



Redwood Region
Economic Development
Commission

520 E Street Eureka • California 95501 • (707) 445-9651 • FAX (707) 445-9652

**Redwood Region Economic Development Commission
REGULAR MEETING OF THE EXECUTIVE COMMITTEE
520 E Street, Eureka California 95501
September 1, 2016 4 pm
MINUTES**

I. Call to order

Chair Nancy Koke called the meeting to order at 4 pm

Present: Sue Long, John Woolley, Nancy Koke, Marian Brady, Michael McKaskle,
Ken Mierzwa

Absent: Virginia Bass

Staff Present: Gregg Foster, Shirley Santino

II. Approval of agenda and minutes

M/S/P: Woolley/Mierzwa: Motion to approve Agenda for September 1, 2016 and Minutes from August 22, 2016. Motion passed unanimously.

III. Public Input – for non-agenda items

None.

IV. Old business

None.

V. New Business

A. Loan Approval or Denial: ResolutionCare, Professional Corporation

Gregg Foster reported that the Loan Committee voted to recommend approval of this loan to the Executive Committee with the following conditions and modifications: Reduce Loan amount from \$500,000 to \$300,000 with the option of the additional \$200,000 after reviewing the ResolutionCare's progress in one year; Add the Resolution Care Network, still in formation, as a co-borrower on the loan; Reduce the minimum monthly draw from \$50,000 to \$25,000.

ResolutionCare PC (RCPC) is a Professional Corporation formed by Michael D. Fratkin, M.D. in fall of 2014 to provide palliative care services in Humboldt County. RCPC provides "team-based" care which includes a physician, nurse, nurse practitioner, social worker, community health worker, and spiritual support. Using both telehealth and in-person care, means that the patient remains at home and receives quicker response time.

Applicant is requesting a 2-year term \$500,000 revolving line of credit to manage cash flow for its growing palliative care operation. ResolutionCare Palliative Care (RCPC) has recently completed two pilot programs and is fully implementing its program in Eureka. The company has plans to expand its services to the San Joaquin Valley, Riverside, and Redding in 2017 once the equity capital is raised. It is RCPC's intention to achieve sufficient cash flow and/or bank financing after 24 months to allow for the closure of this line of credit.

M E M B E R A G E N C I E S

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

RCPC is nationally known as experts of palliative care, has existing relationships/contracts with the local health care system, Partnership Health and Blue Shield, demonstrating significant revenue growth due to increasing demand for services. It is cost effective in that reimbursements are per patient per month (PPPM) rather than on a fee-for-services basis.

This loan will use 50% RREDC EDA funds and 50% Headwaters Fund; 9% fixed interest; be reimbursed through monthly interest-only payments with balance due upon maturity; be collateralized by Cash Value Life Insurance on Chief Financial Officer, a blanket lien on all assets of RCPC, with a separate bank account holding \$100,000 as additional collateral.

M/S/P: McKaskle/Long: Motion to approve a 1-year term line of credit of \$300,000 with option of an additional \$200,000 after loan committee has assessed RCPC's progress after one year; Minimum draw of \$25,000 with maximum number of 2 draws per month; add ResolutionCare Network as co-borrower. Motion passed unanimously.

B. Consideration of Settlement Offer for Defaulted Loan: JR Stephens Company

Gregg Foster presented offer from ReProp Mortgage for the 2nd Deed of Trust RREDC/Headwaters holds on the Boyd Road property owned by defaulted borrower JR Stephens. He answered the Executive Committee's questions and requested a motion to allow him to move forward with the negotiations.

M/S/P: Woolley/Long: Motion to authorize RREDC Executive Director to negotiate and execute a new loan with the following terms: Loan amount minimum of \$87,524.91; 2nd Deed of Trust remains on the Boyd Road Real Estate; 11% interest rate; 25-year amortization due in 4 years; RREDC loan cross-defaulted with the new loan from ReProp Financial. Motion passed unanimously.

VI. Adjourn

Meeting adjourned at 4:35 pm.