

City of Portage
Economic Development Loan Fund Committee Meeting
Thursday, January 23, 2014, 5:30 p.m.
Municipal Building, Conference Rm 1

Members Present: Jean Mohr (Chair), Michael Decker, Dave Gunderson, Mike Oszman, Nita Bortz, Jeff Davis and Kim Dorn

Excused: Todd Bennett

Also present: Mayor Tierney, City Attorney Spankowski, City Administrator Murphy, Steve Sobiek, Dir of Bus. Development & Planning and C. Sauer, Daily Reg.

1. Roll Call

The meeting was called to order by Mohr at 5:31 p.m.

2. Approval of minutes of previous meeting

Motion by Gunderson, second by Decker to approve the minutes of the June 17, 2013 meeting. Passed 6-0 with Oszman abstaining.

3. Introduction of Steve Sobiek

Mohr recognized Sobiek recently hired as the Director of Business Development & Planning for the City of Portage. Sobiek introduced himself and commented that Portage has a lot going on and is involved with several development potentials already. Administrative Murphy and Mayor Tierney both commented that Portage is lucky to have someone of Sobiek's experience and skill with the City.

4. Discussion and possible action on Sta-Care Loan

Mohr distributed a summary of the current status of the outstanding loan balance. Sta-Care had a principal loan balance of \$20,160 as of 12/16/2011; with interest through 12/31/2013 the balance is 20,796.90. Vehicles and office equipment in which the city had secured lien were obtained and sold via auction. Proceeds of \$12,740.35 were applied leaving a balance of \$8056.55 along with incurring \$901.02 in legal fees to attain possession of the vehicles. It was learned on 1/23/2014 that Travis and Lori Aldridge, principles with whom the City had secured personal guarantees filed Chap. 13 bankruptcy in November, 2013. Spankowski summarized options to pursue collection and recommended filing a claim with the Bankruptcy trustee in the amount of the loan balance. Motion by Decker, second by Gunderson to accept Spankowski's recommendation and authorize the filing of a claim with the bankruptcy trustee. Motion carried, 6-0 on a call of the roll with Oszman abstaining.

Mohr explained that the City has requested to purchase the 2005 Chrysler Town & Country in lieu of sale at the auction. An appraisal from the auctioneer stated

the potential value of the vehicle as \$2,750. Mohr reported the Blue Book value was \$2,254. After some discussion regarding difference between auction and Blue Book value, Oszman moved, second by Gunderson to sell the 2005 Chrysler to the City for \$2,254. Motion carried 7-0 on call of the roll.

5. Discussion and Possible Action on Regalis/Portage Cafe loan.

Mohr presented summary materials related to the Portage Café loan. An outstanding balance of \$27,577.51 the last payment was received on 8/3/2006. Unfortunately no further collection activity occurred since 2006. By law no further collection may occur if 6 years of non-collection has transpired. Decker inquired as to remaining security and if safeguards are in place to prevent such an occurrence from repeating. A review of the file reveals the loans were largely unsecured (original loan amount = \$35,000.) The committee will need to make sure future loans have the proper security set up. Director Sobiek noted that with this program the loans tend to be a higher risk and it is not unusual to have a higher level of failures than with conventional financing. It was also noted that the committee needs to be more diligent at recording collection efforts and activity. Mohr noted that the state does require semiannual reporting. Motion by Decker, second by Oszman to designate remaining loan balance as uncollectable. Motion carried unanimously on call of the roll.

6. Review Status of Outstanding loans

Mohr distributed a summary of all outstanding loans. There are 12 loans to 8 entities with a total outstanding balance due of \$198,753.31 of which \$91,378.16 is currently in default. The City received notification that the real estate securing the 3 loans to Krista's Café was in foreclosure and recently sold at a sheriff's sale. The sale will be final in February, 2014 however; the sale price of \$110,000 will not liquidate the 1st mortgage in the amount of \$292,000. The City has 2nd lien on the real estate.

Mohr recognized Kim Dorn, Portage Lumber as a new member of the Committee.

7. Adjournment

Motion by Oszman, second by Davis to adjourn at 6:03 p.m. Passed 7-0 on call of the roll.

Respectfully submitted,
Shawn Murphy, City Administrator