

City of Litchfield

TIFA Meeting Minutes – Emergency Special Meeting

December 17, 2015

Call to order

Chairman Ed Smith called to order an Emergency Special Meeting of the Litchfield TIFA at 4:30 p.m. on December 17, 2015 at the Litchfield City Hall.

Chairman Smith conducted a roll call. The following persons were present: Bill Nobles, Ed Smith, Mike Warren, and Don Failing

Absent: Roger Winchell

Others Present: Doug Terry, TIFA Administrator, Russ Youngdahl of Grow Michigan

Meeting Preamble: Chairman Smith opened the Special Meeting of the Litchfield TIFA at 4:30 p.m. TIFA Administrator Doug Terry outlined the purpose of the meeting. Since the meeting could not meet the eighteen hour posting notice because of the urgency involved in approving proposed loan documents, Doug Terry explained to the public in attendance and to the TIFA Board Members, that under the provisions of PA 528 as amended that an “Emergency Meeting Notice” was posted and filed with the Hillsdale County Board of Commissioners and that the notice will be attached to the minutes and made a permanent part of the City of Litchfield records.

- I. Gonzalez Group Discussion: TIFA Member Brendan Sanger began the discussion by asking Russ Youngdahl how much progress has been made to date in a Gonzalez Group turn-around plan. Mr. Youngdahl stated that a budget was approved by Comerica and Grow Michigan as of December 16, 2015. TIFA Board Member asked why the proposed Subordination Agreement was not brought up at our last TIFA Meeting. Mr. Youngdahl explained that this project has been very fluid and the proposed partnerships have been difficult to solidify. Mr. Youngdahl further explained that since the TIFA had already subordinated to Comerica, any default proceeds would

first go to Comerica. However, Mr. Youngdahl felt very comfortable that a combination of DWH and Michigan Capital Partners involvement would be able to implement a successful turn-around plan. Mr. Youngdahl stated that his firm is involved with several projects that are similar to the Gonzalez Group project and felt that with the right team members in place and corporate restructuring, the Gonzalez Group would be a once again viable company. Mr. Youngdahl thanked the TIFA Board for their shared partnership. Brendan Sanger stated that Comerica should subordinate to TIFA. Chairman Smith responded by stating that it has been a TIFA past practice to subordinate to Comerica and other lenders in the past. Our proposed subordination agreement with Grow Michigan is viewed as more administrative than anything. Chairman Smith also stated that the \$200,000 TIFA loan participation would help TIFA maintain the original \$828,000 loans that already exist with the Gonzalez Group. A motion was made by Warren and seconded by Nobles to authorize Chairman Smith to sign the proposed subordination agreement with Grow Michigan. Those in favor of the motion: Nobles, Warren and Smith. Those members opposed to the motion: Sanger and Failing. Motion passed three to two.

Adjournment: A motion was made by Sanger and seconded by Failing to adjourn the December 17, 2015 Emergency meeting at 5:10 p.m. Motion passed unanimously.

Attested: Douglas K. Terry, TIFA Administrator December 17, 2015