

**Redwood Region Economic Development Commission
EXECUTIVE COMMITTEE
Monday, August 15, 2011
11:00 a.m.
Minutes**

Call to Order

Vice Chair Mike Wilson called the meeting to order at 11:23 a.m.
Present: Tyler Holmes, Bruce Rupp, Frank Scolari, Mike Wilson
Absent: Julie Fulkerson, Mark Lovelace
Staff Present: Virginia Fisher, Gregg Foster, Bonnie Smoller
Guests: Russ Gans, Attorney, Mitchell, Brisso, Delaney & Vrieze

Approval of Agenda and Minutes of May 23, 2011

M/S/P: Holmes/Rupp

Public Input – for non agenda items

None

Old Business

None

New Business

- A. **Consideration of Request of Substitution of Collateral for RREDC/Headwaters Fund Loan to J.R. Stephens Co.:** This loan is held jointly between RREDC (28.6%) and the Headwaters Fund (71.4%). Collateral is a second deed of trust on property on Woods Lane, McKinleyville, a third deed of trust on property on Dows Prairie Road, McKinleyville and a UCC filing on furniture, fixture, equipment and inventory.

The client requested a collateral substitution because he is selling the Dows Prairie property to a local dairy. The sale is in escrow. Client asked RREDC to transfer its security interest from Dows Prairie to the business location on Boyd Road. RREDC would have second deed of trust on the Boyd Road property.

Partial proceeds from the sale of Dows Prairie will be applied to RREDC for past due balances and three future payments, for a total of approximately \$100,000. This would bring them current until December 1, 2011 when the next regular payment would be due.

Mark Lovelace joined the group at 11:41 a.m.

The loan has a history of being in default. A payment made on August 8, 2011 took it out of default status. Payment is needed for July and August 2011. The client pays a late fee on 5% of the monthly payment due.

M/S/P: Rupp/Holmes to approve the request to transfer the lien from Dows Prairie to Boyd Road, and increase the late fee from 5% to 10% of the payment due subject to legal review and approval. Passed unanimously.

- B. **Update on Loan to Michael Stussi:** Mr. Stussi filed a Chapter 7 bankruptcy on or about August 5, 2011. Per Chapter 7 provisions, Mr. Stussi must file a list of assets within 15 days of the initial filing.

Russ Gans, counsel for RREDC, recommended reviewing the list of assets before deciding on any further action.

Closed Session

Public Employee Appointment, Employment, Performance Evaluation, Discipline, Dismissal or Release (54957 (b)). Position: Executive Director:

The group convened in closed session at 11:55 a.m.

No action was taken.

Adjourn

The meeting adjourned at 12:15 p.m.