



Redwood Region Economic Development Commission
 Prosperity Center 520 E Street, Eureka, California 95501
 Phone 707.445.9651 Fax 707.445.9652 www.rredc.com

**Redwood Region Economic Development Commission
 REGULAR MEETING OF THE EXECUTIVE COMMITTEE
 520 E Street, Eureka California 95501
 February 27, 2017, 5:30 pm
 MINUTES**

I. Call to order

Chair Michael McKaskle called the meeting to order at 5:35 pm
Present: Nancy Koke, Michael McKaskle, Sue Long, Marian Brady, Sofia Pereira, Patrick O'Rourke
Absent: John Woolley
Staff Present: Gregg Foster, Virginia Fisher, Shirley Santino

II. Approval of agenda and minutes

M/S/P: Long/Pereira: Motion to approve Minutes from January 23, 2017. Motion passed unanimously.
M/S/P: Pereira/Long: Motion to approve February 27, 2017 Agenda with this change:
Eliminate item IV. A. Motion passed unanimously.

III. Public Input – for non-agenda items

None.

IV. New Business

A. Loan Approval or Denial: E&O Bowling

Virginia Fisher presented the loan request details: Applicant Andre Carey is requesting a \$375,000 CRE loan to purchase E&O Bowling Alley as c2Consulting LLC, as well as a \$35,000 working capital term loan as ACAR Inc. S Corp. The loans would be cross-collateralized by a 1st D/T and a 2nd D/T on the CRE at 1417 Glendale Drive, Blue Lake, CA 95525, with a UCC-1 on all business assets.

E&O is one of only two bowling alleys remaining in all of Humboldt County. New ownership will increase hours to 7 days a week from 11am-2am, providing a clean, safe, wholesome indoor recreation environment for all ages which includes afterschool programs, junior leagues, daytime college leagues, and sanctioned tournaments through the Humboldt Chapter of the US Bowling Congress. Plans to reopen the diner, renovate and rent the vast space for events, and maintain the full bar, will help ensure the business' success.

The CRE would be an 84-month term amortized over 25 years; the working capital term loan 36-months fully amortized. Both loans funded equally between the EDA and Headwaters at 9% fixed.

M/S/P: Long/Pereira: Motion to approve \$375,000 CRE loan to purchase E&O Bowling Alley as c2Consulting LLC, with the added condition of a 2nd D/T on borrower's residential property at 495 Glenwood Lane, McKinleyville, CA as well as a \$35,000 working capital term loan as ACAR Inc. S Corp as presented.

Motion passed 5 to 0 with Patrick O'Rourke abstaining.



Cities Arcata · Blue Lake · Eureka · Ferndale · Fortuna · Rio Dell · Trinidad
 Community Services Districts Humboldt · Manila · McKinleyville · Orick · Orleans · Redway · Willow Creek
 Humboldt Bay Harbor, Recreation and Conservation District · Humboldt Bay Municipal Water District
 County of Humboldt · Hoopa Valley Tribe · Redwoods Community College District

B. Loan Approval or Denial: The Eagle House

Gregg Foster presented the loan request details as underwritten by AEDC: Loan applicants Timothy Metz, Jennifer Metz, Tammy Rex, Rebecca Rex, request \$500,000 to purchase and upgrade The Eagle House, a Victorian Inn appraised at \$2.6 million and located in the Historic District of Old Town Eureka at 139 Second Street. RREDC's total participation would be \$250,000 of which 50% will come from the EDA Fund and 50% from a participation with the Headwaters Fund, both at 9% interest, 25-year amortized with a 5-year maturity date. AEDC's portion of the loan, \$250,000 would be at 8% interest. The borrowers' injection will consist of approximately \$300,000 in private financing and \$465,000 in cash from personal resources. The loan will be collateralized by a 2nd D/T on the CRE plus a 2nd D/T on borrowers Tim and Jennifer Metz's personal residence at 1425 Buttermilk Lane, Arcata, CA.

The building is a cornerstone to the community and will become a true asset once it has been revitalized by these enthusiastic borrowers intent on providing excellent customer service, upgraded facilities, and an innovative marketing strategy.

M/S/P: O'Rourke/Long: Motion to approve RREDC's \$250,000 participation in this loan (in a 50/50 split with Headwaters), with 2 corrections made to AEDC's loan proposal on page 7 ("LTV of not less than" should read "not more than") and to ensure that loans co-terminate with seller carry-back. Motion passed unanimously.

V. Reports

Gregg explained the EDA's new condition that RREDC have an audit of its internal controls before the EDA will fund the \$1,000,000 recapitalization grant. This is in addition to the full Fiscal Year Audit that was just completed. The delay in funding delays outreach plans to potential new loan clients.

VI. Adjourn

Meeting adjourned at 6:20 pm.