

City of Pittsburg, Kansas
Economic Development Advisory Committee
Official Minutes of the Meeting of September 8, 2010

Members Present: Shane Kannarr, Richard Oler, Brad Hodson, Mark Werner, Chuck Hosman, Bill Coleman, Judy Westhoff, and Blake Benson.

Others present: Mark Turnbull, Henry Menghini, Marty Beezley and Stacie Perry.

The Economic Development Advisory Committee met in Regular Session at 10:00 a.m. on Wednesday, September 8, 2010 at Memorial Auditorium in B1. Chairman of the Board Shane Kannarr opened the meeting at 10:06 a.m. with eight (8) members present.

The first agenda item was approval of minutes from the August 17, 2010 Economic Development Advisory Committee Meeting. Hodson made the motion to approve the minutes, seconded by Westhoff. Motion carried.

The second agenda item was discussion on proposed funding criteria and implementation of a microloan program. Turnbull began the discussion by stating the current RLF policy. The funds come from the RLF. The City currently requires a business plan and personal financials. He stated the question is how the Economic Development Advisory Committee considers loans. He continued the fund does not attempt to compete with banks; they are there to fill the gap. There are two financing theories of Economic Development, 1) Wealth Development, and 2) Gap Financing. He stated this is the discussion needed on policy.

Kannarr stated he had a set of questions to focus the meetings forward. He stated he will email this list to Turnbull and Menghini. He said the questions regard what monies will be made available, competing business, drive sales tax, etc.

Coleman stated he wants to discuss the issue on non-competing. Kannarr stated he wants to focus on the topic of loaning funds that are not bankable first. Hosman stated the need for strict criteria, any small business and obviously job creation. He stated they need to consider viability. The committee could be overwhelmed with applications if strict criteria are not set. There was some general discussion on incentives. Menghini stated the ordinance says the money in the RLF can be used as long as it expands the economic base. Werner stated the original intent of the EDAC was loan guarantees. He gave a detailed background on past EDAC procedures and recommendations. Some members asked if there needs to be a policy in place to look at specific requests. Menghini answered there is not a need for a policy but the EDAC can develop a policy and recommend the policy for City Commission approval.

Oler asked if the ordinance has been expanded previously. He asked if they can expand their role to go beyond offering incentives. Turnbull stated Economic Development has changed dramatically. He stated Pittsburg was first to establish a RLF to produce jobs and increase wealth. He stated there will be businesses that only increase wealth.

Kannarr stated the EDAC should only meet as there are applications to review. He also asked members to look at alternative views to generate sales tax. Coleman stated the committee does not make decisions, but only recommendations to the City Commission. Commissioner Beezley asked if the committee feels they are being asked to expand their role. Kannarr stated the committee is willing to expand role but need clarification of the role. There was some general discussion on examples of items that came to the committee in previous meetings that did not stay consistent.

Oler began the discussion on implementing a microloan program by stating the City needs a microloan program and to let the EDAC approve the program. Kannarr agreed a microloan is the best program for the EDAC. Hosman stated they need to define what is meant by microloan. He stated they are an advisory committee to the City Commission. Oler asked if the committee should address all expenditure that comes from the RLF. He asked how they can effectively administer the fund without full knowledge of everything that comes from the RLF. Werner stated any funds going to business or industry for economic base should come to EDAC first. He continued things that are budget items need to go to the City Commission. Some members mentioned previous items they felt should have come to the EDAC for recommendation before the City Commission.

Kannarr again suggested the City Commission define the EDAC's role. Kannarr stated the EDAC will propose their role with regard to the Microloan Program and he proposed the EDAC review any expenditure for private business for economic growth. Werner stated his proposal will be all loans should go through banks, for the City to only guarantee a loan. Members of the committee agreed this will keep the applicants from coming back for forgiveness on the loans and keeps banks involved with the committee.

Turnbull stated the Economic Development Department had complete some preparation and created framework for a microloan program. He stated it is hard to have a non-competing clause because most business will compete with someone. Turnbull stated he preferred the bank review and approval method. The program will need to outline who is eligible by establishing guidelines to define small business. He stated the SBA defines any business under 500 employees as small business but in Pittsburg, 50 employees is a descent size company. Things needing to be considered are as follows: maximum size of companies, interest rate, use of funds (e.g., profitability, working capital), and technical assistance. Coleman added the length of loan should be considered.

Kannarr stated the Committee should use the banks by having them review the business plan and financials. He suggested reviewing the applications quarterly. He stated it may slow the process down but will allow the prioritization of the funds. He also suggested setting a fixed dollar amount to invest in this program. Werner added this will drive the applicants. Kannarr suggested setting the yearly amount of funds available to this program as \$350,000.

Werner recommended taking a month to get the committee's ideas together then take this to the City Commission for approval. He continued by suggesting they ask for approval the EDAC has the final approval on the loans. Commissioner Beezley suggested having a study session with the City Commission. Turnbull stated Kannarr can represent the EDAC at the study session. He then suggested

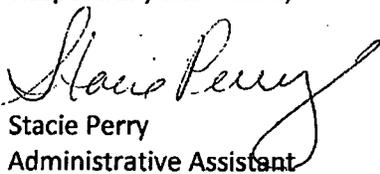
all committee members attend that are available. Werner again stated they can finalize and take to the City Commission next month. It was suggested to have a study session at the next City Commission Meeting on September 28, 2010.

Kannarr added they can allow 6 months, no payments, for the businesses to restructure their cash flow. Werner agreed it would give them immediate relief. Commissioner Beezley asked the committee to look carefully at the number of employees limit for this program.

The next meeting will be held on Wednesday, October 13, 2010 at 10:00 a.m.

Being no further business, Coleman made the motion to adjourn at 11:30 a.m. Werner seconded.
Motion carried.

Respectfully Submitted,


Stacie Perry
Administrative Assistant