

City of Litchfield
TIFA Meeting Minutes
December 10, 2014

Call to order

Chairman Ed Smith called to order the regular meeting of the Litchfield TIFA at 7:00pm on December 10, 2014 in Litchfield City Hall.

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

Absent: Roger Winchell

Others Present: Janet Barton, Dianne Brenner, Carlton Evans; Steve Schlumm; City Resident, Mike Flint, President NEX Solutions; Doug Terry TIFA Administrator

I. **Public Comment** Chairman Smith asked for comment by the public. Mike Flint, President of NEX Solutions addressed the TIFA Board requesting a deferment for one year on the \$300,000 loan and permission to begin making payments on the three other loans in January. Mike Flint explained Comerica's lending policies and the restrictions previously imposed on them. Mike Warren asked about the employment levels. Mike Flint stated NEX Solutions employs eighty-six (86) people currently. Also asked was the current rate of pay for welders Mike Flint responded by stating approximately \$13 to \$14 per hour depending on qualifications. Mike Flint went on to provide growth projects for next year. He also informed the board members of anticipated expenses. He stated that he had confidence of slow but consistent growth. After further discussion a motion was made by Brendan Sanger and seconded by Mike Warren to delay the three hundred thousand dollar loan and to allow NEX Solutions to resume payments on the other outstanding debt. Motion passed unanimously. Ed asked if any other visitors wanted to address the TIFA Board with no one indicating such.

II. **Approval of minutes from last meeting**

Chairman Smith asked for approval of meeting minutes of November 12, 2014. Motion by Nobles, second by Sanger to approve. Motion passed unanimously.

III. Audit – 2014 Doug Terry presented the audit results for the Fiscal year ending June 30, 2014. Motion to accept the audit and place on file by Sanger and seconded by Failing. Motion passed unanimously.

IV. Approval of Balance Sheet and Finances

Motion to approve December 2014 Balance Sheet and Expenditures: Motion by Warren second by Failing; Motion passed.

V. Bills for Approval A motion was made by Mike Warren, seconded by Don Failing to approve manual checks in the amount of \$1,424.42. Motion passed.

VI. Manual Checks A motion was made by Warren, seconded by Nobles to approve checks in the amount of \$250,000. Motion passed.

VII. City Manager Report Doug Terry informed the TIFA Board members that he was contacted by the Gonzalez Group and informed that they are in the process of changing Banks. Comerica is requesting a subordination agreement that would basically place our collection position as second in line. Don Failing expressed his concern that we could lose all of our loan commitment if the Gonzalez Group defaults and TIFA has to pay Comerica. Mike Warren explained his understanding that banks are being more cautious in the manner in which they structure loans. He further explained the philosophy of reducing the bank's risk. Don Failing stated he did not like the language in the proposed agreement and especially the word "subordination" as intended. Ed Smith suggested wording that reflected past practice and position similar to what was used with PNC Bank. A motion was made by Don Failing to create a letter to Comerica that TIFA would take a second position or at least language that would protect TIFA from financial exposure beyond its own loan liabilities. Seconded by Sanger. Motion passed unanimously. Ed Smith presented a possible purchase agreement with Laura Brubaker, current owner of Litchfield Greens Golf Course. Ed pointed out areas of concern. Mike Warren asked if the purchase would cover all outstanding bills. Don Failing wanted to know what efforts are being

made to find a qualified buyer. Carlton Evans suggested contacting Michigan State University for turf management. A motion was made by Failing and seconded by Nobles to pay all closing costs for the golf course.

Closing comments Carlton Evans companies are delinquent or not making payments on their TIFA loans. Doug explained that sometimes TIFA Board has allowed deferments on loans to help businesses. Currently most businesses are current. Mike Warren and Brendan Sanger explained why it is important for the TIFA Board to maintain flexibility with working our businesses to ease financial pressures.

Adjournment: Motion by Warren, second by Winchell to adjourn. Motion passed unanimously.

Attested: Douglas K. Terry December 10, 2014