# MINUTES OF THE COMMUNITY DEVELOPMENT BLOCK GRANT REVOLVING LOAN COMMITTEE

## MONDAY, DECEMBER 20, 2021, 7:30 AM
## CITY HALL, ROOM 604

### A. ZOOM MEETING INSTRUCTIONS.

1. This item contains documents which provide call in information and instructions for the Zoom meeting.

### B. ROLL CALL.

1. Members: Matt Schuller - Chair, Vice Chair (Vacant), Ald. Brian Johnson, Ace Champion and Kathy Hinkfuss

Present: Brian Johnson, Matt Schueller, Ace Champion, Kathy Hinkfuss, Excused:

### C. APPROVAL OF THE AGENDA.

1. Approval of the Agenda for the December 20, 2021, meeting of the Community Development Block Grant Revolving Loan Committee.

Moved by Ald. Brian Johnson, seconded by Matt Schueller to approve the agenda. Motion Passed. Yes- Brian Johnson, Matt Schueller, Ace Champion, Kathy Hinkfuss, No- None, Abstain- None.

### D. APPROVAL OF MINUTES.

1. Approval of the minutes from the May 12, 2021, meeting of the Community Development Block Grant Revolving Loan Committee.

Moved by Ald. Brian Johnson, seconded by Kathy Hinkfuss to approve the minutes. Motion Passed. Yes- Brian Johnson, Matt Schueller, Ace Champion, Kathy Hinkfuss, No- None, Abstain- None.

### E. REGULAR BUSINESS.

1. Election of Vice Chair due to a vacancy.

Ace Champion stated he would like to volunteer to be Vice-Chair.

Moved by Ald. Brian Johnson, seconded by Matt Schueller to nominate and approve Ace Champion as Vice-Chair of the Community Development Block Grant Revolving Loan Committee. Motion Passed.
Yes- Brian Johnson, Matt Schueller, Ace Champion, Kathy Hinkfuss, No- None, Abstain- None.

2. Consideration with possible action on the request to write off the defaulted loan balances from ZoZo World, LLC, dba ZoZo Kitchen and ZZQ, LLC. The loan balances are $16,456.13 for the building loan and $24,847.41 for the working capital loan.

Moved by Ald. Brian Johnson, seconded by Kathy Hinkfuss to approve the request to write-off the defaulted loan balances of $16,456.13 for building and $24,847.41 for working capitol, from ZoZo World, LLC, dba ZoZo Kitchen and ZZ Kitchen and ZZQ, LLC. Motion Passed.
Yes- Brian Johnson, Matt Schueller, Ace Champion, Kathy Hinkfuss, No- None, Abstain- None.

3. Consideration with possible action on the request to write off the Small Business Pandemic Relief Loan (SB- PRL) given to Royalty Pet Foods, Inc., at 1778 Main Street. This SB-PRL was granted on June 1, 2020, for $5000. This loan was for 4 years with no interest for the first 12 months and 4 percent for the remainder of the loan. We were contacted by their attorney, Terry Gerbers, that this business has closed and has been dissolved.

Moved by Ald. Brian Johnson, seconded by Kathy Hinkfuss to approve the request to write-off the Small Business Pandemic Relief Loan (SB- PRL) given to Royalty Pet Foods, Inc., for $5000; subject to changing the Small Business Pandemic Relief Loans to Small Business Pandemic Relief Grants in Agenda Item E4. Motion Passed.
Yes- Brian Johnson, Matt Schueller, Ace Champion, Kathy Hinkfuss, No- None, Abstain- None.

4. Consideration with possible action on the request by staff to convert the Small Business Pandemic Relief Loan Program, which began in April 2020, to a Small Business Pandemic Relief Grant Program and restructure the loans to be forgivable since businesses continue to struggle and the pandemic is still making it challenging to operate normally. We have five businesses that participated in this program; Aardvark Wine Lounge, LLC, Astor House B&B, WGM & Associates, Inc., dba The Attic, Integrative Therapeutic Message and So Seng Custom Tailor. These funds were made available from the CARES funding for small business relief programs.

Moved by Ald. Brian Johnson, seconded by Ace Champion to approve the request to convert the Small Business Pandemic Relief Loan Program to a Small Business Pandemic Relief Grant Program and restructure the loans to be forgivable since businesses continue to struggle and the pandemic is still making it challenging to operate normally. There will now be six businesses participating in this program; Aardvark Wine Lounge, LLC, Astor House B&B, WGM & Associates, Inc., dba The Attic, Integrative Therapeutic Message, So Seng Custom Tailor and adding Royalty Pet Foods from Agenda Item E.3. Motion Passed.
Yes- Brian Johnson, Matt Schueller, Ace Champion, Kathy Hinkfuss, No- None, Abstain- None.

## F. INFORMATIONAL.

1. CD-RLF Loan Status Report.

Wendy Townsend presented the CD-RLF and CD-RLF Loan Status Reports at this time.

2. CDBG-RLF Loan Status Report.

## G. ADJOURNMENT.

Moved by Matt Schueller, seconded by Kathy Hinkfuss to adjourn. Motion Passed.
Yes- Brian Johnson, Matt Schueller, Ace Champion, Kathy Hinkfuss, No- None, Abstain- None.

## VERBATIM MINUTES

- All right, should we start out with a roll call here? Alder Johnson?

- Here.

- Ace Champion?

- Here.

- Kathy Hinkfuss?

- Here.

- And chair Matt Schueller is here as well. And hey, correct me if I'm wrong Ace, and maybe I just missed, but is this your first meeting with us?

- Oh, no, this is my-

- I think it's second, maybe.

- Yeah, I think second or third.

- Okay, then I just missed those meetings then.

- Yeah, 'cause they did an introduction way back when it first started off and yeah, I think I've, I know I've been to at least two.

- Okay, well welcome from me because I haven't been officially able to be in a meeting with you and it's obviously, 'cause I was gone. So welcome, we're glad to have you here.

- Thank you, glad to be here.

- So next agenda item is approval of our agenda for the December 20th meeting in the Community Development Block Grant Revolving Loan Committee. Does anybody wanna make that motion?

- Matt, can I just ask a quick question? Just because I see under the roll call that Chatterman Handle is not listed, is he no longer part of the committee?

- Yes, his term did end and he chose not to renew. So we actually have a new lender that we're interviewing right now.

- Okay, great, thank you. So with that, I would move to approve the agenda.

- Do we have a second?

- I'll make a second.

- So we have a motion by Alder Johnson second by Matt Schueller. All those in favor, say aye.

- [All Speakers] Aye.

- Anybody opposed? Nope, okay, agenda is approved. Let's move to approval of the minutes from the May 12th, 2021 meeting. Do we have a motion on that?

- So moved.

- Second.

- Motion by Alder Johnson second by Kathy Hinkfuss, all those in favor say aye.

- [All Speakers] Aye.

- Anybody opposed? Nope, okay. So we've got approval of the agenda and the minutes. Let's move to regular order of business and it looks Wendy, like election of a vice chair is our first item here, true?

- Yeah, with, we've had an empty seat for a little bit and wondered we have Matt as our chair and in his absence, it'd be nice to be able to make sure that the meeting goes as planned. And we'd like to see if one of the members is willing to serve as that vice chair on this committee, I guess no further explanation is probably needed, but if anybody would be willing to do that, we don't, as you know, we don't meet very often and it's not a very large responsibility. The meeting minutes are pretty well or the agenda's pretty well straightforward. So if anybody's willing to do that, we'd appreciate it.

- Do we have a volunteer?

- I'll volunteer.

- Awesome.

- I nominate Ace Champion.

- I would second that nomination. So although, do we vote on this, Wendy?

- Yeah.

- You have to call-

- We do, okay. So, let's vote then. All those in favor of Ace Champion as the vice chair of the Revolving Loan Committee, please say aye.

- [All Speakers] Aye.

- Anybody opposed?

- Oh, we're waiting Ace. We're just waiting to see if- Been approved Nope, all right, the motion carries then and Ace is now our vice chair and welcome.

- Thank you.

- Let's go to the next item on the agenda with this consideration with possible action on the request to write off the defaulted loan balance from Zozo World, doing business is Zozo Kitchen and ZZQ LLC, loan balance are 16,456 and 13 cents for the building loan and 24,847 and 41 cents for the working capital loan. Wendy do you have an update for us?

- I just, this is pretty much, I think some of us are familiar with this particular business. We, as you know, we restructured many times, we've tried to do interest only. We try to work with the property owners and they just really between construction and Webster and a number of other things, economic hardships and just maybe some management strained challenges that they just, they ended up closing and went out of business. And so these properties already have actually switched hands. The city RDA has purchased all those property as a result of some of the defaults. So I need to have permission to write these funds off. That's one of the challenges that we have sometimes with this loan program is that we're helping businesses that potentially wouldn't get funding any other way. And some, most of the time it works, once in an occasion, it does not, so.

- And Wendy, do we see any other viable options on the property other than writing off the loans? Are there really any other feasible options here?

- We've explored all of those and this, the business has been dissolved. So there's no.

- [Stephanie] This is more for our purposes so that I can submit IRS paperwork for the defaults, but I have to have an official write off on it. So that's why this is on here also.

- Got it.

- That's Stephanie, our senior accountant, so.

- Wendy, I think, you know, we had this scenario once before, not long ago, a year or two ago with another business and look, I would make the motion to write off those defaulted balances but if you could also just clarify that I presume that these amounts would be part of any bankruptcy proceedings should there be a disposition of assets?

- We did actually put them on a bankruptcy proceeding and there were no funds left for us. So now we have no choice, but to write off, yes, you are right Brian, that was the right procedure and I should have added that in there.

- Okay, then I would make the motion.

- And I second it.

- We have a motion by Alder Johnson and a second by Kathy Hinkfuss to write off the two loan balances for Zozo World LLC. Are there any comments or questions before we vote? No. All those in favor of the motion, say aye.

- [All Speakers] Aye.

- Anybody opposed? Nope, okay. Well that one is approved and then we will move on to the second which is, looks like we've got a couple things here that are gonna be similar, Wendy. So this is consideration with possible action on the request to write off the Small Business Pandemic Relief Loan given to Royalty Pet Foods at 1778 Main Street. This was granted on June 1st, 2020. So just after the start of the pandemic for $5,000, the loan was four years with no interest for the first 12 months and 4% for the remainder of the loan, we were contacted by their attorney, Terry Gerbers that this business has closed and has been dissolved.

- I think that pretty much summarizes the action here that this business has been dissolved. It was for 5,000 and we tried to help this business through the Pandemic Relief Program but they were unable to make it to know that business has been dissolved and a new businesses in that location, a new guitar making business is in that spot where Royalty Pet Food was. And we did get formal paperwork from their attorney.

- And hey Wendy, this has nothing to do with the bankruptcy. Did you say guitar making business?

- Yeah, we can talk about that after the meeting, but yeah, there's a really cool business that ended up in this spot. So it's kind of interesting how one folds and maybe we're sad about that but then it's interesting that a new business evolves in that space and now another, it gives an opportunity for someone else. So sad for the one that did not make it, but happy for the one that has an opportunity at this point. So it's kind of a bittersweet thing.

- And is there some similarity here to the last agenda item as well in that the bankruptcy proceedings have happened, the business is dissolved, there are no funds left?

- We would be pretty far down on the list, 'cause this was a pretty small loan as well, the 5,000, but yes, that is the case that all assets were dissolved. And we got notification from the attorney, from Terry Gerbers.

- Wendy, and I'm maybe putting the cart before the horse here, but we've got an agenda item coming up with a request to convert some of these pandemic relief loans into grants. And so, I mean, it seems to, I mean, correct me if I'm wrong, but I mean, I'd rather just convert this to a grant and wash our hands rather than having to report it as a default. I mean, is there any reason that we can't just do that?

- Well, in my opinion, the default already happened before I got permission to change into a grant, where the other ones are willing to pay them back. So this is a, but-

- Yeah, and I get where you're coming from, but I think if we're gonna, if we're gonna convert all but one, I'd rather not report it as a default, quite frankly. I mean if the intent is, if the desire is to convert the others to grant. So I think what I'm gonna do, is I'm gonna make a motion that again, we write this off. However, if this committee takes action on the next agenda item to convert the pool to grants, I'd rather just report it then as a grant and have them all be classified the same. Is there any reason that staff would not want that?

- I would check with the attorney, with Stephanie, maybe the accountant to see if she has any sensitivities one way or the other.

- [Stephanie] No, it doesn't 'cause my reporting is gonna be pretty much the same either way. I'll have to send out documentation just saying that the loan has become a gift and it would, it's the same paperwork either way.

- Okay, well that simplifies that. Good question, Brian.

- Then we have a motion from Brian about, you know, right? Calling this a write off for now but if in the next agenda item we convert loans to grants, we would do the same with Royalty Pet Foods. Do we have a second for that?

- I'll second.

- I see a second from Kathy. So we have a motion and a second. Any comments or questions from anyone? If not, then let's take a vote. All those in favor say aye.

- [All Speakers] Aye.

- Anyone opposed? Nope, so then the motion has passed and the loan for Royalty Pet Foods has been written off, but pending the next agenda item, may just be converted to a grant. So let's move then to our last new business item, which is a consideration with possible action on a request by staff to convert the Small Business Pandemic Relief Loan Program, which began in April, 2020, to a Small Business Pandemic Relief Grant Program and restructure the loans to be forgivable since businesses continue to struggle and the pandemic is still making it challenging to operate normally. We have five businesses that have participated in this program, Aardvark Wine Lounge, Aster House BNB, WGM and Associates, doing business as the Addict Integrative Therapeutic Massage and So Sang Custom Tailor. These funds were made available from the CARES Funding for Small Business Relief Program.

- I'm gonna hop in real quick, back when we first got our CARES funding, I don't think we ever realized how impactful the whole pandemic piece would be. So those funds came into our city and right away, and we tried to get those in the hands and the initial thought of staff was to try and get it to be a loan so that as some did better and paid back, that we could help the next one down the line, as time went on, we got other funding and we had grant programs and I've had a couple, not all of the five, but I've had a couple of five to say, could we apply for the grant to pay off the loan? And I thought at this point in time since we are not doing any loans with our Pandemic Relief funds or really doing grants with them in this amount, this small amount of 5,000, would the committee consider switching those five loans to the grants and then that way they won't pay for, they won't apply for a grant to pay off a loan? So it just didn't make sense as we did all the paperwork and we had them apply and granted them the funds to be able to do that. So I guess with things going on, and the businesses continuing to struggle through some of these shutdowns and not clear future of where everything is going, I'd like to ask the committee to switch these two grants and keep all the programs that we have right now for our pandemic relief consistent.

- And so essentially Wendy, since by the time that, you know, these were first structured as loans, the program has switched now, so that this similar type of amount of dollar funding has generally been going out as grants, not as loans.

- Yep, I've had 38 grants go out.

- Okay. So a little bit, these folks were just early in the process and theirs were loans and had they been later in the process, they probably would have been done as grants.

- That's correct.

- Okay, got it.

- Let's see, Wendy, when this program was first proposed, I mean, I remember that it was my desire to have these be grants, but it was my understanding at the time that, that wasn't an option and that's why it deal. Can you, I mean, I guess the reason I'm asking is, look, I fully support these being grants. I think I did from the beginning. I dunno if there's just a misunderstanding or what happened there, but can you just verify that in fact we are, I mean, converting these to grants is an eligible use?

- Yeah, I think from my recollection, from an internal thing, from internal discussions, that it was more of a staff thought to maybe try loans before hopping right to grants to try and see how much public interest there was in loan related things. Obviously it didn't, we didn't get as much out the door with only five of them and we still had funding. And so we switched to grants afterward and reviewed and got those out there, so.

- I could've answered that interest question for you back in 2020, I mean.

- Yeah, well, here we are discussing that same thing and in the end I think you were right, so thank you.

- And this is completely allowable under these funds that were received, Wendy?

- Yes, 'cause we took the remaining funds that we had set aside for this loan program and converted them to grants. So we did take the same money and then restructured the program and continued on, but I'd like to catch these five up that were the initial applicants and bring them to the other program.

- Sounds good, so Alder Johnson, would you like to, oh, go ahead.

- Is there any remaining funding available in this particular allocation that would also be converted?

- I don't think so. I only have probably, I think all of my funds are spoken for the last grant that I have on my desk, I don't think I'll be for the full 5,000 whatever the remaining amount will be. And so I have, as of this week, I'll have all of the funds out.

- Okay, so I'd make the motion to convert these five plus the one from the previous motion, so six into grants and forgive the balances.

- We have a motion, do we have a second.

- I'll second that.

- We got a second from, a motion from Alder Johnson and a second from Ace Champion. Any questions or comments? Okay, all those in favor of the motion say aye.

- [All Speakers] Aye.

- Anybody opposed? Nope, the motion is passed. And just one comment here at the close of it, you know, hats off Alder Johnson. I know you were a big fan and were a good and positive instigator of, you know, moving kind of these loan programs, grant programs, things that got money moving from the CARES Act and, Wendy to you and the team at the city. I mean, I remember talking about this stuff in March and April of 2020, and at the time never thought we'd be wrestling with this almost two years later, but hats off, you know, I think this was an area where the city moved very, very quickly to try to make something happen and create some liquidity for the small businesses in our community that weren't gonna get touched by the big kind of pandemic programs. So hats off.

- We've had some great stories. So it's been a really important program. So thank you all for your support in the.

- Okay, anything under the informational session?

- I think you'll see real quick, the ES information. We've had a couple of businesses pay off since we last met, Monkey Tales has paid off and then Voyager Sourdough has paid off. So we have to pay offs that we have working with. We have restructured West, Historical West Theater, which we know has been one of those industries that's been hard hit too, between pandemic. They were just barely getting going, and then the pandemic hits. So that was hard, but they have gotten back on track and everything seems to be doing well there. We have a meeting this week with Badger State to figure out what little hiccup is happening there with their auto-pay. But other than that, everybody is current and we're working with them and we have a couple of applications coming in. Tasty Treats on our EDA, Economic Development Loan Program, Tasty Treats is actually buying a second Dairy Queen. So that's kind of a fun success story. We've been asked to reassign our secondary position in their new loan structure, but they'll be buying a second location. So that's kind of a fun growth story that we were able to help them get their first Dairy Queen purchased and now they're moving on to a second location or purchasing a second location, but they had to pay, they had to, they got a better interest rate or something through this next one. So they restructured their first loan and then we'll just sign another secondary subordinate position for that. And then they'll get their new loan for their new location. And I don't, they didn't tell me where their new location is. Maybe it's not a Green Bay, but that really doesn't matter with this loan, they haven't asked for funds for that next location but I think that's kind of a neat thing to say is that we kind of gave them a stepping stone for future growth.

- Wendy, just a quick question on that. When we restructure loans, you know, like in the case of Tasty Treats here, reassigning, restructuring, I mean, fundamentally would that require the changing of terms? And I'm just trying to think in my mind procedurally is that something that should come before this body?

- It's gonna be the exact same terms, I guess. I guess if there is, I haven't seen the paperwork yet, they haven't done it. So if that does happen where there is major changes, if it's the same loan just with a different lender or something like that, I would just continue on so that they can close. I know they wanna close before the end of the year so, but they haven't sent me their paperwork yet. So, we'll see how that goes but had they had it ready I would've brought it to the committee today but they are in growth mode. So if it's anything major I certainly will bring it to the committee.

- I just wanna make sure we're in compliance so that that's all.

- Okay, and I will check with our Accounting Department to make sure that, that is so.

- Alder Johnson, generally speaking, it's a subordination agreement because everything remains the same on ours, we're just taking a second position. And those would usually come back before this board for approval once we get a request for a subordination, that's what happens at our other, on our other loans.

- Okay.

- Yep, all right. And Motel Six is also looking for another location. So they are looking for a secondary site. So they are in a growth mode as well, and are interviewing, they've interviewed two or three other hotels in the area. So that's a interesting that they are as well expanding. So that is some nice positive stories despite kind of us having to work with some of the ones that just had some struggles through the pandemic time. So that's all of the updates that I have for now. The report, I guess, reflects any information that you might have. We also are trying to get funds out. We have $430,000 in our Revolving Loan Fund to get out active in our community. And we'll hopefully be meeting real soon to get some of that out.

- Great, is that it then Wendy?

- That's it.

- Okay, well with that, then I would make a motion to adjourn the meeting and very timely, under a half hour. Do we have a second?

- Second.

- All right, we have a motion and a second. All those in favor say aye.

- [All Speakers] Aye.

- Well, hey everybody have a great .