

**Economic Development
Revolving Loan Fund Board
March 24, 2023**

PUBLIC MEETING

9:30 a.m.
Room 105
120 East 8th Street
Anderson, IN 46016

BOARD MEMBERS

Jennifer Hall, Bankable
Christy Smith, FMB
Rob Sparks, CED
Greg Winkler, Economic Development
April Phillips, Controller's office

STAFF MEMBERS

Mike Austin, *RLF Attorney*
Karen Soetenga, COA ED

CALL MEETING TO ORDER

Ms. Soetenga stated an executive meeting was held prior to the public meeting to discuss financials in the Board's portfolio.

Item #1: Minutes

Ms. Soetenga called for a motion to accept the meeting minutes for January 20, 2023. Mr. Winkler made a motion to accept January 20, 2023 minutes as presented and Ms. Hall seconded. Motion passed unanimously.

Item #2: RLF Plan Review

Ms. Soetenga reviewed changes to the RLF Plan as determined at the January 20, 2023 meeting. Ms. Soetenga stated she was proposing the minimum loan of \$30,000 be changed to \$10,000. Discussion followed. Ms. Soetenga briefed members on change from 1 full time job being required for every \$15,000 that is borrowed to there being an "expectation of job retention or job creation" and on page 4 under targets refinancing of unreasonable debt added. Refinancing of debt defined later in the document as "when debt is unreasonable, cash flow is significantly improved and there is a reduction of risk". Brief discussion followed. Ms. Soetenga stated under repayment terms all references of balloon payments were taken out and replaced with a rate adjustment every three years based on the current prime rate. In addition, "The Board reserves the right to call the loan if the loan deteriorates" was added. Brief discussion followed.

Ms. Soetenga stated she was proposing dropping federal form ED-503 with a requirement the business submit an Affirmative Action Plan to be reviewed by the City's Human Relations Director, similar to the current procedure for City Tax Abatement requests. Ms. Soetenga added the Federal form ED501A, Certificate of Non-Relocation would be adapted to City of Anderson specific language, assuring non relocation during the course of the loan. In addition, Ms. Soetenga proposed dropping the Environmental Worksheet and replacing with submission of a Phase 1 or 2, when applicable. Discussion followed. Mr. Sparks stated there could be consequences to a tenant doing a Phase 1 and opening up action against an owner and asked Mr. Austin, Board Attorney, if he felt comfortable with the document saying the Phase 1 or 2 "may" be required. Mr. Austin stated, yes, he was comfortable as it would be an unusual circumstance. Mr. Sparks stated it seemed like the applicant would be asked about a Phase 1 or 2 before the application even comes to the Board. Ms. Soetenga stated the Non Relocation Certificate, the proof of insurance and the Affirmative Action Plan would be required. Brief discussion followed. Ms. Soetenga stated on page 15 the federal reporting requirements were taken out and replaced with "RLF loan payments and income sources will be tracked and accounted for by Department staff according to the requirements of the City Controller".

Councilor Crumes asked what Affirmative Action Plan the RLF Board is adhering to. Ms. Crumes stated the fund was designed for helping minorities that have had trouble accessing capital in the past making it necessary to track the number of various minority groups that are served by the fund. Discussion followed. Ms. Crumes stated the community needs to be more aware of the program. Mr. Winkler stated he would like to talk further. Brief discussion followed.

Mr. Winkler made a motion to accept the RLF Plan document as amended with additional comments made and Ms. Hall seconded. Mr. Austin stated section B. 1, Standard Loan Application Requirements, will be broken down into required and may be required items. Motion passed unanimously.

Item #3: Renewal of KMG Home Health Care

Ms. Soetenga stated the original loan for KMG Home Health Care was \$127,000 and is currently \$108,646. Ms. Soetenga stated they have paid on time and met job requirements. Finances had been reviewed and the business has performed well. Councilor Crumes complimented business on it's appearance on 38th Street. Discussion followed. Mr. Sparks made a motion to approve the renewal for KMG Home Health Care at an interest rate of 75% of current prime rate, or 6%, for 3 years and Mr. Winkler seconded. Motion passed unanimously. Discussion followed.

Item #4: Additional Loan Request – Awaken Spa

Ms. Soetenga introduced members to JB Shelton and Awaken Spa's request for additional funds in the amount of \$75,000 for the refinancing of debt. Ms. Soetenga stated the loan would significantly affect cash flow, address high interest and would reduce the RLF fund's risk. Ms. Soetenga stated the payment will be made directly to the credit card companies. Mr. Winkler stated a personal residence will be required for security. Mr. Sparks made the motion to approve a loan for \$75,000, 10 year amortization, 75% of prime interest rate with a three year rate adjustment and personal residence as security. Mr. Winkler seconded the motion. The motion passed unanimously.

Meeting was adjourned at 10:12 am.
Minutes submitted by Karen Soetenga