



December 14, 2011

Mr. Mike Miller
CDBG Office
Madison Municipal Building, Room 280
PO Box 2985
Madison, WI 53701-2985

Dear Mike:

MDC recently approved another loan to Artterro LLC. However Artterro has an existing loan relationship with Monona State Bank and Mike Flynn of Monona State Bank is on the loan committee.

As a result MDC is requesting an exception to the 570.611 conflict of interest regulations.

Attached please find the following items relating to this request:

1. Conflict of Interest Checklist.
2. Copy of Meeting Agenda acknowledging the potential conflict.
3. Copy of Minutes of Loan Committee meeting of 12/2/11 indicating Mr. Flynn excused himself from the meeting prior to discussion and vote on the request.

Please let us know if you need any additional information.

Sincerely,


David J. Scholtens
Vice President

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ATTACHMENT 1A:

CONFLICT OF INTEREST CHECKLISTNAME OF LOAN APPLICANT: Artterro LLCNAME OF LOAN COMMITTEE MEMBER WITH CONFLICT: Mike FlynnLENDING INSTITUTION: Monona State Bank

DESCRIPTION OF CONFLICT SITUATION: Arterro has an existing loan relationship with Monona State Bank . Loan Committee member Flynn is an employee of Monona State Bank.

CONFLICT DISCLOSURE METHOD FOLLOWED: Conflict acknowledged on Agenda; Agenda posted with City of Madison; Conflict disclosed to committee.

CHECK ALL OF THE FOLLOWING WHICH APPLY:

- ☒ Loan Committee member refrained from discussion
- ☒ Loan Committee member abstained from voting
- ☐ Loan Committee member has served less than four years
- ☒ Loan Committee member has no contact with the customer who has made the loan application
- ☒ Total amount of loans made involving this lending institution is less than 25% for ~~XXXX~~ 2011.

Mr. Flynn excused himself from the meeting prior to any discussion.



MEMORANDUM

DATE: November 28, 2011
TO: MDC Loan & Investment Committee
FROM: Mark Taber, Chair
SUBJECT: MDC Loan & Investment Committee Meeting

MEETING NOTICE

MDC Loan & Investment Committee Meeting
Friday December 2, 2011
550 West Washington Avenue
MDC Boardroom
7:45 am

AGENDA

DISCLOSURES AND RECUSALS

Members of the body should make any required disclosures or recusals under the City of Madison's Ethics Code.

- I. Approve Minutes of the June 17, 2011 MDC Loan & Investment Committee Meeting
- II. Motion to go into Closed Session pursuant to s. 19.85 (1)(i) Wis. Stats., to discuss Credit requests and Loan Status
- III. CLOSED SESSION
 - A. Credit Requests
 1. Greenleaf Media
 2. Rose Custom & Collision LLC.
 3. Artterro LLC
MDC will request exception to 570.611 Conflict of Interest Regulations for Loan committee member Mike Flynn of Monona State Bank relating to the loan request from Artterro LLC
 4. Other requests
 - B. Portfolio Updates
- IV. Motion to go out of Closed Session into Open Session
- V. Open Session

Adjournment



MINUTES
MDC Loan & Investment Committee
December 2, 2011

PRESENT: Brett Hulsey, Mark Taber, Vicki Bankston, Dana Hoffmann, Ron Trachtenberg, Mike Flynn
EXCUSED: Michelle Behnke
STAFF: Dave Scholtens, Frank Staniszewski

The meeting was called to order at 7:45

I. APPROVAL OF MINUTES

Flynn Bankston moved approval of the minutes of the June 17, 2011 MDC Loan & Investment Committee meeting. **APPROVED** unanimously.

II. MOTION TO GO INTO CLOSED SESSION

Flynn/Hoffmann moved to go into closed session to discuss credit requests and loan status. Roll Call: all ayes

III. CLOSED SESSION

A. CREDIT REQUESTS

1. Rose Custom & Collision LLC

Rose has requested a \$25,000 loan that would be used for equipment and working capital as part of the company's recent expansion to a new location. Rose received a \$25,000 MDC loan in 2009 as part of the body shop's start up. That loan has a balance of \$15,600 and has been handled as agreed. Hulsey/Bankston moved **APPROVAL**. Motion approved unanimously.

2. Greenleaf Media

Greenleaf requested a \$25,000 working capital loan that would be used for job growth. Greenleaf is a full service creative firm offering web development services as well as offering design, programming, SEO, email marketing and print materials. Trachtenberg/Flynn moved **APPROVAL** with additional requirements of conversion to LLC prior to MDC funding, spousal guaranty and resolution of the 2011 payroll taxes outstanding. Approved unanimously.

3. Artterro LLC

Artterro is a manufacturer and wholesaler of high quality, affordable, eco-friendly art kits. They have sold to 375 stores nationwide, won many awards, and have just begun selling to several large national accounts. MDC provided \$25,000 in funding last year

used to support operations, including added staff. Company has requested an additional \$25,000 as the company's sales ramp up in the 4th quarter of the year. Committee member Mike Flynn of Monona State Bank did excuse himself from the loan committee meeting due to the fact Artterro has an existing bank relationship with Monona State Bank. Hulsey/Bankston moved APPROVAL conditioned upon Artterro obtaining an additional guarantor of the MDC loans subject to MDC approval. Approved 5 ayes. Flynn did excuse himself from committee prior to discussion and vote.

B..Portfolio Update

BIT360/Pasha Development property was sold just ahead of a sheriff's sale for \$850,000. This amount was less than the first mortgage owing on the property. As the loan committee suggested a settlement in the area of \$60,000, committee recommended that at least \$100,000 of the loan be charged off in 2011.

IV. MOTION TO GO OUT OF CLOSED SESSION

Bankston/Hulsey moved to go out of closed session. Roll call: All Ayes

V. OPEN SESSION

Meeting adjourned at 9:00

Respectfully submitted,

David Scholtens

Recorder