

City of Litchfield

TIFA Meeting Minutes

June 13, 2018

Call to order

Chairman Ed Smith called to order the regular meeting of the Litchfield TIFA at 7:00 p.m. on June 13, 2018 in Litchfield City Hall.

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

Absent: Mike Warren

Others Present: Jill Barrett, Mike Flint, and Doug Terry, TIFA Administrator

Minutes: A motion was made by OR Smith and seconded by Brendan Sanger to approve the minutes of the Regular TIFA Meeting held on May 9, 2018. Motion passed unanimously.

- I. Balance Sheet and Revenue & Expenditure Statements: After board review, a motion was made by Sanger and seconded by Failing to accept and place on file the May Balance Sheet & Revenue Report. Motion passed unanimously.

- II. Nex Solutions Request: Mike Flint reported to the TIFA Board an explanation of the refinancing of Nex Solutions with Comerica Bank. Mr. Flint explained that Comerica Bank is anxious in terminating Nex Solutions loan portfolio due to "lender fatigue". As such, Mr. Flint and his team have been aggressively pursuing new financing to pay off Comerica and to continue financing company operations. In pursuing other lenders and investors, Mr. Flint stated that he was short approximately \$250,000. There were several factors which escalated the desire of Comerica to force a refinancing option, however, Mr. Flint stated that the sales for Nex Solutions is excellent along with the revenue projections. Mr. Flint asked the TIFA Board members that in order to pursue a forced refinancing effort with Comerica, Nex

Solutions would need approximately \$420,000 to fund a difference in what is owed to Comerica without their forcing a company shut down and liquidation. Don Failing asked if the new lender would require a subordination agreement with TIFA. Mr. Flint stated yes but the new lender would be much more flexible in allowing TIFA to be paid back on a monthly basis where Comerica required a diversion of funds used strictly to be directed to Comerica. Mr. Flint stated that the business is doing very well except for the demands that Comerica in placing upon Nex Solutions. Mr. Flint stated that he felt that Nex Solutions needs to survive. Again, he requested a \$250,000 advance loan to pay-off Comerica. Chairman Ed Smith stated that with all of the current TIFA commitments that TIFA just did not have the surplus of money to participate at this time. Mike Flint thanked the TIFA Board for their consideration and past help.

III. Food Truck Discussion: Jill Barrett, City Finance Director, stated that it was her intent to sell the food truck in order to seek the difference of what was owing on the truck by Mr. Dora. Doug Terry then explained that the new restaurant owner Tom Brown was not interested in the truck but had removed some equipment off the truck that he claimed was part of the sale of the restaurant. Don Failing stated that he thought that the advertisement should be national or regional wide. He thought that Auto Trader magazine that are free at gas stations should be included so that we may achieve the greatest exposure. By consensus it was agreed that the TIFA Administrator be authorized to sell the food truck.

IV. City Manager Report: Doug Terry informed the TIFA Board Members that it is critical that TIFA and the City of Litchfield know what our options are with regard to Comerica and a possible liquidation of Nex Solutions. He informed the TIFA Board members that he had made arrangements to meet with attorneys in Jackson to review TIFA's options to insure that we would not experience the same outcome with Comerica as what had happened to the Gonzalez liquidation. There was a brief discussion concerning TIFA's legal position. By consensus the TIFA Board members were very supportive of Doug Terry's discussion with legal counsel. City Finance Director, Jill Barrett presented the TIFA Board members with the current outlook with TIFA Funds. Mrs. Barrett stated that with the commitments TIFA had with projects such as paving, golf course, the

LRTC and the uncertainty of State of Michigan reimbursements for personal property taxes, there was concern that TIFA Funds be carefully monitored and measured spending practices be observed.

- V. **Bills:** A motion was made by Don Failing and seconded by Brendan Sanger to approve the June bills in the amount of \$23,896.95. Motion passed unanimously.
- VI. **Manual Checks:** A motion was made Don Failing and seconded by Brendan Sanger to approve the manual checks in the amount of \$350.00. Motion passed unanimously.

Adjournment: A motion was made by Don Failing and seconded by OR Smith to adjourn the June 13, 2018 meeting at 8:50 p.m. Motion passed unanimously.

Attested: Douglas K. Terry, TIFA Administrator, June 13, 2018