

**Redwood Region Economic Development Commission
EXECUTIVE COMMITTEE
Monday, September 26, 2011
6:00 p.m.
Minutes**

I. Call to Order

Vice Chair Mike Wilson called the meeting to order at 6:07 p.m.
Present: Julie Fulkerson Tyler Holmes, Bruce Rupp, Mike Wilson
Absent: Mark Lovelace, Frank Scolari
Staff Present: Virginia Fisher, Gregg Foster, Bonnie Smoller

**II. Approval of Agenda and Minutes of August 15, 2011
M/S/P: Holmes/Fulkerson**

III. Public Input – for non agenda items
None

IV. Old Business
None

V. New Business

A. Loan Approval or Denial: Sasquatch LLC dba Six Rivers Brewery and Six Rivers Brewing Company: This loan request is for \$60,000 to expand brewery operations. Talia Nachson and Meredith Maier, Sasquatch owners, have two RREDC loans. This is an EDA loan, at 10% fixed interest for seven years.

Loan collateral is a first and second deed of trust on the subject property located at 1300 Central Ave., McKinleyville, CA. and a UCC1 filing on all business assets. Richard Maier, father of Meredith Maier, would be a guarantor on this new loan as well as the existing loans.

On September 20, 2011 the RREDC Loan Committee unanimously recommended approval for this loan with the following conditions: 1) funding will be by payment of invoices only; 2) borrowers will meet regularly with the Small Business Development Center for relevant counseling; 3) staff will obtain the 2010 tax returns for Richard Maier; 4) staff will determine no significant deterioration in Richard Maier's role as guarantor.

On September 21, 2011, staff received the preliminary title report from Humboldt Land Title showing Frank Povirk, a former owner, in third position on the title.

Staff spoke to Ms. Maier, who stated they have been making monthly payments to Mr. Povirk; the loan balance is \$21,865. The loan will mature in May 2012.

Ms. Maier requested that the RREDC loan amount be increased to \$80,000 in order to pay off Frank Povirk.

On September 26, staff reported that she had received the 2010 taxes for Richard Maier, as requested, and that he continues to be a stable guarantor. The increase to \$80,000 was recommended because it would put RREDC as the sole lien holder and increase the cash flow of the borrowers.

An additional loan condition would be that staff would determine how any funds remaining, after paying off the note and all equipment invoices, would be dispersed.

M/S/P: Holmes/Rupp to approve the loan for \$80,000 to Sasquatch LLC, with all conditions stated.

Motion passed unanimously.

B. Consideration of Actions Regarding Loan to Giant Redwoods R.V. & Park: Giant Redwoods RV and Camp is located in Myers Flat, California.

John and Karen Rath received a RREDC loan in 2005. Karen Rath passed away in April 2009. At that time John's son and daughter in law, Dave and Annie Rath, moved to Myers Flat to help manage and maintain the campground. John Rath eventually moved out of the country and Dave and Annie became the sole caretakers of the property. They have worked diligently to repair, improve and market the campground.

The seasonality of the business, the depressed economy and deferred maintenance has made it impossible for the business to be profitable. Dave and Annie have contacted commercial realtor Scott Pesch, Coldwell Banker Pacific Partners, about listing the property.

They plan to continue to operate the campground; closing for the season in December and January, and maintain the property throughout the sale. Liability and flood insurance will be kept current.

The property appraised for \$650,000 in 2009; the loan balance is \$283,697. It is probable that the property will sell at a price that will satisfy the loan.

M/S/P: Rupp/Fulkerson to move this loan into recovery, while still accruing interest.

Motion passed unanimously.

VI. Closed Session: Public employee appointment, employment, performance evaluation, discipline, dismissal or release (§54957 (b)). Position: Executive Director:

Closed session not needed.

VII. Adjourn

The meeting adjourned at 6:23 p.m.

