



# City of Racine

City Hall  
730 Washington Ave.  
Racine, WI 53403  
www.cityofracine.org

## Meeting Minutes - Draft

### Redevelopment Authority of the City of Racine

*James Spangenberg*  
*David Lange*  
*Doug Nicholson*  
*Alderman James Morgenroth*  
*Gregory Holding*  
*Robert Anderson*

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Thursday, February 11, 2016

5:15 PM

City Hall - Room 303

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#### Call To Order

**PRESENT:** 5 - James Spangenberg, David Lange, Doug Nicholson, James Morgenroth and Robert Anderson

**EXCUSED:** 1 - Gregory Holding

**PRESENT:** 5 - James Spangenberg, David Lange, Doug Nicholson, James Morgenroth and Robert Anderson

**EXCUSED:** 1 - Gregory Holding

Others present:

*Matt Sadowski, Interim Director of City Development*  
*Michelle Cook, Secretary of City Development*  
*Mi'Chelle Holland, Secretary of City Development (Temp)*  
*Jeff Vitton, Manager of Housing and Community Development*  
*Laura Detert, Community Development Compliance Specialist*  
*Alderwoman Sandy Weidner*  
*Heather Lux, Wisconsin Women's Business Initiative Corporation*  
*Edgar Espinoza, Wisconsin Women's Business Initiative Corporation*  
*Felicia Cooper, Petals by Felicia*

#### Approval of Minutes for the February 1, 2016 Meeting

**A motion was made by Alderman Morgenroth, seconded by Commissioner Nicholson, to approve the minutes of the February 1, 2016 meeting with the correction of adding Robert Anderson to the header. The motion PASSED by a Voice Vote.**

[0122-16](#)

**Subject:** (Direct Referral) Consideration of Community Development Block Grant (CDBG) Small Business Revolving Loan Fund Request from Petals by Felicia. (Res No. 0060-16)

#### **Recommendation of the Redevelopment Authority on 2-11-16:**

Whereas the Wisconsin Women's Business Initiative Corporation (WWBIC) has reviewed the request of Petals by Felicia for a loan of \$25,000.00 for working capital, inventory, and minor leasehold improvements. The Redevelopment Authority recommends that the

request for a CDBG Small Business Revolving Loan Fund for \$25,000.00 be approved and that the Mayor, City Clerk, and Director of City Development be authorized to execute a written agreement with Petals by Felicia consistent with federal regulations for CDBG funds with loan assistance not to exceed \$25,000.00 for the purpose of expanding the business and creating at least one job.

**Fiscal Note:** The Community Development Committee and Common Council allocated CDBG funds for the purposes of assisting businesses through the 2015 Annual Plan, and there are sufficient resources available to fund this project.

*Interim Director Sadowski gave a brief explanation of the item and introduced Jeff Vitton, Manager of Housing and Community Development and Laura Detert, Community Development Compliance Specialist.*

*Mr. Vitton gave background on the program and the history of its execution in the country and Wisconsin. Mr. Vitton and Ms. Detert stated that this is a common program in Wisconsin.*

*Mr. Vitton reminded the Authority of the guidelines that were approved in 2015. He stated that Felicia Cooper, Petals by Felicia, is requesting a smaller amount of capital than the \$25,000.00 established by the guidelines. However, there will be debt assumed from the Wisconsin Women's Business Initiative Corporation (WWBIC) and a loan of \$10,000.00 to Petals by Felicia to bring the amount to the \$25,000.00. He stated the project was scored based on criteria such as community benefits, etc. Mr. Vitton stated they scored 75 out of 100.*

*Mr. Vitton introduced Heather Lux from WWBIC who gave a background on the programs they offer. She stated they are a non-profit statewide economic development organization to help people explore entrepreneurship, business startup grow and expand. Do it through education, technical assistance, and lending. Ms. Lux explained the courses that Ms. Cooper completed. She stated WWBIC is the largest micro lender in the state of Wisconsin.*

*Ms. Lux introduced Edgar Espinoza, loan officer for WWBIC. Ms. Espinoza stated WWBIC approved a \$25,000.00 loan for Petals by Felicia in October 2015. He stated that they had to go through the Small Business Administration (SBA) for Ms. Cooper's loan. He explained the history of the loan application and stated that with the \$25,000.00, she will be able to make the equivalent of two full-time jobs, one of which has already been created.*

*Discussion ensued.*

*Ms. Cooper gave a background on her experience with flower arrangements and her business startup. She stated she ran into structural issues with the buildout of the property so the initial projection was a little higher than they expected. She stated another component of the business would be event planning and centerpiece rental and will be incorporated later this year.*

*Alderman Morgenroth asked if Ms. Cooper had a website and the percentage of retail sales that would come from web sales.*

*Ms. Cooper stated there are no internet sales because they are just starting. She is*

*hoping to incorporate internet sales in the future. She stated her business also has a Facebook page.*

*Commissioner Nicholson asked about the debt/conversion ratio. Mr. Espinoza responded 1.9 for every \$1.00.*

*Commissioner Nicholson asked how the 4.5% interest was developed.*

*Mr. Espinoza stated they took the current prime rate of 3.5% and added 1%.*

*A motion was made by Commissioner Nicholson, seconded by Commissioner Lange, to adopt RDA Resolution 16-04.*

*Alderwoman Weidner opened discussion on the motion and expressed concern about the 4.5% interest rate, especially for a new business. She asked if the Authority had the ability to change the interest rate.*

*Chairman Spangenberg suggested setting the interest rate just at prime for a starting point.*

*Commissioner Nicholson stated that the interest rate is high just based on other programs he has seen. He stated the lower interest rate may be what attracts people to the program instead of going to a bank.*

*Mr. Espinoza described the different loan rates within the area.*

*Commissioner Nicholson asked the Authority if .5% under the prime rate would be a possible interest rate.*

*After further discussion, Commissioner Nicholson withdrew his motion. Commissioner Lange withdrew his second of the motion.*

**A motion was made by Commission Nicholson, seconded by Commissioner Lange, to adopt RDA Resolution 16-04 with the change of the interest rate to be .5% below prime. The motion PASSED by a Voice Vote.**

## **Administrative Business**

*None.*

## **Adjournment**

*There being no further business, Chairman Spangenberg adjourned the meeting at 5:59 p.m.*