

**Redwood Region Economic Development Commission
EXECUTIVE COMMITTEE
April 12, 2012
4:00 p.m.
Minutes**

I. Call to Order

Chair **Mike Wilson** called the meeting to order at 4:04 p.m.

Present: **Julie Fulkerson, Mike Losey, Mark Lovelace, Mike Newman, Bruce Rupp, Mike Wilson**

Absent: none

Guests: **Russell Gans**, counsel for RREDC. **Tom Mattson**, Director, Public Works Division, County of Humboldt, **Emily Jacobs**, Aviation Division, County of Humboldt

Staff Present: Don Ehnebuske, Virginia Fisher

II. Approval of agenda for April 12, 2012 and executive minutes of March 26, 2012.

M/S/P: Rupp/Newman to approve agenda and minutes of March 26, 2012. Motion passed unanimously.

III. Public Input – for non agenda items

None

IV. Old Business

A. Direction to Executive Director regarding Headwaters Grant application for American Airlines

Minimum Revenue Guarantee Agreement: It has been determined that the Headwaters Fund cannot make a loan to the County of Humboldt, Aviation Division, for reasons having to do with FAA rules and the Headwaters Fund charter.

American Airlines is asking for a \$1,250,000 minimum revenue guarantee (MRG). The airline will not begin flights from ATV to LAX in June, as originally planned, but is still interested and has brought up April 2013 as a possible start date.

The short time frame and lack of information hampered efforts to have a MRG in place to begin 2012 flights. RREDC is supportive in the effort to increase air service from ATV.

Having more lead time will increase the likelihood of American, or another airline, coming to our area. To attract another airline there needs to be visible, upfront support from businesses, the Chambers of Commerce and visitors centers/tourism based organizations.

It was requested that RREDC send a representative to the air service conference in Sacramento on June 6th and 7th.

V. New Business

A. Loan Delinquency: J. R. Stephens Co. Inc.: In 2004, RREDC and the Headwaters Fund funded a loan for this client. J. R. Stephens Co, located in Arcata, CA, manufactures cabinetry for large-scale projects such as schools, public buildings, etc.

Borrower has a history of chronic delinquencies. Monthly requests from staff for payment and financial documentation go without any response from borrower. The most current financials are dated June 30, 2012.

Collateral for the loan is 1) a second deed-of-trust (DOT) on a primary residence on Woods Lane in McKinleyville, 2) a second DOT on commercial property on Boyd Road, Arcata, and 3) a UCC-1 filing on furniture, fixtures, equipment and business inventory.

A letter from RREDC attorney, Russell Gans, dated March 14, 2012, was sent to borrower requesting payment for the outstanding loan amount. It was also requested that borrower submit certain documents on or before March 21, 2012.

Borrower met with RREDC executive director, Don Ehnebuske, in person on April 11, 2012 and provided current financial statements.

In an email from the borrower, dated 9:10 a.m., April 12, 2012, sent to executive director Don Ehnebuske, borrower proposed resuming monthly payments in May 2012 equal to 1.5 times the regular loan payment amount, and continuing until current.

Committee members were concerned over past performance and lack of communication. Staff was advised to verify that collateral is secured regarding property taxes on Woods Lane and Boyd Road.

M/S/P: Newman/Losey: to authorize executive director to initiate foreclosure proceedings if loan is not made current by May 1, 2012. Motion passed unanimously.

VII. Adjourn

The meeting adjourned at 5:40 p.m.