

Minutes of the
REVOLVING LOAN FUND
LOAN ADMINISTRATION BOARD

Wednesday, December 16, 2014, 8:00 a.m.
Bi-State Regional Commission
Bi-State Regional Commission Conference Room
1504 Third Avenue
Rock Island, Illinois

MEMBERS PRESENT: Jay Morrow – President, Carl Becker, Denise Bulat, Randy Hollerud, Lee Schneider, Jim Tank, Berlinda Tyler-Jamison

MEMBERS ABSENT: Eileen Roethler, Mark Petersen

STAFF PRESENT: Jim Grafton, City of Silvis; Donna Moritz, Bi-State Regional Commission; Annaka Whiting, City of Moline

OTHERS PRESENT: Tim Baldwin & Pat Sherman, Hilltop Hardware, L.L.C.

President Morrow called the meeting to order at 8:00 a.m.

1. **Approval of Minutes of the November 20, 2013 Meeting.** President Morrow asked if there were any additions or corrections to the November 20, 2013 Revolving Loan Fund Loan Administration Board minutes. Ms. Tyler-Jamison moved approval of the minutes as mailed. Mr. Hollerud seconded the motion, and the motion passed unanimously.
2. **Financial Report**
 - a. **Financial Summary.** The financial summary as of November 30, 2014 was reviewed. The principal balance outstanding for the program is \$920,411.23. There were \$370,209.95 available funds to loan from repayments. October repayments generated approximately \$17,000 in program income.
 - b. **Delinquency Report.** Ms. Moritz shared the delinquent accounts as of December 10, 2014 were Compacker Systems, Inc., Process Automation Concepts, LEDs America, Inc., and Barley & Rye, Inc.
 - Compacker Systems, Inc. is no longer in business with the bank seeking collections. There is no personal guarantee, so staff recommends writing off the loan balance. Mr. Tank, seconded by Mr. Lee moved to write off the loan balance \$58,416.10 for Compacker Systems, Inc. and to continue to monitor if any funds become available to collect once the bank's collection is complete. The motion passed unanimously.
 - Ms. Moritz stated she has left a message with Process Automation Concepts regarding their delinquency. She will continue to pursue information on this loan.
 - Ms. Moritz shared an update from Joel Westermarck, LEDs America, Inc. The board concurred to continue to monitor this loan.
 - Ms. Moritz shared an update from Randy Linn, Barley & Rye, Inc. The board

concurred to continue to monitor this loan.

- Also ongoing defaults for Hilltop Hardware, L.L.C., Interactive Marketing, Inc., and TESBO Conception Group, LLC. will be discussed in detail under old business.

3. Status of Loan Reviews

- a. Upcoming Loan Reviews. There were no upcoming loan reviews.

4. Old Business

Hilltop Hardware, L.L.C. Ms. Moritz updated the board on the repayment situation. Mr. Baldwin and Mr. Sherman proposed to begin to repay January 1, 2015 for the principal balance, interest unpaid, and late fees in the amount \$50,382.64. The payments will be \$955.78 including a \$5 loan servicing fee. Mr. Hollerud moved, seconded by Ms. Tyler-Jamison, to modify the loan with Hilltop Hardware, L.L.C. to begin repayments for the amount of \$50,382.64 for 5 years at 5% interest with monthly payment of \$955.78 with loan servicing fee and to keep the 4 current guarantors in place. The motion passed unanimously.

TESBO Conception Group, L.L.C. Mr. Hollerud updated the board on TESBO Conception Group, L.L.C. The bank/investment company isn't foreclosing yet because it is waiting for environmental issues to be remediated. The city is working with the bank and EPA with funds available to remediate the issue. The bank will repossess the property once the environmental issues are resolved. The current bank purchased the loan for less than the total dollars in default to the first lending institution. Currently the owner is receiving rents from the parking lot, and the city alerted the bank to those proceeds. Ms. Moritz stated there are two personal guarantors. Ms. Bulat moved, and Mr. Tank seconded, to write off the loan balance for TESBO Conception Group, L.L.C. in the amount of \$160,323.11, continuing to monitor funds available once the bank's collection is complete. The motion passed unanimously.

5. Interactive Marketing, Inc. Ms. Moritz updated the board on lack of activity on the Interactive Marketing, Inc. loan recommending to write off the loan. Ms. Tyler-Jamison moved, and Mr. Becker seconded, to write off the loan balance for Interactive Marketing, Inc. in the amount of \$32,833.00, continuing to monitor the real estate sale to collect \$2,500 agreed with the bank from their collections once the property is sold. The motion passed unanimously.

6. New Business

RLF Plan Update Ms. Bulat explained the current plan was last updated in 1995, and EDA is now requiring plans be updated every 5 years. The draft plan is similar to the 1995 plan but updated in the new standard format with the procedural revisions the board has made since 1995. Those updates can be seen on page 12 for interest rate floor based on 75% of Wall Street Journal prime rate, page 15 for the tiered job cost ratio, and on page 16 for the priority decision tree. Ms. Bulat stated additional considerations were suggested but deferred. One suggestion was the possibility of an award for entrepreneurial competition, but EDA said it wasn't allowable. Another suggestion was a microloan program. Staff

requested sample microloan programs from existing EDA RLF programs and were told no one had them in their plan. This option may be pursued at a later time. Mr. Becker moved approval of the RLF plan as presented. Mr. Hollerud seconded the motion, and it passed unanimously.

7. Upcoming Loan Applications. Staff representatives from the Cities of Bettendorf, Davenport, East Moline, and Eldridge and the Villages of Coal Valley and Milan were unable to attend this meeting. Ms. Moritz, representing Rock Island and Scott Counties, did not have any applications to report on at this time. Mr. Hollerud stated the City of Rock Island didn't have any applications to report on at this time. Ms. Whiting stated the City of Moline didn't have any applications to report on at this time.
8. Other Business. Mr. Tank questioned if Mr. Hollerud had a conflict of interest being on the board and working for the City of Rock Island. Ms. Moritz stated he is the Rock Island County representative. Ms. Bulat will contact EDA regarding this situation and report back to the board.
9. Adjournment. The meeting adjourned at 9:10 a.m.