

**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 18th 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

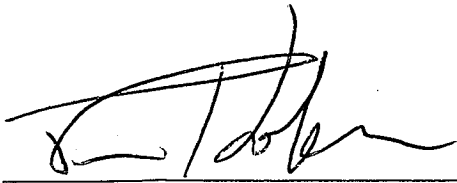
None.

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, CHAIRPERSON



KIMBERLY PETERSON, RECORDER