

REVOLVING FUND COMMITTEE MINUTES

Tuesday August 12, 2008 @ 2:00 PM
2ND Floor Conference Room
County Administration Building
189 E. Court Street, Kankakee, IL

CALL TO ORDER:

Mike Van Mill called the meeting to order at 2:04 P.M.

ROLL CALL: *In Attendance*

Members – Mr. Jim Vickery, Mr. Brett Reum, Mr. John Gruhn

Staff – Mr. Michael Martin, Mr. Mike Van Mill

Others – Mr. Jonathon Brereton w/ACCION Chicago

DECLARE QUORUM: Quorum declared by Mr. Van Mill

PUBLIC COMMENTS:

None

APPROVAL OF MINUTES:

None

ELECTION OF OFFICERS:

A motion was made by John Gruhn to elect Jim Vickery as Chairman and Cherrie McBride as Vice Chairman. The motion was seconded by Bret Reum.

ACCION CHICAGO PRESENTATION:

Mr. Van Mill introduced Jonathon Brereton of ACCION Chicago to the RF Committee and went on to say that over the past several years the Kankakee County Planning Department has been working with the Department of Commerce and Economic Opportunity (DCEO) on a micro-loan program. Kankakee County Planning Department feels there is a need for such a program in Kankakee County in order to assist the economically disadvantaged with business loans that they may not qualify for using conventional financing. On March 14th, 2008 Kankakee County received a letter from manager Patrick Davis of DCEO indicating their support of Kankakee County developing a micro-loan program. The letter also indicates approval of Kankakee County to utilize the services of ACCION Chicago. After meeting with ACCION Chicago on several occasions to discuss the program, Kankakee County received an application from ACCION Chicago on June 11, 2008. ACCION Chicago would like to borrow \$150,000 at 0% for five years with a balloon payment due at the end of the term. In addition, ACCION Chicago is requesting \$10,000 in grant support to initially establish and market the program to Kankakee County businesses.

Mr. Van Mill then turned it over to Jonathon Brereton of ACCION to describe ACCION and the services they provide. Jonathon described ACCION Chicago as an alternative lending organization dedicated to providing credit and other business services to small business owners

who do not have access to traditional sources of financing to start or expand a business. By encouraging the economic self-reliance of micro entrepreneurs throughout the Chicago land area, ACCION Chicago now strives to help businesses and communities grow in Kankakee County. ACCION has been in business for 13 years and is considered a 501c3 corporation. They employ 8 employees currently. Services provided include business loans, counseling & education and business support. Their market focuses on Low-wage earners, Minorities, Immigrants, Women, Workers in transition or re-entering the workforce, Retired persons, Workers with prior legal problems, Workers with past credit mistakes, Workers who suffered a major life disruption, Residents in low income areas and Households with low asset levels. Clients include 80% low to moderate and 76% low income. Their intention is to use the funds to service businesses in Kankakee County. In 2007 the number of loans disbursed was 113, dollar amount disbursed was \$998,591 with the average loan size \$8,837 and an active portfolio of \$1,339,775. The average credit score of the clients they serve is 555 and 77% are minority. They do not provide loans to flipping properties type businesses and pyramid sales type businesses. They would only use the money for businesses within Kankakee County.

QUESTIONS:

John Gruhn asked whether ACCION was requesting the monies up front or if it would be as the loans were approved and written? Jonathon replied that of course it would be nice to receive the money up front however understood if that wasn't a possibility and that we could work out any arrangements needed. Mike Martin asked what the difference was between ACCIONS definition of "delinquency" on loans and "charge offs" on loans? Jonathon replied that loans over 30 days are reported as "delinquent" and over 180 days are written off as a "charge off".

REVIEW ACCION APPLICATION:

The Committee discusses the arrangements that they felt would work the best and decided upon the following:

- Money to be loaned to Kankakee County businesses only.
- Grant amount \$5000 (*to cover marketing and to get the program off the ground*).
- First approved loan to trigger release of \$25,000.
- Once the \$25,000 has been approved and funded (loaned 100%), the next loan would trigger another \$25,000 (*no money will be released until first loan approved*).
- Up to a maximum of \$75,000.
- Program can be reviewed at any time.
- Kankakee to loan @ 0% to ACCION
- 5 year term

A motion was made by Mr. John Gruhn and seconded by Mr. Bret Reum to approve as discussed, motion carried.

OLD BUSINESS/NEW BUSINESS:

Mike Martin mentioned that another RF application has been received from Luke's Performance Collision center and that the committee will review that application at the next meeting.

ADJOURNMENT:

The meeting adjourned at 3:20 P.M.