaurant. There was a letter submitted from Elmer's Market stating they were honored to sell the Italian food, however, the letter was from a year ago.

The Board did not believe this loan request met their criteria. The Board has concerns with the liquor license, no co-signer and Andrew Crispigna has no assets.

Treasurer Valentine will discuss further options with Andrew Crispigna.

**A motion was made by Boardmember Economos, seconded by Boardmember Beaudoin, to deny the loan request from Andrew Crispigna. It is noted that if Andrew Crispigna came back to the Board with different information, the Board will review.**

**Motion was approved unanimously.**

#### **General Public Comment**

None.

#### **Announcements**

Discussed getting three more members for the Board as it is a seven person Board with four members and three vacancies.

#### **Adjournment**

**A motion was made by Boardmember Economos, seconded by Boardmember Beaudoin, to adjourn the meeting at 9:14 a.m.**

**Motion was approved unanimously.**

APPROVED:

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TIM KOBASIC, CHAIRPERSON

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KIMBERLY PETERSON, RECORDER

**MINUTES  
LOAN ADMINISTRATION BOARD MEETING  
DECEMBER 1, 2011**

Pursuant to public notice, a special meeting of the Escanaba Loan Administration Board was held on Thursday, December 1, 2011, 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 Brady Nelson and Executive Secretary Kim Peterson

Chairperson Tim Kobasic called the meeting to order at 8:10 a.m.

**Motion was made by Boardmember Dagenais, seconded by Boardmember Beaudoin to approve the meeting agenda as written. Motion was approved unanimously.**

Meeting minutes of November 4, 2011, will be tabled until the next meeting to allow time for review.

**NEW BUSINESS**

**Reconsideration of a Loan Request From Andrew Crispigna With the Following Changes:**

- a. Addition of personal guarantee from Joseph and Ann Crispigna**
- b. Addition of Residential Mortgage on 2653 18<sup>th</sup> Road, Escanaba, which is owned by Joe and Ann Crispigna**
- c. Reduction in the Amount of Funds Requested From \$50,000 to \$40,000**

Treasurer Valentine stated Joe and Ann Crispigna's home is valued at approximately \$140,000 based on the assessor's taxable evaluation. There is \$38,000 in outstanding debt in the form of a home equity line against the home currently. There is approximately \$100,000 of equity and there is enough margin for error between an appraisal and a taxable evaluation. In addition, Joe and Ann Crispigna will also personally guarantee the loan.

Treasurer Valentine stated the loan request was reduced from \$50,000 to \$40,000. The reduction was achieved by a couple of things. Particularly, a point of sale computer system which costs approximately \$10,000. Discussed the importance of such computer system.

Joe and Ann Crispigna completed a personal financial statement. A credit report was also run. Credit report and statement of liability was reviewed and discussed.

Treasurer Valentine stated the debt against Joe and Ann Crispigna's home is \$38,000 with a home equity line and the line is capped at \$40,000. The most that could go before the City is \$40,000 without the City having to subordinate. The worst case scenario for the house is equity of \$60,000. Attorney Russ Hall stated the City could go after the house that is pledged, however, Joe and Ann Crispigna are on social security and the City would not be able to touch that. The City could also go after the assets of the business if monies were used from this loan to purchase such. It was noted that Mike Decker purchased some equipment and this was rolled into part of the lease agreement. There is not real property involved with Andrew Crispigna as this is also part of the lease agreement and Mike Decker owns the real property.

The liquor license details are still being worked out. Discussed the legality of leasing a liquor license. Andrew Crispigna explained to Treasurer Valentine that it was legal to lease the liquor license and that a partnership/cooperation was formed.

Discussed the UDAG loan and rules.

Discussed projected sales - \$50,000 the first month and \$65,000 each month until the end of the year as stated in the business plan.

Treasurer Valentine stated the loan request was set up as a two year proposal. UDAG allows for a 5-7 year loan repayment. The Board discussed stretching out the loan for 3-4 years as to also stretch out the payments. Discussed scenarios with a 2, 3 and 4 year repayment schedule.

**A motion was made by Boardmember Economos, seconded by Boardmember Beaudoin, to approve a three-year loan in the amount of \$40,000 with current prime at 3.25% to Andrew Crispigna.**

**Motion was approved unanimously.**

#### **General Public Comment**

None.

#### **Announcements**

None.

#### **Adjournment**

**A motion was made by Boardmember Economos, seconded by Boardmember Beaudoin, to adjourn the meeting at 8:50 a.m.**

**Motion was approved unanimously.**

APPROVED:

TIM KOBASIC, CHAIRPESON

KIMBERLY PETERSON, RECORDER