

**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

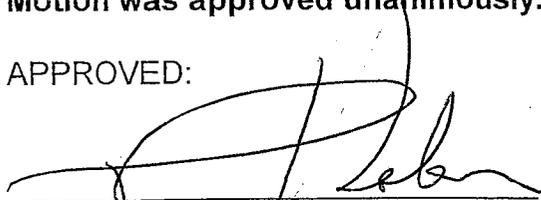
Discussed getting three more members for the Board as it is a seven person Board with four members and three vacancies.

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:



TIM KOBASIC, CHAIRPERSON



KIMBERLY PETERSON, RECORDER