

Revolving Loan Fund Committee
Meeting Minutes –October 22, 2018
130 North High Street – Conference Room

The Hillsboro Revolving Loan Fund (RLF) Committee met on October 22, 2018 at 10:00 a.m. in the upstairs conference room of the City Building at 130 North High Street. The meeting was originally scheduled for September 24, 2018 but rescheduled to assure a quorum.

CALL TO ORDER

The meeting was called to order at 10:00 a.m.

ROLL CALL/QUORUM

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

MINUTES

The following meeting minutes were approved as presented:

- August 27, 2018

REPORTS

Monthly reports for August/September 2018 were reviewed.

The RLF balance as of October 1, 2018 is as follows:

CDBG	\$76,419.53
-	\$43,949.17 Committed to East Main Critical Infrastructure Project
	\$32,470.36 <i>Available CDBG Balance</i>

UDAG \$148,404.59

Total Balance: \$224,824.12

MOTION Mayor Hastings moved, seconded by Ms. Hamilton, to approve the monthly reports. Vote: all yea.

CORRESPONDENCE *No correspondence*

DISCUSSION

The Committee discussed the three delinquent loans: Classics’ Diner, Warren Furniture, and Shabby Moose. Rick Pitzer was contacted twice about the delinquencies for Classics’ and Warren but there was no response from him. Jeannine Mullenix was contacted and she made one payment but her loan is still delinquent. Shabby Moose was sold but the Revolving Loan Fund Committee was not notified. The Committee discussed their options.

MOTION Mayor Hastings moved, seconded by Mr. McKenzie, to retain Greg VanZant to review the loan files for Classics' Diner and Shabby Moose to determine if the Revolving Loan Fund Committee has the right to demand a loan payoff and to address the delinquent payments. Vote: all yeas. The Clerk will contact Mr. VanZant.

The Committee also discussed the loan application from Rachel Reed presented to them at the September 17, 2018 meeting. The Committee will not consider the loan until the impact of LaRosa's restaurant on Giovanni's Pizza restaurant is determined.

UNFINISHED BUSINESS

Lowell's Landscape – Progress Report

The Committee discussed the payment agreement made with Geoff Lowell in March 2018 to make his loan payments current for the Lowell's Landscape LLC loan. Lowell is closing his retail location on North West Street and will sell his property. The Committee agreed that the payment agreement is void once the property is sold. The last day for business at the retail location is November 15, 2018. Mayor Hastings said that unlike previous Revolving Loan Fund committees, this committee needs to be serious about loan delinquencies. Mr. Lowell is currently four payments in arrears. The Committee agreed that foreclosure would be the last consideration and they will work with the Lowells to find a solution for the delinquent payments and the sale of the property.

Geoff Lowell and his father, Robert "Bob" Lowell, met with the Committee to discuss options for paying the balance of their loan. The Committee holds a mortgage on Robert Lowell's personal property as security for the loan. Geoff informed the Committee that he was closing the retail location and selling the property but would continue his landscape business from his home. He committed to making four payments by the end of October to make his loan balance current and would hopefully pay the balance of the loan when the property was sold.

Mayor Hastings said that he heard the word "hopefully" three different times while Mr. Lowell was talking and asked for a definite timeline. Ms. Hamilton said that the building could set empty for a year or more before selling. Robert said he considered renting the building to help pay for the loan. Geoff asked if the Committee was "calling" the loan. Mayor Hastings said the Committee would like four payments totaling \$4,884.92 by the end of October. This would be a good faith effort and would make his loan current. Then he would have thirty to sixty days to obtain loan approval for a refinance to pay off the Revolving Loan Fund loan. Ms. Hamilton said that Robert may need to refinance his primary residence in order to pay off the loan balance. Robert said that he has enough equity in his home to refinance.

Mayor Hastings said that it may be possible to obtain a lower interest rate than the Revolving Loan Fund rate, which would help them. Ms. Hamilton said that the RLF does not want to be on the hook for the loan. Mr. Thompson said that the reason for the loan was to promote economic development and, with the business closing, that reason no longer exists.

The Committee asked for proof of a loan approval when the Lowells obtained it. Ms. Hamilton said that the Committee did not want to resort to foreclosure if there was a better way to satisfy the loan. The Lowells will make four payments by October 31, 2018. The Committee would

like proof of loan approval by November 15, 2018 when the business closes. The Clerk will send a Letter of Understanding to both Geoff and Bob Lowell after the meeting.

NEW BUSINESS

Mayor Hastings and Mel McKenzie met with a representative from Lykins Oil regarding the purchase of the old BP station on the corner of West Main and South West Streets. Lykins owns property on Fair Street that requires the use of a city right-of-way to access the property. The City would be willing to give Lykins the right-of-way in exchange for consideration of the sale of the Main Street property.

Mayor Hastings explained that the narrow lot on the east side of the old BP property was purchased by a developer who would likely sell it to the City if the City was interested in buying the Lykins property. The Hillsboro CIC (Hillsboro Area Economic Development Corporation or HAEDC) may be interested in purchasing the property for the city and finding a developer. The HAEDC also discussed the Revolving Loan Fund Committee giving money to the HAEDC and letting the HAEDC decide what to purchase. The Committee wanted to know if, after the property was sold by the HAEDC to a developer, would the RLF be repaid for the property. Ms. Hamilton suggested that the RLF dictate that the Lykins property must be the property the HAEDC purchases but that the HAEDC could keep the proceeds of the sale of the property when sold to a developer. The HAEDC could use the money to purchase property they select and the Revolving Loan Fund would be replenished through current loan payments. There is a balance of \$233,330 in outstanding UDAG loans that will be received by the RLF over the next twelve years. The Clerk will draft an agreement to offer the HAEDC.

Façade Improvement applications were received from the following:

- 126 North High Street (Doug Farber dba SOS) \$1,735.80
- 134 West Main Street (Robin and Ann Morris) \$2,770.00
- 135 North High Street (Dale Martin – Hillsboro Orpheum Event Center) \$5,000.00

The applications were reviewed by the Administration and found to be complete. The project at 126 North High is complete but the other two projects have not started. The Committee agreed to approve and pre-approve payment for all three applications. When the projects are completed the work will be reviewed and the final documentation will be verified by the Administration. At that time payment can be made to the applicants.

MOTION Mr. Thompson moved, seconded by Ms. Hamilton, to approve Façade Improvement reimbursement payments for 126 North High Street (Doug Farber for \$1,735.80), 124 West Main Street (Robin and Ann Morris for \$2,770.00), and 135 North High Street (Dale Martin for \$5,000) subject to application review and approval by Administration when the projects are complete. Vote: all yeas.

ADJOURN

The meeting adjourned at 11:45 a.m. The next regular meeting is scheduled for October 22, 2018.

Drew Hastings, Chairman

Debbie Sansone, Secretary