

City of Litchfield

TIFA Meeting Minutes – Special Meeting

June 20, 2018

Call to order

Chairman Ed Smith called to order a Special Meeting of the **Litchfield TIFA** at 7:00 p.m. on **June 20, 2018** at the **Litchfield City Hall**.

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

Absent: None

Others Present: Doug Terry, TIFA Administrator and Mike Flint of Nex Solutions

Meeting Preamble: TIFA Administrator Doug Terry outlined the purpose of the meeting.

- I. **Nex Solutions Discussion:** TIFA Chairman Ed Smith began the discussion by asking Mike Flint to address the TIFA Board in seeking funds for the loan transfer from Comerica to another collection of lenders. Mr. Flint explained that he is attempting to gather a collection of cash commitments that would pay off Comerica. Mr. Flint stated that Comerica has experienced “lender fatigue” with Nex Solutions and has moved Nex Solutions into the work-out group at Comerica. Mr. Flint further stated that without finding the necessary funds Comerica would force a liquidation of Nex Solutions. Mr. Flint felt that Nex Solutions has made significant improvements with their business and sales and is a viable company. He stated that the existing debt owed to the City of Litchfield TIFA which currently stands at \$1,048,479 would be lost if Comerica were to force a closure and liquidation of the company. Mr. Flint felt that the new lender would be much more flexible in allowing payments to resume to TIFA. Mr. Flint felt that this was a “road” to success for everyone. Mike Warren

asked about the proposed six week closing. Mike Flint responded stating that the new bank is Woodforest Bank headquartered in Houston, Texas and will only loan enough money based on the building and property value. Mike Flint stated that the building is worth \$1.2 million. Mr. Flint stated that he has found other investors to help find the difference but is still short. Matt Wolfinger asked if TIFA would still have to subordinate any additional funds. Mike Flint responded by stating that most senior lenders require subordination agreements from minority lenders. Don Failing asked if the new proposed lender could block or cancel any payments back to TIFA. Mr. Flint said it would be possible except that as long as any senior lender was being paid back in terms of loan agreement there would no reason not to pay other debt. Brendan Sanger stated that it has been twenty-six months since TIFA has received any payments from Nex Solutions. Matt Wolfinger asked if DWH would still be involved. Mr. Flint stated that DWH would be out of the picture, however the senior bank would require at least two audits a year to ensure their investment. Mike Warren wanted to extend his sincere thanks and respect to Livonia Tool for accelerating their loan payment to help TIFA with the cash shortage TIFA was currently experiencing with regard to this loan request. A motion was made by OR Smith and seconded by Mike Warren for TIFA to loan \$75,000 to Nex Solutions upon Livonia Tool prepaying their \$30,000 payment to TIFA and contingent upon final closing with Woodforest Bank. Discussion: Brendan Sanger stated that TIFA should only finance physical improvements not operations or refinancing. Brendan felt there is too much risk with this proposed loan. Chairman Smith disagreed. He felt that our position should be to help companies with all their needs including refinancing. Mike Warren explained it is in our best interest to make the loan. Don Failing asked if the owners and managers were making sacrifices such as salary reductions and other operational expenses. Mike Flint stated that sacrifices have already been made. Matt Wolfinger asked if all of the partners were committed for the long term. Mike Flint stated he is convinced that everybody associated with Nex Solutions wants to see success. Chairman Smith called for a roll call vote. Those for the motion: Mike Warren, Matt Wolfinger, Bill Nobles, OR Smith and Chairman Ed Smith. Those opposed: Brendan Sanger and Don Failing. Motion passed five to two. Mike Flint thanked the TIFA Board for their time and consideration.

Adjournment: A motion to adjourn was made by Mike Warren and seconded by Brendan Sanger at 7:55 p.m. Motion passed unanimously.

Attested: Douglas K. Terry, TIFA Administrator June 20, 2018