

Loan Review Committee 7/19/2023 10:00 am
City Hall Training Room

Present:

Thomas Boyd
Jenna Cramer
John Dubnansky
Sharon Honkus
Melissa Komar
Robert Ritter
Kenneth Szczur

Absent:

Karen Brandon
Jancy Kasper
Linda Morris

Agenda:

- 1) Potential RFP for remaining 1% Enterprise Zone Loan Program funding
- 2) Potential RFP for City Anchor Building Program funding
- 3) Potential inclusion of the committee on review of future City Grant Program applications
- 4) Status of current City Loan Programs and Finance Department's involvement

Update on Staffing:

Loan programs have been paused.

Economic Development Specialist position still vacant - hasn't been advertised.

Finance Department added into mix. Bob Ritter (Finance Director) tracking payments going forward. \$4.3 million loaned out - under \$10k a month in payments total

- 1) EZ: Had \$1.2 mil at 3% rate. Sitting on \$150k+ 1% loan for priority projects. Term up to 20 years.
 - Recommendation for three 50k loans.The range eligible is \$50-150k. Criteria will be defined; The City will assemble RFP over the coming weeks. Committee will review RFP once complete.
- 2) Anchor Building - \$98,000 sitting in fund through state/DCED. In City's discussion with the state, clarified that funding must be in the form of a loan - able to be reduced to 1% loan. Plan to allow 20 yr term. Term can be reduced, the committee agrees to leave the term up to borrower. City will release RFP; Must be a key building determined to be strategic and important to City. City will share completed RFP with the committee as well.

HUD Economic Development Rehab: \$500-700k per year. City in process of rewriting. Dollar for dollar (50/50) match.

Targeted Development Program: State willing to replenish fund. No matching required. Can be used toward rent/lease (up to 6 mos). Have to show the other half (line of credit, etc.) Only requirement: Stay in business for 1 year. About \$50k left. Has been a very successful smaller dollar program. May max it up to 125-250k.

3) Question to Committee: Is there interest in being part of the review process? Committee: All or nothing, involvement in the review process will add validation.

City will write new guidance that will set timeframes and will share with the committee when complete. New guidance will apply to new funds coming in - Aug/Sept

4) BR/Finance expresses the difficulties in collecting payments. Some borrowers consistently fail to make timely payments. Finance has been working with City Solicitor, will file UCC's if they haven't been filed.

Lack of loan software system discussed. Members express the need for communication b/t City & borrower; Confirms past due notices are necessary, documentation necessary for legal recourse: a running list, software system, etc.

Finance perspective: Borrowers signed an agreement, they should be responsible for making payments on time.

Committee agrees that borrowers should be receiving invoices and late notices, as it is customary in lending, and solicitor shouldn't be the first form of communication with borrowers when payments are late. Committee recommends considering setting up a form/ACH debit for direct payments. Feasibility of this to be reviewed.

Next meeting: Look into write ups by legal and loans to be written off

Thomas Boyd willing to reach out to IT Department to set up training with the City on loan tracking software and similar systems.

Johnstown DCED: To prepare 2 RFPs in the coming weeks: EZ & Anchor Building.