

**MINUTES
LOAN ADMINISTRATION BOARD MEETING
OCTOBER 15, 2015**

Pursuant to public notice, a scheduled meeting of the Escanaba Loan Administration Board was held on Thursday, October 15, 2015, at 8:00 a.m. at City Hall, Room C102, 410 Ludington Street, Escanaba, MI.

Board Members Present: Chairperson Tim Kobasic, Boardmembers Roni Beaudoin, Holly Thomma, and Chris Economos

Also Present: City Treasurer Robert Valentine and Executive Assistant Buffy Smith

Absent: City Attorney Russ Hall and Boardmember Jeanine Dagenais

Chairperson Tim Kobasic called the meeting to order at 8:08 a.m.

Approval/Adjustments to the Agenda

None.

Approval of Minutes from February 2, 2015

A motion was made by Boardmember Thomma, seconded by Boardmember Beaudoin, to accept the meeting minutes from February 2, 2015. Motion was approved unanimously.

NEW BUSINESS

Quarterly Loan Review

- Treasurer Valentine stated there isn't much for changes.
- P & B Associates is paid off early as a result of a bank refinancing.
- Michigan Meats, stated by Valentine in Russ Hall's absence, was Mr. Hall's indication that they were about to sign or had already signed a consent judgement as opposed to having to go to court. Mr. Hall spoke to their attorney and he stated they would be going through with a bankruptcy proceeding. Valentine questioned the status of real-estate. Chairperson Kobasic stated equipment and recipes have been sold. The only remaining loan is on the property. Valentine stated that State Bank will have claim on the real-estate sale proceeds up to their loan balance. Our auditors suggested a write off of some reasonable portion. Chairperson Kobasic stated, with consensus of the Board, that Valentine is to find out the remaining balance at State Bank and propose a course of action for collection and/or write off.
- House of Ludington is paying as agreed.
- Crispigna's had a difference in their loan accounting versus Valentine's. They believed they were paid off when they were in fact not. Since then, they have caught back up with only one more payment remaining.
- Andy's Dinner is open and going according as planned.
- Wickerts/Cashen Floral is still sending payments but not on a regular basis, with the most recent being a week ago. Chairman Kobasic stated a letter needs to be

sent addressing the issues of payment needed and if payment is not received on a regular basis, formal action may take place. Since payments have not improved and continued on schedule as committed, Chairman Kobasic is recommending a second letter (since a first has already been mailed) be sent stating that formal action will take place if payments are not received as committed.

A motion was made by Boardmember Economos, seconded by Boardmember Thomma, to send notification that formal action will occur if payments are not received as committed. Motioned approved unanimously.

A motion was made by Boardmember Beaudoin, seconded by Boardmember Thomma to accept the quarterly review as presented and discussed. Motion approved unanimously.

Attorney Review of Donalway and Michigan Meats Loans

Valentine stated, in Mr. Hall's absence, that Mr. Hall believes we should bring them in for another debtor's exam. They continue to provide \$150 weekly. Al Waghe continues talking to people who may want to buy the business. Chairman Kobasic asked if it was the consensus of the Board to schedule a debtor's exam. Valentine believes it is the next course of action to take. Valentine also added that Donalway's location has moved.

Update on Fleet Maintenance

Valentine stated the DEQ has been involved in the site as it is a Brownfield site. It is possible that Bay Bank would like Fleet Maintenance to find another site. Without the Brownfield project and related expenses our need may not be there. Related to this, Northern Initiatives came in and looked at our CDBG fund which they administer for us. We are under a mandate by the state to get a CDBG project done by the first of the year. This seemed like a good way to accomplish this and to satisfy the MEDC. However, it may not be possible to do so by the first of the year. Valentine stated he received a letter from the state extending the December 31st deadline for doing a project to June 30th through the CDBG RLF before the state shuts it down.

Review Correspondence from EDA

Valentine stated the EDA's objective is that they want to shut down the RLF. One reason being they are getting a lot of pressure to reduce the number of RLF's and keep only the high performance RLF's. The City has a 100% default rate. They would prefer to terminate by mutual agreement. This would not eliminate Escanaba for future consideration. If the City does not do this, it would be a negative when it comes to consideration for other EDA money.

Valentine has been looking into UDAG options. He stated we have the UDAG money which is relatively restricted. And he hopes a portion of this money becomes the City's RLF.

Boardmember Economos questioned if advertising could be done. Chairman Kobasic stated we are secondary to a lending institution because we are high risk. And when it is high risk, the lenders are saying that it has to be subordinated somehow. That's how we

have been marketing all along. He stated we have an extension of time to get something on the table for the CDBG.

Valentine stated the City Council should consider re-purposing the UDAG money pursuant to a new plan. If there is a UDAG inquiry down the road, we can demonstrate that we are following the UDAG plan. Chairman Kobasic stated the City has been involved with the Regional Development Corp. This is exclusive for the City of Escanaba tax base. He is not sure if we should be part of the other consideration or if they should consider abandoning it. Kobasic asked if Valentine would talk to them, tell them what we would like to do, what we are considering, what feedback they would want from us, and initiate action.

Items from the Board

Valentine stated the MEDC has agreed to provide funding for the Market Place project, which would be located at the old Northern Motors location. A local match is required. Michael Sattem stated a second grant is also involved with this project. Valentine stated conversation took place as to possibly using the UDAG money to secure the loan. City Council would have to repurpose this money if pursued. Mr. Sattem stated the Market Place is looking to be open for July 2016.

General Public Comment

None.

Announcements

None.

Adjournment

A motion was made by Boardmember Economos, seconded by Boardmember Beaudoin, to adjourn the meeting at 8:57 a.m. Motioned approved unanimously.

APPROVED:

TIM KOBASIC, CHAIRPERSON

BUFFY L. SMITH, RECORDER