

City of Mt. Pleasant

Economic Development Corporation (EDC) Brownfield Redevelopment Authority (BRA)

MINUTES OF THE REGULAR MEETING May 8, 2012, 11:00 A.M. City Hall, Conference Room A

I. Call to Order

The meeting was called to order by Chair Joe Olivieri at 11:02 a.m.

Present: Tim Coscarelly, Kathie Grinzinger, Tom Krapohl, Joe Olivieri, Mike Pung, Nancy Ridley, Jeff Smith,

Absent: Tim Dolehanty, Bruce Kilmer

Also attending: Jeff Gray, Mary Ann Kornexl, William Mrdeza

II. Approval of the September 15, 2011 Meeting Minutes

It was moved by Ridley, seconded by Smith, to approve the minutes of the September 15, 2011 meeting as presented. The motion passed unanimously.

III. Industrial Park South—Cell Tower Lease Amendment Approval

Mrdeza and Gray discussed the amendment to the lease agreement for the cellular tower located in Industrial Park South. Additional equipment was installed earlier in the fall and this was notification of the work as memorialized in the amendment. This item was informational only.

IV. Presentation and Discussion of 2011 EDC/Brownfield Financial Reports

Kornexl presented the financial statements ending December 31, 2011 for both the Economic Development Corporation and the Brownfield Redevelopment Authority. She pointed out that of the \$134,946 earmarked for economic incentives from the Economic Development Fund, only \$56,000 had been designated for incenting the completion of the Industrial Development Corporation shell building in University Park. The remaining \$78,946 remained available but uncommitted at this time. The entire amount is set to be returned to the City in August, 2012 unless it has been committed to a specific project or justification can be made to the City Commission to continue to retain these funds to incent future projects.

After some additional discussion, **it was moved by Ridley, seconded by Smith, to accept the Fiscal Year 2011 financial statements as presented by Kornexl. The motion passed unanimously.**

V. Discussion and City Commission Recommendation Concerning the Revolving Loan Fund Program

Mrdeza presented the background on the City's revolving loan program. He indicated that originally, the small business loans the City has been making to downtown projects was originally funded through a HUD grant, administered at the state level by the Michigan Economic Development Corporation (MEDC). Recently, the MEDC notified the City that increased levels of reporting requirements will now be expected to be retroactively applied to the recipients of downtown loans. Most of these loans are between \$500 and \$7,000; there are a total of nine outstanding loans through the program with an estimated combined balance of \$39,000. Because many of these loans were taken out a number of years ago with a different understanding of the requirements, the City has been attempting to work with the MEDC to make the new reporting requirements less onerous to the current borrowers. To date, the state has been uncooperative on this issue. In addition, the state has required the balance of the revolving loan fund be turned over to a newly formed regional economic development consortium in order to fund a revolving loan program on a larger, regional scale. Because the reporting and eligibility requirements were different at the time the existing loans were awarded, the City could now find itself in non-compliance with the original grant conditions as being interpreted and applied by the state. Therefore, the staff was proposing an alternative concept for the EDC's consideration and recommendation to the City Commission for approval.

Mrdeza presented draft guidelines of a suggested City-funded revolving loan program intended to replace the program to be lost to the regional economic consortium. This City-funded program would avoid the burdensome compliance and reporting requirements being imposed by the MEDC, while the guidelines were modeled after those currently used for the program. Mrdeza explained that the small size of the loans made it economically un-feasible to administer the state's reporting requirements. The proposed City-funded loan program would request a transfer of \$100,000 from the Economic Development Fund with \$39,000 of this to be used to rewrite and refinance the existing outstanding loans (with the exception of one larger loan in Industrial Park South that would stay with the MEDC program when it was transferred). The remaining balance would then be available to offer additional small business loans within the Principal Shopping District and Central Business District boundaries. Loans were proposed to not exceed \$15,000 in total for any one applicant.

Additional discussion on the draft documents ensued. Suggestions included establishing a minimum loan amount of \$1,000 and to stipulate that loans cannot be used for the purpose of refinancing existing debt. In addition, it was recommended that applicants certify they are current on all taxes owed to the City in order to be eligible to apply and that the application ask whether the borrower had ever been convicted of a felony. Besides some other minor comments and suggestions, it was also recommended that the Promissory

Note language be reviewed and perhaps be rewritten by the city attorney with special attention given to allowing the EDC the ability to pursue any remedies available to it in the event of a default on a loan.

A motion was made by Smith, seconded by Krapohl, to recommend the City Commission create a Mt. Pleasant Revolving Loan Fund from an appropriation of \$100,000 from the City's Economic Development Fund; to use this appropriation to pay off the existing small CDBG/MEDC loan balances and create new loans for the balances remaining on these existing loans; and to adopt the revised draft guidelines (with suggested changes) as reviewed by the Economic Development Corporation. The motion passed unanimously.

VI. Other Business

It was the consensus of the Board that future meetings of the Economic Development Corporation and Brownfield Redevelopment Authority be called at the discretion of the Chair on an as-needed basis.

VII. Adjourn

There being no other business, **it was moved by Ridley, seconded by Coscarelly, to adjourn the meeting. The motion passed unanimously.**