

**Redwood Region Economic Development Commission
EXECUTIVE COMMITTEE
Monday, March 28, 2011
6:00 p.m.**

Minutes

I. Call to Order

Chair Mark Lovelace called the meeting to order at 6:00 p.m.

Members Present: Julie Fulkerson, Tyler Holmes, Mark Lovelace, Bruce Rupp, Frank Scolari, Mike Wilson

Staff Present: Virginia Fisher, Gregg Foster, Bonnie Smoller

II. Approval of Agenda and Minutes

An item of urgency was discovered after the agenda was posted. **M/S/P: Holmes/Wilson to approve agenda with the addition of “Consideration of Offer for Jalisco Café Property” as item E under New Business.**

M/S/P: Wilson/Holmes to approve minutes of January 24, 2011.

III. Public Input – for non-agenda items

None

IV. Old Business

None

V. New Business

A. Loan Approval or Denial: Sara Olson, Christopher Olson and Jessica Viernes-Olson dba Flips For Kids Gymnastic Center: The RREDC Loan Committee recommended this loan for approval at their March 22, 2011 meeting.

Borrowers are purchasing the business from Darcy Fardette-Konkler, who is a current RREDC client. The loan request is for \$40,000; collateral to be a second deed of trust on the home owned by Christopher and Jessica Olson and by a UCC-1 filing on all business assets.

The Loan Committee approved, adding up to an additional \$10,000 for working capital, which would be dispersed on invoices only.

M/S/P: Rupp/Scolari to approve the loan, with all conditions, as presented. Motion passed unanimously.

Although the business, Flips For Kids Gymnastics Center, is sold, the loan to Darcy Fardette-Konkler and Bryan Konkler is still active.

The loan was made in 2004. The loan collateral is a first deed of trust on the building at 1675 Union Street, Eureka. In 2009 the business was moved to its present location at 1489 Hoover St., and the Union St. building was leased to a commercial tenant. The commercial lease is in effect until September 2011.

Of the \$40,000 purchase price, \$11,000 will go towards paying off a lease on gymnastic equipment. The remaining \$29,000 will go to the Konklers. In effect, the terms of the loan have changed because they will no longer have the business to provide income to pay off the loan.

It was the desire of the committee that proceeds of the sale be applied to a reduction of the loan.

M/S/P: Scolari/Fulkerson moved to instruct staff to meet with the Konklers to review the conditions of loan # 2502 (EDA) and how the net funds will be dispersed. Motion passed unanimously.

B. Loan Approval or Denial: Leslie O'Neil dba O'Neil Organic Dairy

At the March 22, 2001 meeting, the RREDC Loan Committee recommended approval for this loan.

The request is for \$30,000 to pay upfront costs for feed for the dairy. The borrowers are current loan clients.

Borrowers receive annual payments from the Natural Resources Conservation Service (NRCS) for maintaining good conservation practices on their pastureland. Repayment/collateral for this loan will come from the 2010 and 2011 annual payments, which will be made directly to RREDC.

M/S/P: Rupp/Fulkerson to approve loan request with all conditions as stated. Motion passed unanimously.

C. Change in Terms: Eunyq Wear Loan #2703 EDA

The business, Eunyq Wear, closed in March 2009. A change in terms was approved on March 12, 2009 for borrowers to pay down the loan, with a maturity date of March 1, 2011.

The borrowers have paid down the loan but are unable to pay the remaining balance, \$77,400.

This change in terms will amortize the loan for 36 months, increasing the payments from \$1,700 per month to \$2,497.48, with no balloon payment at the end of the loan.

M/S/P: Wilson/Fulkerson to fully amortize the loan over the next 36 months with the end date of March 1, 2014. Motion passed unanimously.

D. Extension of Approved Loan Commitment: Travis and Holly Smith dba T.I. Smith Electric: This loan was approved on January 24, 2011. One condition of approval was an appraisal on the subject property at 117 Wabash Ave., Eureka. The appraisal is expected to be completed by April 24, 2011.

M/S/P: Fulkerson/Wilson to approve a 60 day extension on loan approval that will expire March 30, 2011. Motion passed unanimously.

E. Consideration of Offer for Jalisco Café Property: Staff received an offer from Marsa Jordan of J and J Real Estate, for the property at 1718 4th Street, Eureka, the former Jalisco Café, which is listed for \$425,000.

The offer was for \$360,000 which would not cover the amount of the loan, fees and taxes.

M/S/P: Scolari/Holmes to authorize counter offer with a sales price of \$410,000. Motion passed unanimously.

VI. Adjourn

The meeting was adjourned at 6:32 p.m.