

**MUNCIE INDUSTRIAL REVOLVING LOAN FUND BOARD
WEDNESDAY, SEPTEMBER 8, 2010 MEETING
HORIZON CONVENTION CENTER GREEN ROOM**

Present: Frank Gilkison, Connie Gregory, Cornelius Dollison, John Teshima, Nick Woodgett and Brad Polk.

Also Present: Bruce Baldwin, MIRLF Administrator, Terry Murphy of Vision 2011 Staff, Ron Hunter, Doug Hale and Dan Zachary of Cedarbridge Treatment Centers, LLC, and Keith Roysdon of the Muncie Star Press.

CALL TO ORDER

Gilkison welcomed everyone and called the meeting to order.

MINUTES

Gregory moved to approve the Minutes of the April 26, 2010 meeting. Dollison seconded the motion and it was approved by a unanimous vote.

BUSINESS

Cedarbridge Treatment Centers, LLC Loan Request

Baldwin stated that the company was asking for a loan of \$200,000. The requested funding will be used to make improvements to the existing building as well as acquire some additional equipment and for the hiring and training of new employees. The Finance Sub-committee had met on the loan request and was making a favorable recommendation with the following terms. The loan would be made for \$200,000 at 5 ¼% for 18 months. The repayment would be for interest only for the first 17 months and then a balloon payment on the 18th month for the entire balance still owing. Mr. Ronald D. Hunter, CEO would personally guarantee the loan and corporate guarantees of both Cedarbridge Treatment Centers, LLC and Hunter Financial Company, LLC. The company would also offer a third mortgage on the building.

Gregory asked about the employment numbers and Zachary stated that at present the company is looking at 67 employees – 47 full time and 20 part time. Hunter stated that these numbers are based upon the client base and if this changes so could the employment numbers. He said that a large percentage of their client population comes from areas like Detroit, Cleveland and Cincinnati and with a client base like that, there is a huge economic impact on the community from relatives who will spend dollars

here for lodging, food, gasoline, etc. Murphy stated that there could also be a huge impact from the Step Down Program. Murphy asked Hunter to explain this program and its potential impact. Hunter indicated that there could be another 40 to 45 new clients that will come here from the Pendleton Reformatory. This Step Down Program is a good program that was developed by the DOC (Department of Corrections) and really impacts the clients in a positive way.

Dollison inquired about their capacity and Hale answered that at present their capacity is for 86 clients. Murphy interjected that he thought he'd read where this number wasn't always that low and Hale agreed and said that they've had as many as 106 for short periods of time. Hale said they don't really know what their rating (capacity) will be when the new improvements are constructed. Gregory stated that the company had told her that they would do all that they could to hire locally, both during construction and after construction. Hunter agreed and said he did have that very conversation with Gregory before the meeting had begun. He discussed the company's project that is currently underway in Anderson and he said that they are doing the same thing in Anderson – hiring as many locals as they can both for construction and general hiring once the facility is totally remodeled and complete.

Murphy added a few comments to clear the air regarding a newspaper article about the company's tax liabilities and some issues they had in Kokomo and Howard County. He said that they in fact did have some issues with Howard County regarding back taxes and back rents. The whole issue of the back taxes was not a decision on the part of the company to not pay them, but was rather, a dispute they had with the County due to their status as a school (for which they were licensed) and their feeling that they should be tax-exempt. This issue is getting resolved since they have proposed to Howard County that they pay all the back taxes and back rents by the end of the year. Murphy added that they have agreed to do this even though they had legal counsel from a reputable law firm advising them that they had a strong case for declaration of a tax-exempt building due to it being licensed by the State as a school. Murphy also advised that an issue the company had with back taxes in Delaware County was also resolved as they have already paid these taxes. Murphy stated that he just wanted to mention this to the Board so they are aware that these issues have already been addressed or are getting addressed.

After some further discussion a motion was made by Dollison and seconded by Gregory to approve the loan. The motion carried by a unanimous (5 to 0) vote. Baldwin told the Cedarbridge representatives that he would be getting draft documents put together for Cedarbridge to review and also for the MIRLF Legal Counsel to review to close on the loan.

Monogram Comfort Foods/Consent Agreement Request

Baldwin reported that Monogram has submitted a request of the MIRLF to sign off on a proposed Consent Agreement which had been previously provided to the MIRLF Board. Basically, Baldwin said this agreement enables Monogram to secure additional financing arrangements for their project from both First Tennessee Bank in Memphis, Tennessee and from First Merchants Bank here in Muncie. These two new financing arrangements are requiring the MIRLF to subordinate their secured priority so that the new arrangements are ahead of the MIRLF's position. The consent agreement simply enables this to happen. It was stated that this really doesn't impact the loan nor the security for it since the MIRLF is already behind significant financing already.

After some further discussion, Gregory moved to approve the Consent Agreement. Polk seconded the motion and it was approved unanimously.

Other Business

Baldwin informed the Board that as a result of a report he had provided in August to the Economic Development Administration (EDA) regional office in Chicago on loans that are considered in default, he felt it was time to look at these loans to determine which should be written off as uncollectible. He suggested that three of the six loans reported on to EDA should be written off. The loans were #64 Nellie M. Jones, #71 Hiatt Metal Products Co., Inc. and #72 City Machine Tool & Die Co., Inc. He explained each loan and stated that their total delinquencies amount to over \$350,000 combined.

The other three loans reported on to EDA as in default are #79 Little Lamb Daycare Center, #82 Delaware Machinery & Tool Co., Inc. and #84 Duffy Tool & Stamping. He said that Little Lamb loan representatives are in contact with him and he is working on a new payment plan to bring their account current. The other two companies are subject to purchase and he felt it best to wait to see what happens with them.

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Polk motioned to write off Loan #64 Nellie M. Jones, Loan #71 Hiatt Metal Products Co., Inc. and Loan #72 City Machine Tool & Die Co., Inc. The motion was seconded by Woodgett and it passed unanimously.

Adjournment

There being no further business, the meeting was adjourned.

, Chair