

**MINUTES  
LOAN ADMINISTRATION BOARD MEETING  
OCTOBER 28, 2010**

Pursuant to public notice, a special meeting of the Escanaba Loan Administration Board was held on Thursday, October 28, 2010, 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 8:02 a.m.

No adjustments to the agenda.

**Approval of Minutes from July 16, 2010**

**A motion was made by Boardmember Beaudoin, seconded by Boardmember Economos, to accept the meeting minutes from July 16, 2010.**

**Motion was approved unanimously.**

**NEW BUSINESS**

**Quarterly Loan Review**

Mama Mia's Restaurant - Treasurer Valentine stated Cal Marcoe has not made a payment since July 2009. Mr. Marcoe has been unresponsive to the City of Escanaba and Bay Bank. Bay Bank has begun foreclosure, however Bay Bank would prefer a deed in lieu of the foreclosure process. Bay Bank would like to obtain the property so they can winterize. Mr. Marcoe is still in possession of the building. The City of Escanaba has terminated the water and electric utilities for non-payment of such.

Discussed the personal guarantee. Attorney Hall stated the old personal guarantee is still in affect as the new documents were never signed and would not have changed the personal guarantee. Attorney Hall further stated the City of Escanaba has obtained a mortgage, security agreement and personal guarantee – mortgage is second to Bay Bank and tied the subordination to them. Cal Marcoe owes Bay Bank \$135,000.

Treasurer Valentine stated as a condition of the City of Escanaba subordinating to Bay Bank on the extra loan, Bay Bank agreed not to return the cd unless the City was paid.

**A motion was made by Boardmember Dagenais, seconded by Boardmember Economos, to authorize a lawsuit against Mr. Marcoe to recover the balance of the loan which was personally guaranteed.**

**Motion was approved unanimously.**

Michigan Meats - Treasurer Valentine stated he has been trying to contact Sharon Dubord of Michigan Meats. Michigan Meats tends to make their payments for the year in December which is at the end of their high season with venison processing. Chairperson Kobasic stated they are going to be processing, but not putting a building up. Processing will be done simultaneously with domestic meats and venison processing with the venison being vacuumed seal which will increase the cost per deer to \$5-\$6. Believed this would not affect the business.

AM Express – Chairperson Kobasic stated he noticed semi trailers behind Coplan Steel that looked like they were being scraped for parts which were originally owned by AM Express. Discussed trying to obtain them for the metal value. Treasurer Valentine stated AM Express loan payments are current.

Peacock – Chairperson Kobasic stated the Peacock loan is six months in arrears. Treasurer Valentine stated the Peacock loan fell behind before he got the sporting good store going and has been six months behind for over a year. The Board in the interim allowed him to make the monthly payment for now and would deal with delinquency when the business started to take off. Treasurer Valentine stated the City could ask the Peacocks to start making up the loan difference and they do currently make a regular monthly payment. Discussed having the loan refinanced and amortization everything into one loan or having them make an additional payment of \$100/month to make up the difference over a year. Treasurer Valentine will discuss these options with the Peacocks.

Wickerts/Cashen Floral – Treasurer Valentine stated the loan is three months in arrears and a letter has been sent. Received no response.

Heath – Treasurer Valentine stated the loan was two months in arrears and a letter was sent out. Received one payment after the letter was sent out.

#### **House of Ludington Subordination Request from State Bank**

Treasurer Valentine stated he received a call from Todd Salo of State Bank. The House of Ludington needs a new boiler which costs approximately \$35,000. State Bank has agreed to loan the money contingent on a subordination from the City. Treasurer Valentine stated he reviewed the file and the subordination agreement already in place allows for up to \$325,000 of State Bank debt ahead of the City. With the \$35,000 boiler the amount would be \$311,000. Treasurer Valentine advised Mr. Salo that he thought the bank is already covered. The \$500 monthly payments by Ed and Suzell Eisenberger are being made on time.

No action was taken by the Board.

#### **General Public Comment**

None.

#### **Announcements**

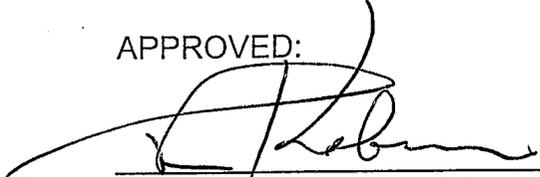
None.

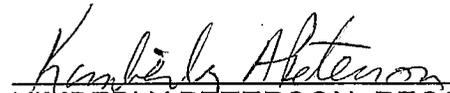
**Adjournment**

A motion was made by Boardmember Beaudoin, seconded by Boardmember Economos, to adjourn the meeting at 8:29 a.m.

Motioned approved unanimously.

APPROVED:

  
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TIM KOBASIC, CHAIRPERSON

  
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KIMBERLY PETERSON, RECORDER