

City of Pittsburg, Kansas  
Economic Development Advisory Committee  
Official Minutes of the Special Meeting of March 21, 2012

**Members present:** Shane Kannarr, Bill Coleman, Brad Hodson, Mark Werner, Pat Cedeno and Richard Oler (via conference call).

**Others present:** Commissioner John Ketterman, Blake Benson, Mark Turnbull, and Amanda Roedel.

The Economic Development Advisory Committee met for a special meeting at 7:00 a.m. on Wednesday, March 21, 2012 in the Commission Room of City Hall. The Chairman of the Board, Shane Kannarr, called the meeting to order at 7:05 a.m. with five (5) members present.

The first agenda item was approval of minutes from the March 14, 2012 Economic Development Advisory Committee meeting. The minutes were modified to rephrase the term “backend” with paid back. Werner motioned to approve the minutes as corrected, seconded by Hodson. All carried, motion approved.

The second agenda item was Project Glass, an RLF application submitted by the managing development company. In depth discussion included:

- Length of the loan – agreed as discussed was two (2) years
- Concern on amount of cash; however Springsted review showed cash in inventory
- Large reduction of debt from previous project
- Cash flow is reflected in ratios in inventory
- Negatives are the D&B Ratings, but don’t place near as much on that as the financial analysis
- Consider securing loan with facility
- Shows good due diligence

Werner motioned to approve the recommendation for a two (2) year RLF Loan for Masonite in the sum of \$750,000 with private capital injection, secured in some position with facility and with creation of sixty five (65) new jobs, 2<sup>nd</sup> by Coleman. Motion carried unanimously.

The third agenda item was Project Doc, requesting a two (2) year RLF Loan for \$60,000 and creating seven (7) jobs. Table open for comments. In depth discussion included:

- Analysis is from 2010, which is fourteen (14) months ago
- Data is old and there is no data to show what happened 2011
- Concern about lack of financials
- Company is going from \$50,000 of debt to \$350,000 in debt
- No analysis on cash flow or debt
- Need more critical analysis and projections
- Good deal, but disappointment in the lack of complete financials, hard data and adequate analysis
- Direct the company to get the information required

- Concern with the amount of information provided to Springsted, several questions with inconsistencies
- D&B Financial Stress Score is self-reporting - It is only as good as the information you put into it
- Need for more detailed report with how the company's financials have improved
- Problem with not knowing the company is able to secure their other loan
- Mike Green with Labette Bank indicated the loan is in place
- Need for a commitment letter from Labette Bank
- Company needs to have a vested interest
- Summarized the need for projections and a commitment letter to spell out what the applicant is inputting
- Applicant seemed uncomfortable about payback of the loan
- Applicant is not only bound to the terms of the City loan but also by the Department of Commerce to fill the jobs committed to in the loan

Kannarr suggested the committee request more information, have the applicant give the required financials to do a proper analysis and continue to review at the next EDAC meeting. He suggested to table the matter until the committee has full information.

Being no further business, Coleman made the motion to adjourn at 7:38 a.m. Werner seconded. All carried, motion approved.

Respectfully Submitted,

Amanda Roedel

Administrative Assistant