



213 S. Marquette St. Ironwood, MI 49938
Memorial Building, Conference Room #1, 2nd Floor

Economic Development Corporation Meeting Agenda

1. Call to Order
2. Recording of the Roll
3. Approval of the Minutes of April 3, 2013
4. Approval of the Agenda
5. Citizens wishing to address the Corporation regarding Items on the Agenda (Three-minute limit)
6. Citizens wishing to address the Corporation regarding items not on Agenda Items (Three-minute limit)
7. Items for Discussion and Consideration
 - a. RLF Update:
 - i. Old World Meats
 - ii. Entrée & Companions
 - iii. Black River Dental
 - b. Mentoring Program
 - c. Site/Building Selection Program
8. Other Business
9. Next Meeting: July 3, 2013
10. Adjournment



Proceedings of the Economic Development Corporation Meeting

Wednesday April 3, 2013

A Regular Meeting of the Economic Development Corporation was held on Wednesday, April 3, 2013 at 10:00 A.M. in the Conference Room #1, Second Floor of the Municipal Memorial Building in the City of Ironwood, Michigan.

1. Director Brown called the meeting to Order at 10:00 a.m. In the audience were Mr. Michael Pope, Esq., and Mr. Matt Weber, Old World Meats and Mr. Marion True, and Scott Erickson, City of Ironwood Manger.
2. Recording of the Roll

	Present			
MEMBER	YES	NO	EXCUSED	NOT EXCUSED
Cayer, Joseph F.	X			
Lemke, Joseph		X	X	
Peterson, Jim	X			
Ramme, Dave	X			
Ruppe, Mark	X			
Schneller, Tom	X			
Schonberg, Bob	X			
Wyssling, John	X			

3. Approval of the December 5, 2013 Meeting Minutes. **Motion** by Peterson; **Second** by Ruppe, to accept the meeting minutes with corrections. **Motion Carried 7 - 0.**
4. Approval of the Agenda

Motion was made by Ramme, **Second** by Peterson to accept the Agenda. **Motion Carried 7 - 0.**
5. Citizens wishing to address the Commission regarding Items on the Agenda (Three-minute limit)

Matt Weber, Old World Meats, was introduced to the Corporation by Director Brown. Director Brown asked Mr. Weber to appear and explain the current status of Old World Meats. Mr. Weber stated that he officially closed the store on March 1, 2013 and is looking at selling it. He is still currently selling on the internet. He currently has 3 partners and knows he can't do this by himself. Bessemer is separate and is closed. That was funded from Northern Initiatives.

Cayer asked what the timeline is for closing and Mr. Weber stated the end of the month. Mr. Weber said that back in November, the sales never came up, nor at Christmas. His partners (two of them) are currently ill and can't help any further. There is a possibility of a buyer. If that fails, the equipment could be auctioned off and the equipment could bring in more than is owed. Mr. Weber wants to work with the City of Ironwood if they want to take the equipment and auction it off. There are two lists of equipment,

one which the City of Ironwood has on the equipment, and Northern Initiatives has another equipment list for their loan. Cayer asked that if the loan goes through would the City of Ironwood be paid off. Mr. Weber indicated that yes, that would happen. Mr. Weber hopes that this will be taken care of this month, and depending on whether the other buyers can get financed.

The equipment is still there and the rent is being paid by Mr. Weber and he will continue to pay it. Ruppe indicated that it looks like the City of Ironwood must wait and Mr. Weber indicated yes. Mr. Ruppe wanted to know if the equipment could just be transferred to the new buyers and would the City of Ironwood be acceptable that the new owners take over the payments. An attorney should look at this.

Cayer wanted to know if water and sewer is under Mr. Weber's name. Electricity he is making payments on; water is current. There is a copy of the lease in the file. His landlord signed a subordination agreement that they can't take over this equipment. The lease is in arrears. Mr. Weber indicated the loan is in arrears and he is making small, regular payments.

The Corporation wanted to know what exactly it is that Mr. Weber wants. Do we want to give Mr. Weber more time; go in and seize his equipment and auction it off and pay off the loan?

Mr. Weber indicated he would like until the end of the month to see where things settle out. Mr. Michael Pope stated that there are enough personal assets with Mr. and Mrs. Weber to cover this debt. Mr. Weber indicated there was over \$40,000 worth of equipment.

Motion by Cayer to set a meeting for the first of May with Mr. Weber present to update the Corporation.
Second by Schonberg. **Motion Carried 7 to 0.**

6. Citizens wishing to address the Commission regarding Items Not on the Agenda (three-minute limit).

None

7. Items for Discussion and Consideration:

7a: Jim Huss Resignation and Interim President

Director Brown stated that Mr. Huss has resigned the EDC Corporation. John Wyssling is the Vice Chair and will take over in his stead. Reelection will happen in the fall. Dave Ramme is Secretary.

The Commission would like a plaque to be presented to Mr. Huss by the City of Ironwood Commission.

7b: Revolving Loan Fund Defaults: Letters have been sent to all the groups that are in default

Entrée Companions: The City of Ironwood has control of the property. Director Brown stated that the City of Ironwood is not even going to receive any bids. If we don't get a lot of money, we may have to have another sale.

A question was asked by Cayer wondering if one check or were multiple checks written to Entrée? Director Brown indicated it was one check.

Josepheson's Nursing Home: Mr. Pope recommends writing this debt off. The loan was only made to the company, not the Debtor. There are no guarantees. Director Brown needs to talk to the state about what happens with this loan. If the State requires repayment the City of Ironwood may have to come up with the money to pay this debt. The State doesn't know what the path should be at this

point with this Debtor. They are getting their funds from the federal government as well as marching orders.

Old World Meats: Mr. Pope said The City of Ironwood a year ago signed a Subordination Agreement on its lien on the equipment with Northern Initiatives. It references Attachment "B" which is not found. If Attachment B is not located, the City of Ironwood will take a second position to Northern Initiatives. Mr. Pope requests that Director Brown take a look for Attachment B. The equipment on that list will be the only superior equipment to Northern Initiatives. Mr. Pope requests the Corporation hold off on seizing the equipment until the outcome of Entrée Companions is determined. May 1 is the scheduled bid closing date for Entrée Companions. Balance is around \$21,000 so there is more than enough to pay this debt. Director Brown indicated we have a list which we sent to Northern Initiatives for including in their list. We have a list of items supposedly bought by Mr. Weber.

Black River Dental: Director Brown called and asked Mr. McCalley to come and speak to the Commission. (He did not show). There was an issue in trying to seize the equipment. We sent a letter to Mr. McCauley asking him to voluntarily surrender the equipment. Mr. Pope stated that it would be about \$1,500 to start the lawsuits.

Mr. Peterson said to Director Brown that someone is in the businesses and working at Dr. Gresham's office. John Wyssling confirmed that he is there.

Sears Company: Recommendation is to sue them. We cannot collect attorney's fees on this. Mr. Pope is registered in Wisconsin so could move in Wisconsin to get judgments.

Director Brown indicated that the City of Ironwood has no money budgeted for lawsuits. Director Brown put down for the budget for attorney's fees.

Top Notch has been paying, slowly, owes approximately \$4,700.

Dr. Toohey is paying on a regular basis.

Motion by Schneller to sue Sears. **Second** by Ramme. **Motion carried 6 to 1 with Ruppe and Wyssling dissenting.**

Motion by Schneller to sue Black River Dental. **Second** by Schonberg. **Motion carried 5 to 2 with Ramme dissenting.**

Motion by Ruppe to table action on Entrée Companions until May 1, 2013. **Second** by Peterson. **Motion carried 6 – 1 with Ramme dissenting.**

Motion by Ruppe to table Old World Meats and give Matt Weber a thirty-day extension to get things finalized with the business. **Seconded** by Schonberg. **6 to 1 with Peterson abstaining and Ruppe dissenting.**

Motion by Peterson to take the recommendations by Michael Pope on Josephson's Nursing Home. **Seconded** by Ramme. **Motion carried 7 – 0.**

7c: Revolving Loan Fund Regionalization:

Director Brown presented his Memorandum and discussed his trip to Marquette

HUD'S plans are to include a compliance audit of all the funds in the state. They have started this process. There are a lot of communities in the state that has this program so we do not know when they will be here. Two issues are if HUD finds we are compliance, there are no issues. If they find compliance issues with how the money was loaned out, etc., there could be repercussions, the City just doesn't know yet. They could find the City liable and require it to pay. These are assumptions at this point.

The city can participate with the Regionalization of the RLF or they have the option of keeping the money local and not be involved with the regionalization of the money. Director Brown's Memorandum has broken down these two options.

Motion by Peterson to send this matter to the City Commission and recommend that the City of Ironwood regionalize. **Second** by **Schneller**. **Motion carried 6 to 1 with Ramme Dissenting.**

Ruppe asked Director Brown to do further research on grants/options. He also asked if the EDC was still a viable group to handle future issues.

8. Other Business

a. Other Business:

Jim Peterson stated he has a conflict and needs to abstain in the future on Old World Meats. Records of this meeting will be corrected to show that Mr. Peterson had to abstain on Old World Meats discussions and votes.

Mr. Peterson asked what if a former partner who is on the loan application, can he take this business over with additional funding by the EDC? An application would have to be made.

Mr. Lanctoe was introduced as the Leassor of Old World Meats. Mr. Lanctoe wants to know what he is to do with the equipment in Old World Meats. Wyssling brought Mr. Lanctoe up to date on what was discussed earlier. The equipment is being kept there. Lanctoe said Mr. Weber is not even close on what he owes on the rent. Weber did give him \$100. Mr. Lanctoe wants to know who is going to fix the roof and other damages? The City of Ironwood is not responsible for his losses due to Mr. Weber.

Mr. Ruppe indicated that with Mr. Huss's resignation from the Corporation, we should have a plaque done for him for his many years on the Corporation. **Motion** by Ruppe to give Mr. Huss recognition for his years of service with a plaque. **Second** by Schneller. **Motion Carried 7 to 0.**

9. Next Meeting

May 1, 2013 10:00 a.m.

10. Adjournment. **Motion** to Adjourn by Schneller; **Second** by Ramme. **Motion Carried 7 – 0** at 11:03 a.m.

John Wyssling, President

Kim M. Coon
Community Development Assistant

REVOLVING LOAN FUND

Status Update as of 5/29/13

	<u>Top Notch</u>	<u>Spec Bldg</u>	<u>Dr. Toohey</u>	<u>Sears</u>	<u>Black River</u>	<u>Old World Meats</u>	<u>Josephson's</u>	<u>EC</u>	<u>Total</u>
Original Loan Amount	40,000.00	300,000.00	25,000.00	30,000.00	25,000.00	30,000.00	100,000.00	60,000.00	610,000.00
Current Balance	4,762.31	300,000.00	18,437.81	10,748.23	19,160.16	21,580.10	89,279.62	56,586.51	520,554.74
Status	Not Current - Making Payments	Deferred	Current	Default - Out of Business	Default - Out of Business	Default Out of Business	Default - Out of Business	Default - Out of Business	