



CDA Agenda Item

Meeting Date: August 15, 2024

Agenda Item: Update of Fine Food Arts LLC

Staff Contact (name, email, phone): Taylor Zeinert tzeinert@whitewater-wi.gov 262-473-1048

BACKGROUND

(Enter the who, what, when, where, why)

CDA Member Kromholz requested a future agenda item regarding an update on any legal matters the CDA was involved in.

The CDA entered into a Loan Agreement on 12/29/2021 with Fine Food Arts LLC (Jay Stinson) in the sum of \$30,000 from the CDA's Action Fund. Mr. Stinson has since closed down the business and defaulted on his loan to the CDA. On December 1, 2022, Finance Director Steve Hatton sent a certified letter to Mr. Stinson outlining that he was in violation of his agreement with the CDA (copy of the letter attached). No action has been taken by Mr. Stinson since he received the letter.

In December 2023, Economic Development Director (EDD) Calli Berg directed City Attorney Jonathan McDonell to pursue legal action against Mr. Jay Stinson, owner of Fine Food Arts LLC and the establishment formally known as the Black Sheep. Attorney McDonell filed a civil case on December 22, 2023. Once filed staff noticed that the City Attorney filled the case with the City of Whitewater, and not the Community Development Authority. Due to this error, staff advised Attorney McDonell to close the matter, and no further legal action was taken.

In March 2024, Mr. Stinson found a possible buyer of what was formally known as the Black Sheep. The buyer, Dan Rodriguez, is willing to purchase the property and take on the debt that Mr. Stinson has accrued. Attorney McDonell drafted an Assignment and Assumption Agreement (the "Agreement") that has been sent to both Mr. Stinson and Mr. Rodriguez. However, Mr. Stinson is not in favor of the agreement due to the language stating that if Mr. Rodriguez defaults on the loan payments, the debt goes back to Mr. Stinson. Mr. Stinson prefers to remove all possibility of the debt being associated with him.

In July of 2024, EDD Zeinert referred the matter to the CDA's legal counsel, Attorney Rick Manthe. Attorney Manthe advised that staff confirm what fixtures currently remain in the restaurant that will act as collateral in the event the CDA elects to proceed to enter into an Assignment and Assumption Agreement with Mr. Rodriguez. The total balance of principal and accrued interest due on the loan as of July 31, 2024 is \$36,498.57.

The office of EDD has attempted to contact Mr. Rodriguez several times via phone and email without any response from Mr. Rodriguez. Staff sent Mr. Rodriguez two letters dated August 5, 2024, one via certified mail and one via standard mail. (see attached copy of the letter).

Once staff contacts Mr. Rodriguez and verifies the remaining collateral of Fine Food Arts LLC, Attorney Manthe will explore legal options on this matter.

PREVIOUS ACTIONS – COMMITTEE RECOMMENDATIONS

(Dates, committees, action taken)

N/A

FINANCIAL IMPACT

(If none, state N/A)

Attorney Manthe's legal fees regarding this matter.

STAFF RECOMMENDATION

N/A

ATTACHMENT(S) INCLUDED

(If none, state N/A)

Letter from Finance Director Steve Hatton to Mr. Stinson

Letter from EDD Zeinert to Mr. Rodriguez
