



Dane County

Minutes - Final Unless Amended by Committee

Community Development Block Grant (CDBG) Commission - Loan Review Team Subcommittee

Consider:

Who benefits? Who is burdened?

Who does not have a voice at the table?

How can policymakers mitigate unintended consequences?

Thursday, May 30, 2024

1:00 PM

Hybrid Meeting: Attend in person at the City of Sun
Prairie Town Hall

A. Call To Order

Meeting was called to order at 1:03pm with a quorum present.

Staff Present: Joanna Cervantes, Cindy Grady, Michelle Bozeman

Present 3 - JEREMIAH DEGOLLON, GODWIN AMEGASHIE, and TAYLOR BROWN

B. Consideration of Minutes

[2024](#) 03-14-2024 CDBG - LOAN REVIEW TEAM MINUTES
[MIN-017](#)

Attachments: [3-14-24 CDBG LRT Minutes](#)

Motion was made by Brown and seconded by Amegashie to approve the 3-14-2024 meeting minutes. No discussion and no opposition. Motion passed unanimously.

C. Reports to Committee

[2024](#) COMMERCIAL REVITALIZATION REVOLVING LOAN FUND
[RPT-014](#)

Attachments: [CDBG - CRLF - Loan Manual - 8.13.2013 with Appendices](#)

[2024](#) ECONOMIC DEVELOPMENT REVOLVING LOAN FUND
[RPT-015](#)

Attachments: [ED-RLF-Manual \(1\)](#)

[2024](#)
[RPT-016](#)

MICROENTERPRISE BUSINESS LOAN

Attachments: [Microenterprise Business Loan Program- Policies and Procedures Manual- FINAL \(approved by CDBG Commission 02.16.17\)](#)

Cindy Grady indicated that paper copies of the Loan Manuals were mailed to the Loan Review Team subcommittee members, so they could review them prior to the meeting.

There was discussion on whether the loan funds are federalized and how closely we need to follow the wording in the manuals. Joanna Cervantes mentioned that at one time the funds were federalized, but no longer are. Cindy Grady is engaging in conversations with finance and accounting personnel to determine loan account balances, and to confirm if the funds are de-federalized.

D. Action Items

[2024](#)
[ACT-006](#)

LITTLE CARDINALS ACADEMY LOAN MODIFICATION REQUEST

Attachments: [RLF letter 4-2024](#)

Cindy Grady gave an overview of the Little Cardinals Academy loan (Economic Development Loan). The business has not been able to make 6 payments in the last year, and is currently in default. Grady spoke to the borrower, who submitted a letter asking that the April and May payments be reduced to \$150.00 each month. The CDBG team consulted with the County Corporation Counsel, and determined that a reduced payment is better than no payment.

Staff suggests that borrowers formally submit a request to the CDBG team asking for a loan modification. Staff can then use discretion on whether a loan modification should be considered, and make a recommendation to the LRT and CDBG Commission.

Chair Brown suggested that the borrower provide additional information to staff as needed (e.g. letter requesting reduced payments, additional collateral, new payment plan, and other application components if necessary).

Chair Brown made a motion to allow CDBG staff to use their discretion to approve loan modifications for up to 6 months; longer loan modification requests need the approval of the LRT and CDBG Commission. Motion seconded by DeGollon. Motion passes unanimously by voice vote.

[2024](#)
[ACT-007](#)

MICROENTERPRISE BUSINESS LOAN MANUAL

Attachments: [Microenterprise Business Loan Program- Policies and Procedures Manual- FINAL \(approved by CDBG Commission 02.16.17\)](#)

The Loan Review Team discussed possible edits to the MBL manual, which included clarifications to the Applicant Eligibility section (FTE definition, loan amount, number of employees, physical location of business) and making the manual more readable (like a checklist). Other items to consider incorporating into the manual are a statement to encourage Minority & Women Owned Business applicants, create a Frequently Asked Questions (FAQs), an online application, and examples of approved loan projects.

LRT would like to see loan applications include a 2-page summary of the business plan; and have a third-party vendor conduct thorough loan reviews and underwriting. They would also like to require that proof of insurance is submitted to the CDBG staff annually for the life of the loan.

Chair Brown suggested that staff look at what other agencies are doing with Revolving Loan Funds, and to examine the matching funds section, loan size (increase), length of loan, and no repayment for six months should be reduced. Other language changes and edits were suggested by the LRT members.

There was no action to be voted on. Staff will provide draft with edits of the MBL manual at the next LRT meeting.

This resolution was not acted on

[2024](#)
[ACT-035](#)

REVIEW AND EDIT LOAN MODIFICATION SECTION IN MANUALS (SEE PAGE 38 IN ED-RLF MANUAL)

The LRT discussed the loan modification section in the manuals. Loan modification requests by borrowers may include, with staff discretion: letter of intent and new payment plan by borrower; additional personal collateral; and a new application and underwriting. Borrowers may also incur fees and penalties as a result of staff time, underwriting, and other fees.

The LRT determined that any new loans will not be eligible for forgiveness.

Motion was made by Chair Brown and seconded by Amegashie that loan forgiveness is no longer option for the Microeconomic Business Loans; and will not be considered for the other loan programs. Staff can approve a temporary loan modification for up to 6 months for any existing loan. Motion passes unanimously by voice vote.

E. Future Meeting Items and Dates

Staff will have draft of changes to MBL manual and loan modification section

Staff will provide Information on loan funding streams

Next meeting is Monday, June 24, 2024, Sun Prairie City Hall, 300 E. Main Street.

F. Public Comment on Items not on the Agenda

None.

G. Adjourn

Motion was made by Amegashie and seconded by DeGollon to adjourn the meeting at 2:28pm. Motion passed by voice vote.