

City of Portage
Economic Development Loan Fund Committee Meeting
Monday, July 18, 2016 5:15 p.m.
City Municipal Building, 115 West Pleasant Street
Conference Room One
Agenda

Members: Jean Mohr, Chairperson; Nita Bortz, Jeff Davis, Kim Dorn, Dave Gunderson, Ken Jahn, William Kutzke

1. Roll call
2. Approval of minutes of previous meeting, June 6, 2016.
3. The committee will go into closed session pursuant to Wisconsin State Statutes 19.85(1)(g) to confer with legal counsel for the governmental body who is rendering oral or written advice concerning strategy to be adopted by the body with respect to litigation regarding the Sta-Care of Illinois, Inc. loan.
4. Immediately following the closed session the committee will reconvene to Open Session for the remainder of the meeting.
5. Discussion and possible action on Sta-Care of Illinois, Inc. loan.
6. Update on 205 Vino, LLC loan.
7. Adjournment

Jean Mohr, Chairperson

The meeting location is handicap accessible. If you need reasonable accommodations due to a disability, please contact the City Clerk at 608-742-2176 no later than 48 hours prior to the meeting

City of Portage
Economic Development Loan Fund Committee Meeting
Monday, June 6, 2016, 5:15 p.m.
Municipal Building, Conference Rm 1

Members Present: Jean Mohr (Chair), Ken Jahn, Dave Gunderson, Bill Kutzke, Nita Bortz and Jeff Davis.

Excused: Kim Dorn

Also present: City Attorney Spankowski, Bus. Dev & Planning Director Steve Sobiek, City Administrator Murphy and C. Sauer, Portage Daily Reg.

1. Roll Call

The meeting was called to order by Mohr at 5:15 p.m.

2. Selection of Vice Chair

Motion by Gunderson, 2nd by Bortz to appoint Ken Jahn as Vice Chair. Motion carried 5-0 on a call of the roll.

3. Approval of minutes of previous meeting

Motion by Bortz, second by Gunderson to approve the minutes of the January 23, 2016 meeting. Passed 4-0 with Kutzke abstaining.

Jeff Davis arrived at 5:17pm.

4. Introduction of Members

Mohr recognized new members Kutzke and Jahn.

5. Review of program, past & current loans and funds available.

Mohr provided a brief history of the program with the overall goal of job creation to low to moderate income individuals (LMI). Providing funds to businesses seeking to startup, expand, or retain jobs. Funding for the program was initially provided through a Community Development Block Grant from the Federal Government which is now administered by the Dept of Administration who is in the process of updating the revolving loan fund guidelines. Mohr distributed a summary of the current status of current outstanding loan balances, loans in default and paid off loans (attached spreadsheet). The program fund currently has a balance of \$79,539.68.

6. Discussion and possible revision to City of Portage Economic Development Revolving Loan Fund Manual.

Mohr reported the Committee does have the ability to increase the current loan requirement of 1 new employee per \$20,000 of loan proceeds to \$35,000. Motion by Kutzke, second by Gunderson to increase the loan restriction to \$35,000 for each full time job created (Section 3.6(2)). Motion carried 6-0 on a call of the roll.

7. Discussion and Possible Action on Sta-Care loan.

Spankowski summarized current status of Sta-Care bankruptcy proceedings. Two bankruptcy filings with the 1st in Illinois in which City loan was secured by vehicles which the City did seize and sold to pay off all but \$8552.50 of the initial \$20,160 loan. The 2nd bankruptcy filing in which Travis and Lori Aldridge, principles with whom the City had secured personal guarantees filed Chap. 13 bankruptcy in November, 2013 was dismissed. This leaves the City with the option to pursue collection of the outstanding amount from Aldridge's, although a bank in Illinois has filed a claim against the Aldridge's. Spankowski recommended to pursue collection by submitting a demand notice to the Aldridge's in which the City has several legal options or recourses to pursue if the demand notice is not resolved. Motion by Jahn, second by Gunderson to accept Spankowski's recommendation and authorize the issuance of a demand letter to the Aldridge's for the outstanding loan amount. A report of any response and subsequent City options will be considered at the next meeting. Motion carried, 6-0 on a call of the roll.

8. Discussion and Possible Action on Krista's Kitchen loan.

Spankowski summarized the collection actions that occurred with respect to the 3 loans in the principal amount of \$70,000 issued to Krista's Kitchen. The loan was secured with Real Estate and a personal guarantee. The real estate was sold in foreclosure and did not satisfy 1st mortgage. The City has 2nd lien on the real estate. The owners filed personal bankruptcy which discharged their remaining obligations. Motion by Kutzke, second by Davis to designate remaining loan balance of \$43,501.43 as uncollectable. Motion carried unanimously on call of the roll.

9. Review of City of Portage Street Façade Improvement Loan Program

Mohr explained that \$30,000 from the City's America's Best Communities (ABC) grant award will be set aside for a business façade loan improvement plan. Murphy reviewed the proposed loan guidelines included in the Committee packet. Kutzke inquired about timing of 1st loan payment in relation to the loan issuance; indicating there should be flexibility as to when the recipient begins to repay the loan. Murphy indicated the loan amount is small and therefore the payments are small as is the total program fund. Repayment can occur over 3 years; further delays of up to another year to repay the loan can exhaust the fund quickly with no ability to re-issue loans. It was felt the Committee can establish the first payment date as part of the loan approval when considering timing of loan approval and necessity to access the funds within 30-45 days of loan approval. Motion by Gunderson, second by Bortz to adopt the loan guideline with a modification to Section C.4 striking the reference to repayment starting on the 5th day of the month following loan approval. Motion carried unanimously on a call of the roll.

10. Adjournment

Motion by Jahn, second by Kutzke to adjourn at 6:17 p.m. Passed 7-0 on call of the roll.

Respectfully submitted,
Shawn Murphy, City Administrator