

MINUTES
COMMUNITY DEVELOPMENT REVOLVING LOAN FUND
LOAN COMMITTEE
Tuesday, May 24, 2016
Room 207, City Hall, 4:00 p.m.

ROLL CALL:

Gary Delveaux	x	Ald. Tom De Wane	x
Matt Schueller	Exc.	Mike Vogel	x
Mike Borlee	x		

Others Present: Wendy Townsend, Economic Development; Bill Meidl, Beth and Mark Hrubesky, Eunoia Studio Café.

The meeting was called to order by G. Delveaux at 4:00 p.m. All members were present as indicated above.

1. Approval of minutes from April 27, 2016 meeting.

A Motion to approve the minutes of the April 27, 2016 meeting of the Revolving Loan Fund Committee made by M. Borlee, seconded by Ald. De Wane. Motion carried.

2. Review the status of outstanding loans.

A Motion was made to receive and place the report on file made by Ald. De Wane, seconded by M. Borlee. Motion carried.

3. Review and action on a Revolving Loan Fund loan application from Eunoia Studio Café.

W. Townsend stated Beth and Mark Hrubesky have recently purchased the property at 428 Doty St. in downtown Green Bay and will be creating a hybrid restaurant/design center, named Café EUNOIA, which will operate on the first level of the building and Silent H Studio; LLC will be performing daily business on the second level. Mark has a 30 year history in his business and has been a videographer. Beth brings her 20 year history of graphic arts to the project. Mark will have his studio on the upper floor and Beth will have her business on the first floor. Silent H Studio will also lease 2 unused office suites on the 2nd level. This development will bring a creative work/relax/play space to downtown that caters to the professional and artist. EUNOIA will serve as a “third space” a space where you can extend your work day, away from work, grab a bite to eat and relax with a beverage before heading home. The word EUNOIA derives from Greek Origin, meaning *beautiful thinking*. This relaxing environment will meld spirited conversation, music and videography to create a destination where all senses are

nourished.

Beth & Mark Hrubesky have a personal injection of \$31,000 and Wells Fargo is the other participant at \$90,000. They are asking for \$105,000 CD-RLF for business start-up costs, equipment and construction of the ADA accessible porch and restroom.

A Motion was made to suspend the rules made by Ald. De Wane, seconded by M. Borlee. Motion carried.

M. Hrubesky explained they have been searching for a building for the past 5 years because of the growth in his personal business. He started at WBAY in 1977 and went to school at UW-Green Bay. He created the legend of Lambeau Field in 2003 for the Green Bay Packers which was an award winning documentary and won first place. His clients include Green Bay Packaging, Carver Yachts, Kohler and Initiative One.

B. Hrubesky stated they want to offer services in a café setting. Their hope is to offer IMAX and have people come in and work on their photos. If they need graphic design work, they would assist customers. The customers could have something to eat or a cup of coffee while working on their photos. The customers can utilize the services such as the film portion or the graphic website which is another added bonus. Green Bay is not offering this service at this time. They want to offer open mike night as well.

M. Borlee asked how they came up with their revenue and sales.

B. Hrubesky stated there is no guarantee with the numbers. They took both businesses and projected at a very minimum. If they break even, they will be doing well and make money on the company.

M. Borlee asked if the \$675,000 a year in sales income is not just the restaurant but Mark's business as well.

B. Hrubesky stated no it is just EUNOIA. They went to their tax accountant and decided to separate the two businesses. Mark's business is established and EUNOIA is just starting. The projections are pretty solid and they feel the business will be an incredible success.

M. Borlee stated that he took \$675,000 and divided it by 365 days a year that they are open which equals to \$1850 per day. If they are open 365 days a year that is approximately \$1850 a day. They would need 61 people daily spending at least \$30.

B. Hrubesky stated they would be open from 6:00 a.m. until 9:00 p.m. daily. It is projected and she is an artist.

M. Borlee stated there is no cost of sales mentioned. What is your margin on restaurant sales? There is no salary expense in the report. I do not know how you are going to make it.

B. Hrubesky stated they are going to go with a minimal amount of employees to start with and they do not want to over extend themselves. She has never run a restaurant before, but the research they have done and gathering the numbers and information.

M. Hrubesky stated he has not seen the numbers that were projected. The café is a total side bar of the real business. Beth's business is going to be part of his business. Right now Silent H Studio does not have a print side of the business and he has to go to a major printer for printing. All of the printing work would go to EUNOIA instead. EUNOIA will be handling that side of Silent H Studio.

G. Delveaux asked if most of the money being borrowed is used for the restaurant.

M. Hrubesky stated \$63,000 is for the construction of the porch and restrooms and \$42,000 for the equipment. They already spent an additional \$40,000 in labor by replacing all of the carpeting with wooden floors and repainted all the walls.

W. Townsend stated that since the initial loan application was processed on April 14 with Beth, they ended up changing the numbers once all the estimates were confirmed.

G. Delveaux stated that the Hrubesky's are very successful running Silent H Studio, but some of the restaurant businesses that have applied for Revolving Loan Funds in the past have not worked out.

M. Borlee stated the RLF board would like to see them succeed, but we need to make sure that you do not jump into this and later there would be a problem. The board experienced that with a food business on Broadway Avenue.

M. Vogel stated that \$675,000 is a lot of money and they are asking the board to make a decision on this. That is your job to know the numbers not the RLF board to figure it out. The board is sitting here blind right now. Every question the board has received so far is no that is not right, that is not right. Is there a rush on this?

B. Hrubesky stated this is very exciting and will bring a lot to downtown Green Bay. Are my projections wrong? Yes, I will go back and redo them.

M. Vogel stated that he does not know the exact numbers of the other restaurants. He just knows that the coffee shop at the Daily Buzz has changed their menu often, coffee shops; Liberty Café has been open and closed twice. It is a hard thing to do a couple of hundred thousand dollars in sales daily.

B. Hrubesky stated this business would be a wine and craft beer place as well. It is not going to be a coffee place like Karvana, it is going to have craft beer and high end wines. I want to offer that to people at a good price.

Ald. De Wane asked if they brought this business to the City. There is a neighborhood

association that is against adding liquor to any part of the area.

Beth stated they are taking one step at a time. If they do not get approved, there is no point going to the next step. They are very busy and we are trying to take one day at a time.

W. Townsend stated that Kevin King, Planning Department, has to do an environmental review for HUD on all of the properties for any loan with the City of Green Bay. This property is historical and has to be posted for 30 days for public comment to see if anybody would oppose changing this historical property from residential to commercial.

M. Hrubesky stated they have approached US Bank already, but they wanted to present to the RLF committee first because of the better loan rate. They also received a great loan rate from Wells Fargo because of their credit rating.

M. Vogel stated that the Hrubesky's do not need City money to start up this business. They can go to the bank and talk to a banker who will help them with the numbers. M. Vogel can give those names of bankers at different banks and they can talk them through the numbers. They need to meet with a community banker but not with a mortgage banker to help them with the numbers.

G. Dealveaux stated that the RLF board's role is gap financing which means they are going to approve a loan to make a difference for a project that would not happen otherwise. A private banker could give them a loan without the City's loan, but if they would need the City's loan, they would need to change the numbers. This is not feasible for such a big loan for a small business.

B. Hrubesky stated that they will go and seek other resources. If that is not a great route for them, they would like to revisit the City of Green Bay's Revolving Loan Fund loan again and relook at the numbers for feasibility with the City's recommendation.

Ald. De Wane stated he would be happy to see them back with the City but if not, he will be looking for the business in the City. He loves what they are doing and their idea.

A motion to return to regular order was made by Ald. De Wane, seconded by M. Vogel. Motion carried.

After much discussion and the Committee's review of the financial information submitted, a motion was made by M. Borlee, seconded by M. Vogel and unanimously carried to table a Revolving Loan Fund loan application from Eunoia Studio Café. Motion carried.

4. Adjourn

There being no further business, a motion to adjourn was made by Ald. De Wane, seconded by M. Borlee. Motion carried.