

Revolving Loan Fund Committee
SPECIAL Meeting Minutes –April 2, 2018
130 North High Street – Conference Room

The Hillsboro Revolving Loan Fund Committee met for a special meeting on April 2, 2018 at 10:00 a.m. in the upstairs conference room of the City Building at 130 North High Street.

CALL TO ORDER

Mayor Hastings called the meeting to order at 10:02 a.m.

ROLL CALL

The following members were present: Mayor Drew Hastings (Chair), Mel McKenzie, Safety and Service Director, Amy Hamilton, John Storrs, Steve Thompson, and Steve Ventura. A quorum was met.

MINUTES

REPORTS

CORRESPONDENCE

UNFINISHED BUSINESS

The Committee discussed the loan request from Dale Martin to renovate 135 North High Street (Old Annex Building) and make an event center on the first and second floors. The original loan request was for \$150,000.00. The Committee discussed loaning \$100,000 now and \$20,000 later in the year if Mr. Martin still needs or wants the additional money. The Committee discussed lowering the interest rate for the loan because it is a significant economic development project for the Uptown area. Ms. Hamilton recommended a rate no lower than five percent (5%) stating that the prime rate is 5.75%. Mr. Thompson suggested that he at least pay interest for six months rather than defer all payment for that period of time.

If Mr. Martin chooses to borrow the additional \$20,000 in August or September, it will be a separate loan with the same conditions as the first loan except the principal will not be deferred. Mr. Storrs said that deferring the principle could help him because he will not generate any income until the event center is completed and booked. Mayor Hastings asked for a lien on the property. A mortgage on the building would start in the first position but if Mr. Martin procured bank financing the bank would ask the Revolving Loan Fund to subordinate their position. The Committee understood that they could be in second position on the mortgage. The Revolving Loan Fund Committee will ask for a security agreement as well.

Mr. Storrs suggested that Mr. Martin provide the RLF with a lien waiver. He also questioned if Mr. Martin needed to provide documentation to show work progress and how the money was spent. Ms. Hamilton said that the Committee was not in the position to manage how he spent the money. She will provide a lien waiver form that Mr. Martin can give to his General Contractor (Tom Bailey). Mr. Thompson said the Committee should be prudent and ask for contractor documentation: invoices, inspections, and reports with percentage of completion to assure that

the money is spent for the purpose intended. Ms. Hamilton said that Mr. Martin is familiar with the process and will know how to comply.

Mr. Storrs asked if Mr. Martin had enough funds to complete the project. Mr. Thompson said the financial statement shows he has adequate money in assets. Mr. Storrs said that he cannot get a clear financial picture but feels Mr. Martin's finances are good and liked the fact that the Committee will have a report on spending. The General Contractor will provide proof of expense and payment. The Committee also wanted to know how much insurance coverage Mr. Martin has for the building.

MOTION Mr. Storrs moved, seconded by Ms. Hamilton, to loan Dale M. Martin \$100,000.00 from the UDAG funds at a rate of five percent (5%) for twenty (20) years with principal payment deferred until January 2019 allowing for interest-only payments until that time and secured with a mortgage on the building at 135 North High Street. A loan for \$20,000 will be available to Mr. Martin in September 2018 with the same terms.
Vote: all yeas.

NEW BUSINESS

ADJOURN

MOTION 11:14 am, Mayor Hastings moved, seconded by Mr. McKenzie, to adjourn.
Vote: all yeas.

The next regular meeting is scheduled for April 23, 2018.

Drew Hastings, Chairman

Debbie Sansone, Secretary