

**Redwood Region Economic Development Commission
LOAN COMMITTEE
Tuesday, November 2, 2010
11:00 a.m.**

Minutes

Present: Greg Bowen, (alternate), Helen Edwards, Scott Pesch, Frank Scolari, Liana Simpson, Phil Sullivan, Dan Sweet

Absent: Jennifer Budwig, Sherman Schapiro, Dean Charlton (alternate)

Staff Present: Virginia Fisher, Gregg Foster, Bonnie Smoller

I. Call to Order

Chair Scott Pesch called the meeting to order at 11:00 a.m.

II. Approval of Agenda and Minutes

M/S/P: Simpson/Scolari to approve the agenda and the minutes of September 21, 2010.

III. Public Input

None

IV. Old Business

None

V. New Business

Note: Scott Pesch is representing the seller of the property, so he recused himself from this item. Vice Chair Liana Simpson conducted this part of the meeting.

A. Loan Approval or Denial: Julie and Gabe Kelly dba North Coast Audiology Center: This loan request is for \$45,000 to purchase the building at 2818 Harris Street, Eureka, where North Coast Audiology is located. The term would be seven years (84 months) at 9% fixed interest.

The seller, Dr. John Jarvis, is carrying a note and is in first position on the property, making the loan unsuitable for bank financing. RREDC collateral would be a second deed of trust on the subject property and a UCC-1 filing on all business assets and receivables.

Borrowers are current RREDC clients, having purchased the business from Dr. Jarvis in 2005 with a RREDC loan. They were approved for another loan in 2006 to purchase equipment. One loan has been repaid and the other will be by the end of 2010. Borrowers have been excellent payers and have met all loan conditions.

M/S/P: Scolari/Edwards to recommend this loan for approval to the RREDC Executive Committee.

B. Loan Approval or Denial: Tony and Melissa Hannan dba Ultimate Yogurt: This loan request is for \$100,000 to open a self-serve frozen yogurt shop on the Arcata Plaza. Borrowers have

injected \$100,000 of their own money into the project including putting a \$30,000 down payment on the four self serve yogurt machines. Borrowers have secured a five year lease on the building. Overall project cost is estimated to be approximately \$220,000.

The term would be five years (60 months) at 10% fixed interest. Collateral would be a UCC-1 filing on all equipment and business assets and a third deed-of-trust on rental property located in North Bend, Oregon.

Bank financing was denied due to the start-up status and insufficient collateral.

Since 1992 borrowers have owned and operated seven Spotlight Video stores in northern California and southern Oregon. As the market for video rentals is declining, borrowers are looking for other business ideas that can stand alone or be cross marketed with Spotlight Video. The self serve market for frozen yogurt is successful in other parts of the country. Borrowers researched the Portland, Oregon based company, YoCream, and their market in Ashland, Oregon.

M/S: Simpson/Sweet: move to approve recommendation of this loan to the RREDC Executive Committee with the added condition that RREDC have a third deed of trust on borrower's residence in Brookings, Oregon. **Ayes:** Pesch, Simpson, Sullivan, Sweet; **Nays:** Edwards, Scolari; **Abstain:** none. **Motion passes.**

VI. Adjourn

The meeting was adjourned at 11:36 a.m.