

City of Racine

*City Hall
730 Washington Ave.
Racine, WI 53403*



Meeting Minutes

Thursday, May 17, 2007

9:00 AM

Room 209, City Hall

Loan Board of Review

Call To Order

Mr. O'Connell called the meeting to order at 9:10 a.m.

PRESENT: 5 - Marcia Fernholz, Terry Maier, Brian O'Connell, Rick Heller and Scott Lewis

OTHERS PRESENT:

Dora Garcia, Consumer Loan Specialist

Joy Hansche, Accountant

Joe Heck, Assistant Director of City Development

GUESTS:

Maureen Garrity and Dan Kornelis Consultants with the National Federation of Community Credit Unions

Tanya Canady, Coordinator Racine Safe Neighborhood Alliance

Tom Chostner, Investor

Approval of Minutes for April 19, 2007 Meeting

A motion was made by Scott Lewis, seconded by Marcia Fernholz to approve the minutes of April 19, 2007, as distributed. The motion passed by a voice vote.

Reports**A. Delinquency Report**

Ms. Hansche presented Loan Delinquency report dated May 16, 2007

B. Attorney's Report

Mr. Lewis presented his report on Delinquent Property Taxes. Letters were sent to owners of 74 properties.

C. Financial Report**1. Available Loan Funds****2. Program Loan Balances**

Ms. Hansche presented the Available Loan Funds and Loan Balances reports dated April 30, 2007

D. Monthly Activity Report

Ms. Garcia presented the Monthly Activity Report for April 2007

A motion was made by Marcia Fernholz, seconded by Terry Maier to accept all reports as distributed. The motion passed by a voice vote.

New Business**A. Homeowner Fixed Interest Loan****07-0575**

Subject: Request from Pamela Dvorak of 1429 N. Main Street, Racine, WI 53402 for a home improvement loan

Recommendation of the Loan Board of Review on 5-17-2007: That a fixed interest loan in an amount up to \$5,000 be approved.

A motion was made by Scott Lewis, seconded by Marcia Fernholz that this file be approved. The motion PASSED by a voice vote.

07-0576

Subject: Request from Michael Janca of 1547 S. Memorial Dr., Racine, WI 53403 for a home improvement loan

Recommendation of the Loan Board of Review on 5-17-2007: That a fixed interest loan in an amount up to \$35,000 be approved

A motion was made by Terry Maier, seconded by Scott Lewis that this file be approved. The motion passed by a voice vote.

07-0577

Subject: Request from Lynne and Donna Lang of 2119 Slauson Ave., Racine, WI 53403 for a home improvement loan

Recommendation of the Loan Board of Review on 5-17-2007: That a fixed interest loan in an amount up to \$5,000 be approved

A motion was made by Scott Lewis, seconded by Marcia Fernholz that this file be approved. The motion passed by a voice vote.

07-0578

Subject: Request from Michelle Mayfield of 2113 Harriet Street, Racine, WI 53404 for a home improvement loan

Recommendation of the Loan Board of Review on 5-17-2007: That a fixed interest loan in an amount up to \$16,000 be approved

A motion was made by Terry Maier, seconded by Scott Lewis, that this file be approved. The motion passed by a voice vote.

07-0579

Subject: Request from Teresita Selbera of 1214 Center Street, Racine, WI 53403 for a home improvement loan

Recommendation of the Loan Board of Review on 5-17-2007: That a fixed interest loan in an amount up to \$10,000 be approved

A motion was made by Scott Lewis, seconded by Marcia Fernholz that this file be approved. The motion passed by a voice vote.

07-0651

Subject: Request from Rogelio Zuniga of 1912 Mead Street, Racine, WI 53403 for a home improvement loan

Recommendation of the Loan Board of Review on 5-17-2007: That a fixed interest loan in an amount up to \$25,000 be approved

A motion was made by Terry Maier, seconded by Marcia Fernholz that this file be approved. The motion passed by a voice vote.

B. Rental Assistance Loan

07-0574

Subject: Request from Mohammed Al-Abed of 1556 Taylor Avenue, Racine, WI 53403 for a Rental Assistance Loan

Recommendation of the Loan Board of Review on 5-17-2007: That a Rental Assistance loan in an amount up to \$25,000 be approved

A motion was made by Marcia Fernholz, seconded by Scott Lewis that this file be approved. The motion passed by a voice vote.

C. Lincoln School Historic Apartments

07-0617

Subject: Request from Mr. Damian Warshall, Vice President Housing Investments JPMorgan Capital Corporation for City Loan Board of Review to write off loan on Lincoln School Historic Apartments at 1130 Carlisle Avenue, Racine, WI 53404

Mr. O'Connell presented the request of JPMorgan Capital Corporation . He said there are four mortgages totaling \$1.5 million on the property, but an appraisal value of \$900,000. He said the city is in third mortgage position and unlikely to receive any loan payoff. He said that JPMorgan Capital Corporation has become the managing partner in the deal and is negotiating with the Wisconsin Housing Preservation Corporation to sell the property subject to certain conditions and the agreement of the other partners. Mr. O'Connell explained that, under the circumstances, the city is being asked to write off its loan.

Following a general discussion, the Loan Board of Review asked the staff to arrange a site visit and to determine the building's current occupancy rate. The Loan Board of Review also decided to support the request in principal subject to securing an agreement from the Wisconsin Housing Preservation Corporation 1) to keep units affordable as defined by the HOME program regulations, 2) make an annual payment in lieu of taxes (PILOT); and 3) pay interest due the city per a 2006 financial audit.

A motion was made by Scott Lewis, seconded by Marcia Fernholz that this file be deferred. The motion passed unanimously.

Old Business**A. Status of Chostner loan at 1400 College Ave.**

Ms. Garcia reported that Mr. Chostner has 3 loans from the Housing Department on his property at 1400 College Avenue. She said that he wishes to convert the property to condominiums and repay the loans, but needs time to do that. Various alternative strategies were discussed and the Loan Board of Review decided: 1) Upon sale of the first condominium unit, require full repayment of the \$35,000 loan with any additional seller's proceeds after the first mortgage holder is paid off to be applied to the \$100,000 loan, 2) upon sale of the second unit, require payment of the balance of the \$100,000 loan, 3) upon sale of the third unit, require payment of the \$50,000 deferred loan in full.

A motion was made by Terry Maier, seconded by Marcia Fernholz to approve the settlement strategy outlined above. The motion passed by a voice vote.

Next Meeting: date June 28, 2007

Adjournment