MINUTES OF THE COMMUNITY DEVELOPMENT BLOCK GRANT REVOLVING LOAN COMMITTEE

WEDNESDAY, DECEMBER 12, 2018, 8:00 AM
CITY HALL, ROOM 207

A. ROLL CALL.

1. Members: Matt Schuller - Chair, Mike Borlee - Vice Chair, Ald. Brian Johnson, Chad Van Handel and James Blumreich

Members Present: James Blumreich, Brian Johnson, Matt Schueller, Chad VanHandel, Excused: Member Present via phone: Mike Borle

B. APPROVAL OF THE AGENDA.

1. Approval of the agenda for the December 12, 2018, meeting of the Community Development Block Grant Revolving Loan Committee.

Moved by James Blumreich, seconded by Ald. Brian Johnson to approve the agenda. Motion carried. Yes- James Blumreich, Brian Johnson, Matt Schueller, Chad VanHandel, No- None, Abstain- None

C. APPROVAL OF MINUTES.

1. Approval of the Minutes from the November 7, 2018, meeting of the Community Development Block Grant Revolving Loan Committee.

Moved by Chad VanHandel, seconded by James Blumreich to approve the minutes. Motion carried. Yes- James Blumreich, Brian Johnson, Matt Schueller, Chad VanHandel, No- None, Abstain- None

D. REGULAR BUSINESS

1. Consideration with possible action to accept the new terms for the City's CD-RLF for ZoZo World, LLC dba ZoZo Kitchen LLC and ZZQ, LLC.

The Committee may convene in closed session pursuant to Sections 19.85(1)(f), Wis. Stats., to consider financial, medical, social or personal histories of specific persons which if discussed in public could likely have a substantial adverse effect upon the reputation of the person referred to in such histories or data. The Committee may thereafter reconvene in open session pursuant to Section 19.85(2), Wis. Stats., to report the results of the closed session and consider the balance of the agenda.

Moved by James Blumreich, seconded by Ald. Brian Johnson to open the floor for discussion. Motion carried.
Yes- James Blumreich, Brian Johnson, Matt Schueller, Chad VanHandel, No- None, Abstain- None

Moved by James Blumreich, seconded by Chad VanHandel to close the floor for discussion. Motion carried.
Yes- James Blumreich, Brian Johnson, Matt Schueller, Chad VanHandel, No- None, Abstain- None

Moved by James Blumreich, seconded by Ald. Brian Johnson to approve and accept the new terms for ZoZo Kitchen, LLC. Motion carried.
Yes- James Blumreich, Brian Johnson, Matt Schueller, Chad VanHandel, No- None, Abstain- None

E. INFORMATIONAL.

No information to present.

F. ADJOURNMENT.

Moved by Chad VanHandel, seconded by James Blumreich to adjourn. Motion carried.
Yes- James Blumreich, Brian Johnson, Matt Schueller, Chad VanHandel, No- None, Abstain- None

VERBATIM MINUTES

- Okay. We'll get started here. Oh, we're not using those today, Brian. We have technical difficulties, so we're going old school. Today, we'll start it out-

- I have Mike Borlee, being phoned.

- Oh, Mike's gonna be on the phone? Oh, okay, I'll wait a sec here.

- And I called him just a few minutes ago, so he's .

- [Mike] Morning Wendy.

- Hey, good morning, Mike. We're going to begin our meeting now, so ...

- [Mike] Okay.

- See if you can hear everybody alright.

- [Mike] Sure.

- Good morning, Mike. Can you hear us?

- [Mike] And there's Matt.

- Okay, we're gonna start you off, right off the bat so you gotta be ready here. We're gonna do role call.

- [Mike] Okay, I'm ready.

- Mike Borlee.

- [Mike] Here.

- Brian Johnson.

- Here.

- Chad Van Handel.

- Here.

- James Blumreich.

- I'm here.

- Matt Schueller, here. Okay, let's move into our first item here. We'll go with approval of the agenda.

- So moved.

- Second.

- We have a first by Jim, and a second by, I think it was Brian.

- Brian.

- All those in favor say I.

- [committee] I.

- Alright, we've approved the agenda. About minutes, from the November 7th meeting.

- So moved.

- Second.

- We have a motion from Chad, and a second from Jim. All those in favor say I.

- [committee] I.

- Okay, let's move on to regular business with a consideration with possible action to accept the new terms for the city's CDRLF loan for ZoZo World, doing business as ZoZo Kitchen, LLC and ZZQ, LLC. So Wendy, why don't we give the floor to you.

- Yes, good morning. As you know that ZoZo Kitchen has been working hard in the last year, and they have been before us a little bit before. They have actually worked with Bank of Luxemburg and myself over the last few months. And, they have had the property reappraised, and the values are higher. And, they would like to do a debt consolidation on their primary loan. They had, as you know when they came to us, some higher credit card debts, and some other things they had used to do some repairs at their property, and also to purchase equipment, and to help with some of the start up cost. And now, the property is reappraised and Bank of Luxemburg would like to refinance the primary loan which was originally $136,142. And now, they would like to add an additional $83,000 to that primary loan. And the new total of the primary mortgage would be $219,142. And they will be taking that $83,000 and paying off their credit cards and working with, Luxemburg will be doing that. So we would be, our $52,200, would be just $83,000 further in the subordination in this capital stack for this project. And we're asking the loan committee to review them.

- And it's not a change then to any of the terms of the loan, the length, the interest rate, it's just moving further --

- Everything else our category would stay the same. It's just that their primary mortgage is for a larger amount. Which is still within the ... They're operating within the evaluation of the property is still appropriate and those sorts of things. The lender couldn't be here this morning but was also available for comment if you have questions. We are working with ...

- [Robert] Eugene.

- Eugene, yeah.

- Unless there's questions then, I propose we open the floor.

- So moved.

- Got a motion.

- Second.

- All those in favor say I.

- [committee] I.

- Hey, we'd love to just hear from you. It's been, probably quiet an eventful year. I remember the cold temperatures last year, throwing curve balls. So, I think we'd just love to hear a little bit over last ... how's it gone, where's the business today, how much is happening in catering versus retail restaurant operation. Just kind of get an update on the business and what's going on.

- We had our busiest week last week.

- Alright.

- Which was amazing.

- Good timing.

- Defiantly had some strong employees, the catering, that's more about with the restaurant. You know, you do this, like that. And see it go and hear people talk about it when we're out and about. Numbers wise, we're meeting our ... we are exceeding the productions that I had initially come up with when we first came to the committee. Which when I saw that, when I rerun the numbers, I was really happy with that. We've extended our days from ... We started from two days a week now we are open Wednesday through Sunday. We have our regulars that come in. We signed up with the Eat Street which has been a huge bonus for us. And, the delivery because it's hard to find somebody that has a clean driving record and is available to steadily come into work. So Eat Street definitely has given us an uptick of sales. Being in the industry park, we do a lot of catering for Georgia Pacific.

- [Robert] Green Bay Packing.

- Green Bay Packaging. So we'll drop off lunches there. It's been a wild wonderful ride.

- [Robert] On the catering end, we've had another record year, 58 weddings, 35 corporate events, so a total of 80 something events already this year. Probably going to another 20 to 30 events yet before the end of the year just with Christmas parties for businesses and stuff like that. And, it's growing. Another good wedding season coming up with things booked for next year.

- Yeah.

- [Robert] The catering aspect is doing really well.

- And it's really nice when he talks about another 20 or 30 events by the end of the year, we're in the last month. But having the restaurant and the ability to not have to forward think two weeks in advance to get something done. Two years ago, we were turning down these jobs because we didn't have the capability of doing that. This year we are and it's mainly, we get it, we drop it off, say "Have a great day", and gone.

- Did you want to share your end numbers and how Eugene had talked about $300,000

- Oh, Yeah. I can actually get the --

- That's okay, I mean just in general.

- Yeah, it's a little over $300,000

- I just think worth saying.

- This year that we've got. So it's definitely making it's profit. It's doing what it needs to do to support itself. It's just that, personally ramping it up, now we're feeling that weight and we're trying to get that off. So, we can still keep the projection that we're going along with relieving that personal weight of the startup costs. We're going to be really set nicely.

- So what was the initial appraisal on the building? Approximately.

- [Robert] $186.

- Yeah, I think it was --

- And who did you guys buy it from?

- [Robert] The Fraternal Order of Eagles.

- Oh, really? Okay, great.

- I think the actual city value is $300 and some.

- [Robert] $300 and some.

- And then the new appraisal came in ... I don't really have any of that but.

- $275 or something.

- Okay.

- Good work, great to be able to improve the property and that's fantastic.

- Doing all the right things.

- How many employees do you guys have?

- Ohh, between the catering which is very part time, and we are looking at more of people that have full time jobs, they just want to come and grill and drink a beer.

- To our regular employees who, this is their only employment, we have about 30.

- Okay, great.

- [Robert] Probably 20 are low income.

- Yes.

- And probably would add 10 if you could find warm bodies.

- Right. And of course there's an attrition rate associated with that because it's the service industry. But we've definitely developed a core group of about five people that we rely on quiet a bit. It's nice to have that. On the restaurant side, not the catering.

- Right.

- I heard you guys sleep there sometimes, is that true?

- If do an overnight cook.

- [Robert] We call it sleeping.

- You know, if we have a sixteen hour cook for a catering event, we're going to need to be there with the meat so it doesn't get ...

- Sure.

- So yeah, that's there.

- It's a commitment.

- Fully invested I would say.

- Good for you guys.

- Any other questions?

- Let me just complement. You know, we had you guys at the ... I'm the Executive Director of On Broadway.

- Oh.

- And I know you guys participated in Taste. And I just heard, overwhelmingly positive feedback.

- Thank you.

- About, what ever it was you had at the event. I didn't get there fast enough.

- [Robert] I made 800 sandwiches, we were out in two hours, in what an hour and a half I ran out. I had enough for 800 thinking that was enough.

- Yeah.

- [Robert] And we went through all 800 portions in under a hour and a half or two hours.

- Yeah, I'm guilty of dragging my feet. Everyone was like "You've got to get over there."

- And I was like "Oh, I will." And, I didn't get there fast enough. So thank you.

- [Robert] No, thank you.

- I appreciate it Brian that's helpful.

- I'll entertain a motion just to return to regular.

- So moved.

- Second.

- All those in favor say I.

- [committee] I.

- Okay, so we have the action in front of us which is basically not to change the terms, there will just be a larger loan in front of us that we're subordinated to. And would anybody like to make that motion?

- I'll so move.

- Second.

- So we have a motion by Jim, and a second by Brian. All those in favor?

- [Committee] I.

- So moved.

- Congratulations.

- Thank you so much.

- Thank you for coming in. Thank you for updating us. And, congratulations on your first year. That's a ...

- Yeah.

- It's a big deal.

- Mike, we're all set, I'm hanging up okay?

- [Mike] Okay. Just for your information, and it must be the microphones 'cause I can hear the clients talk, but when the board would talk it would cut in and out.

- Okay, maybe I'll have to work on that a little bit. Thank you for letting us know.

- Mike, we're going to have to get you here physically.

- [Mike] Hey, I'm in a good spot. But, just a quick comment on that. It's really reflective of what we discussed on their initial. And it's refreshing to see that a bank did recognize one, the sweat equity, and two that the numbers came through the way they were originally presented. The way that we were able to consolidate this loan and get rid of those high credit card debts.

- Thank you.

- So.

- And it's a real testament to you guys. That's great progress. And I know that things didn't go perfectly.

- Thank you Mike, have a great day too.

- Would you like to adjourn?

- I think so. Do we have a motion to adjourn?

- Motion.

- Second.

- We have a motion and second. All those in favor say I.

- [Committee] I.

- We are adjourned. Quickest meeting maybe ever.