



Loan Administration Board  
**MEETING AGENDA**  
January 27, 2011

*Board Members*

*Tim Kobasic, Tom Nault, Roni Beaudoin, Chris Economos, Jeanine Dagenais  
Council Liaison: Brady Nelson  
City Official: Robert Valentine*

City Hall Room 102 - Escanaba, MI 49829

Special Meeting  
January 27, 2011, 8:00 a.m.

CALL TO ORDER

APPROVAL/ADJUSTMENTS TO THE AGENDA

APPROVAL OF MINUTES FROM OCTOBER 28, 2010

NEW BUSINESS

1. QUARTERLY LOAN REVIEW
2. SPECIAL DISCUSSION ON MICHIGAN MEATS

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,

---

Robert Valentine  
City Treasurer/HR Manager

**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:

\_\_\_\_\_  
TIM KOBASIC, CHAIRPERSON

\_\_\_\_\_  
KIMBERLY PETERSON, RECORDER

CITY OF ESCANABA  
 Portfolio Report-Revolving Loan Funds  
 December 31 2010

EDA Approximate Funds Available to Lend as of 12/31/2010: \$885,619.38

Borrower	Date Closed	Terms	I/A	Amount Lent	Total Payments	Interest Received	Principal Repaid	Remaining Balance	Amount Written-Off	Status
1 . Kelly Manufacturing	5-18-85	8%/7 Yrs.	I	56,248	73,349	17,100	56,248	0	0	Loan Paid in Full 3-2-92
2 . T.D. Vinette	5-31-85	8%/7 Yrs.	I	60,000	62,151	2,151	60,000	0	0	Loan Paid in Full 11-14-85
3 . C.U. Processing	10-2-85	10%/5 Yrs.	I	112,500	147,180	34,680	112,500	0	0	Loan Paid in Full
4 . Shreve Investment	3-20-86	8%/10 Yrs.	I	150,000	206,283	56,283	150,000	0	0	Loan Paid in Full 5-22-92
5 . United Technological Services	5-9-86	8%/10 Yrs.	I	30,000	32,301	2,301	30,000	0	0	Loan Paid in Full 6-2-87
6 . Express Welding	6-1-86	8%/7 Yrs.	I	60,100	76,920	16,820	60,100	0	0	Loan paid in full 7-26-93
7 . Northern Rebuilders	12-5-88	8%/10 Yrs.	I	10,660	34,734	24,073	10,660	0	0	Paid in Full with Cloverland Assumption
8 . EMP (2nd Loan)	7-31-91	8%/5 Yrs.	I	126,000	146,621	20,621	126,000	0	0	Paid in Full 3-8-94
9 . Bay Manufacturing (1st Loan)	7-1-88	8%/5 Yrs.	I	190,000	232,676	42,676	190,000	0	0	Paid in Full 11/15/93
10 . U.P. Aero	6-11-87	8%/7 Yrs.	I	81,000	42,080	13,733	28,347	0	52,653	Default-does not include accrued interest
11 . I-Corp	6-30-88	8%/3 Yrs.	I	127,500	24,125	16,808	7,317	0	120,183	Default
12 . Cloverland Manufacturing (Old)	2-4-93	6%/1 Yr.	I	13,568	14,013	445	13,568	0	0	Paid in Full Feb 1994
13 . U.S. Cedar Products	10-19-89	8%/10 Yrs.	I	169,320	226,981	57,995	168,987	0	333	Balance remaining after sale of building
14 . Tilbert's Brake Shop	5-1-86	8%/10 Yrs.	I	43,000	63,258	20,258	43,000	0	0	Paid in Full June 1996
15 . Cloverland Manufacturing (Old)	2-4-93	8%/Until Paid	I	69,339	93,848	24,509	69,339	0	0	Paid in full: October 1997
16 . Cloverland Manufacturing (New)	2-4-93	6%/Until Paid	I	165,000	200,990	35,990	165,000	0	0	Paid in full: October 1997
17 . EMP (3rd Loan) 3-8-94 retro to 7-31-	7-31-93	6% 5 years	I	306,000	351,553	45,553	306,000	0	0	Paid in full: August 1998
18 . Clare Bedding (1st loan)	12-20-93	6%/5Yrs.	I	66,300	77,688	11,388	66,300	0	0	Paid in full: April 1999
19 . Hilltop Campers	12-24-85	8%/15 Yrs.	I	112,068	197,162	85,094	112,068	0	0	Paid in Full 12/29/99
20 . EMP	6-19-95	5 years	I	255,000	317,667	62,667	255,000	0	0	Paid in full: 6/13/2000
21 . Bay Manufacturing (2nd Loan)	06/16/1994	7.25%, 7 yrs	I	102,000	30,720	19,229	16,713	0	85,287	Default: balance written off
22 . Cloverland Mfg 1998 Loan (1)	08/21/1998	8.5%, 10 yrs	I	166,032	13,905	10,147	3,758	0	162,274	Default, Chapter 7: loan written off
23 . EMP 4th Loan	07/26/1996	7 years	I	200,000	263,846	63,846	200,000	0	0	Paid in full July 2003
24 . Clare Bedding (2nd loan)	11/25/1996	8.25%, 5yrs	I	153,000	201,097	48,097	153,000	0	0	Paid in full 11/25/03
25 . EMP 5th Loan	07/13/1999	7.25%, 5 yrs	I	750,000	896,929	146,929	750,000	0	0	Paid in full July 2004
26 . Kelly Cams/Hyslop	06/22/2001	7%, 7 years	I	150,000	40,452	14,186	26,266	123,734	0	Written off by board, City write off pending
27 . EMP 6th	05/13/2002	5 yrs 4.75%	I	700,000	787,789	87,789	700,000	0	0	Paid in Full 5/10/07
28 . RT Manufacturing	06/21/2004	5yrs 7.0%	I	235,000	258,701	23,701	235,000	0	0	Paid in full april 2009
29 . Michigan Meats #1	04/28/2005	20 yrs 4% adj	A	335,000	87,195	44,966	42,230	304,406	0	Non Performing 12 months arrears discussions taking place
30 . Michigan Meats #2	04/03/2007	3 yrs 6.5% adj 3	A	30,000	12,557	4,773	7,784	22,216	0	Non Performing 8 months arrears discussions taking place
31 . A.M. Express	07/17/2008	5 yrs, 5%	A	150,000	81,788	13,603	68,186	81,814	0	Current
32 . EMP 7th	01/10/2007	5 yrs 7.25%	A	500,000	468,106	92,299	375,807	124,193	0	Current
33 . EMP 8th	11/12/08	7%, 5yrs	A	300,000	148,509	37,123	111,386	188,614	0	Current
34 . EMP 9th	08/31/2009	7%, 5yrs	A	400,000	126,728	33,251	93,476	306,524	0	Current
35 . Donalway Golf	04/30/2010	3.25%, 5yrs	A	400,000	36,160	5,916	30,244	369,756	0	3 months arrears discussions taking place
E.D.A. Totals				6,774,636	6,076,064	1,237,001	4,844,285	1,521,256	420,730	

Small Cities CDBG Approximate Funds Available to Lend as of 12/31/2010: \$429,189.38

Borrower	Date Closed	Terms	I/A	Amount		Total Payments	Interest Received	Principal Repaid	Remaining Balance	Amount Written-Off	Status
				Lent	Outstanding						
1 . Escan/E.M.P.	10-85	8%/5 Yrs.	I	400,000	0	474,756	74,756	400,000	0	0	Loan Paid in Full 8-1-90
2 . Northern Rebuilders	12-5-88	8%/10 Yrs.	I	29,916	0	97,472	67,556	29,916	0	0	Paid in Full with Cloverland Assumption
3 . Shoe Loft	6-4-87	8%/8 Yrs.	I	71,000	0	42,156	16,941	25,215	0	45,785	Default-does not include accrued interest
4 . Electronic Retailing Services, Inc.	8-11-87	8%/15 Yrs.	I	100,000	0	17,148	2,932	14,216	0	85,784	Default-Does not include redemptions
5 . EMP (Preferred Stock)	7-31-91	8%/5yrs	I	180,000	0	224,251	44,251	180,000	0	0	Paid in full 3-8-94
6 . House of Ludington	12-27-82	8%/15 Yrs.	I	100,000	0	183,555	83,555	100,000	0	66,473	Paid in full : MFC Bank 8/2/96
7 . House of Ludington (2nd Loan)	5-30-90	8%/10 Yrs.	I	127,477	0	98,071	37,068	61,003	0	0	Loan written off August 1996
8 . Cloverland Manufacturing (Old)	2-4-93	8%/Unill Pd	I	194,584	0	263,468	68,884	194,584	0	0	Paid in full: October 1997
9 . Cloverland Manufacturing(New)	2-4-93	6%/Unill Pd	I	90,000	0	108,947	18,947	90,000	0	0	Paid in full: October 1997
10 . T & T Hardware	6-6-88	8%/10 Yrs.	I	80,000	0	118,691	38,691	80,000	0	0	Paid in Full: June 4, 1998
11 . T.D. Vinette	12-7-83	8%/15 Yrs.	I	75,000	0	138,316	63,316	75,000	0	0	Paid in Full Dec 30, 1998
12 . Bay Manufacturing (2nd Loan)	06/16/1994	7.25%, 7 yrs	I	102,000	0	35,942	19,229	16,713	0	85,287	Default: balance written off
13 . Bay Manufacturing (3rd loan)	06/26/1995	9%, 7yrs	I	102,000	0	22,445	14,758	7,687	0	94,313	Default: balance written off
14 . Cloverland 1998 Loan (1)	08/21/1998	8.5%, 10 yrs	I	251,001	0	19,447	14,592	4,856	0	246,146	Default: balance written off
15 . Tailgators	07/28/2000	9.5%, 7 years	I	150,000	0	165,989	15,989	150,000	0	0	Paid in full 10/13/03
16 . M&M Delta Inc. (M&M Enterprises) 2nd	02/15/1995	8.5%, 83 mo.	I	22,440	0	30,565	8,125	22,440	0	0	Paid in full 1/22/04
17 . EMP 4th Loan	07/26/1996	8.25%, 7 yrs	I	150,000	0	197,884	47,884	150,000	0	0	paid in full 9/18/03
18 . EMP 5th Loan	07/13/1999	7.25%, 5 yrs	I	237,400	0	283,908	46,508	237,400	0	0	Paid in full 7/13/2004
19 . EMP 6th	05/13/2002	5 yrs 4.75%	I	400,000	0	450,165	50,165	400,000	0	0	Pd in full 5/10/07
20 . M&M Delta Inc. (M&M Enterprises)	03/11/1994	6% 7 years	I	189,720	0	244,010	54,290	189,720	0	0	Paid in full 10/8/08
21 . Escanaba Foundation Delta ColHanger	11/09/1998	8%/20 Yrs.	I	62,500	0	93,496	59,667	62,500	0	0	paid in full 6/22/2010
22 . P&B Assoc	06/09/2005	4.5%, 15 years	A	123,000	0	59,630	27,556	32,074	90,926	0	Current
23 . Eisenberger/House of Ludington	07/27/1998	8.5%, 3yr balloon	A	113,115	0	115,984	62,094	53,891	59,225	0	\$500 pmts being made on time
24 . EMP 7th	01/10/07	5 yrs 7.25%	A	500,000	0	464,729	88,922	375,807	124,193	0	Current
Small Cities Totals				3,851,153	0	3,951,027	1,026,676	2,953,021	274,344	623,788	

UDAG/DIAL Approximate Funds Available to Lend as of 12/31/2010: \$2,074,725.30

	Borrower	Date Closed	Terms	I/A	Amount		Total Payments	Interest Received	Principal Repaid	Remaining Balance	Amount		Status
					Lent						Written-Off	Written-Off	
1	DDD & S, Inc.	3-16-90	8%/5 Yrs.	I	40,800		49,576	8,776	40,800	0	0	0	Paid in full on 3-13-95
2	Tony's	8-9-91	8%/5 Yrs.	I	35,700		10,863	3,745	7,118	0	28,582	0	Default: Loan Written Off
3	Barons Bar	10-30-98	8.5%, 5 yrs	I	35,700		45,205	9,505	35,700	0	0	0	Paid in full July 2004
4	8th Street Coffee House	11-09-01	5.5% 7 yrs	I	25,000		29,019	4,019	25,000	0	0	0	Pd in full 4/1/2005
5	Tim Kitchen	05/31/2005	5.75% 7 years	I	21,000		22,942	1,942	21,000	0	0	0	Pd in Full 2/16/007
6	Crawford & Hoskings	11-08-02	4.75%, 7 yrs	I	35,000		42,037	7,037	35,000	0	0	0	Pd in full 6/12/08
7	Beaners/Wakefield	12/20/2007	7.5% 10 years	I	30,000		4,935	2,854	2,081	27,919	0	0	Default Collection Action Being Evaluated
8	Dial Enterprises (Northland Center)	1-1-89	4%, 20 yrs	I	1,221,264		2,122,713	901,449	1,221,264	0	0	0	Paid in full 12/6/2010
9	Wickerts/Cashen Floral	02-07-07	8.25% 10 yrs	A	52,000		17,524	7,872	9,651	42,349	0	0	5 month arrears 2 letters sent
10	Peacock	07/01/2008	5.25%, 7yrs	A	35,000		12,729	3,554	9,174	25,826	0	0	6 mo arrears, but paying current
11	Heath	10/16/2008	5%, 10yrs	A	13,500		6,119	1,248	4,871	8,629	0	0	2 months arrears 2nd letter sent
12	Marcoc	10/17/08	5%, 10yrs	A	60,000		9,033	2,194	6,839	53,161	0	0	Default Collection Action Being Evaluated
	U.D.A.G./DIAL Totals				1,604,964		2,372,694	954,196	1,418,498	157,883	28,582		
	Revolving Funds Totals				12,230,753		12,399,785	3,217,873	9,215,804	1,953,483	1,073,101		