

**Redwood Region Economic Development Commission
EXECUTIVE COMMITTEE
September 24, 2012
5:45 p.m.
Minutes**

I. Call to Order

Chair: Mike Wilson called the meeting to order at 5:52 p.m.

Present: Julie Fulkerson, Mike Losey, Mike Newman, Mike Wilson. Mark Lovelace joined the group at 6:01 p.m.

Absent: Bruce Rupp

Staff Present: Don Ehnebuske, Virginia Fisher, Bonnie Smoller

II. Approval of Sep. 24, 2012 agenda and executive minutes of July 23 and July 26, 2012.

M/S/P: Fulkerson/Newman. Motion passed unanimously.

III. Public Input – for non agenda items

None

IV. Old Business

None

V. New Business

A. Loan approval or denial: Thomas Allen: business expansion: Amillia's: On Sep. 24, 2012 the RREDC Loan Committee recommended approval for this loan request by a vote of 6/1. The request is for \$50,000 at 10% fixed interest, for seven years. Collateral is a second deed-of-trust on property located at 4430 Blue Slide Road, Redway, CA and a UCC-1 filing on business assets.

Amillia's opened in 2002, is a take-out deli, bakery and caterer located at 443 Melville Road, Garberville. Owners Thomas and Beth Allen want to expand to the lower area of their building, adding inside and patio seating, and serving a dinner menu and Sunday brunch. The major portion of the loan amount would be to install a dumbwaiter from the top floor kitchen to the dining room. All disbursements will be from invoices.

The Loan Committee added two additional conditions of approval: 1) if construction costs are lower than \$50,000, the balance would not be disbursed as working capital; 2) financial reports submitted quarterly should show profitability.

M/S/P: Fulkerson/Losey: to approve the loan as presented. Motion passed unanimously.

B. Loan Approval or Denial: Joe Bonomini, purchase of existing business: Auto Masters:

On Sep. 24, 2012 this loan request was unanimously approved by the RREDC Loan Committee. It is for \$90,000 to purchase Auto Masters Auto Repair, 1902 2nd Street, Eureka. The term is seven years at 10% fixed interest. Collateral is a second deed-of-trust on property located at 4679 Mitchell Road, Eureka and a second UCC-1 (best-lien) filing on business assets.

Auto Masters has existed for over 30 years. Owners Rich Matteoli and Donn Cole are retiring and have accepted an offer from Joe Bonomini to purchase the business, excluding the real estate. The agreed purchase price is \$300,000 with owners carrying \$200,000 and borrower putting down \$10,000. The selling price includes furniture, fixtures, all equipment, diagnostic tools and the customer list.

Borrower is currently employed at California Redwood Company with extensive training and experience in automotive and diesel mechanics including certification in welding.

There was concern regarding borrower transitioning from employee to self employment. Both sellers have agreed to stay on for six months as borrower learns the business and customer base.

Along with the conditions of approval stated in the write up, it was asked that the sellers agree to a five year covenant not to compete, within Humboldt County.

M/S/P: Fulkerson/Newman to approve this loan as presented. Motion passed unanimously.

C. Request for Payment deferral: Fire & Light Originals: Borrower has asked for a six month payment deferral. Interest would be capitalized during this time.

M/S/P: Losey/Lovelace to approve request with all conditions. Motion passed unanimously.

D. Request for Authorization to Initiate Foreclosure Proceedings: J. R. Stephens Co.: In April 2012 borrower agreed to bring this loan current by October 2012 (see minutes of April 23, 2012). As of this date borrower has not complied with all conditions of the agreement. **M/S/P: Newman/Lovelace to authorize staff to go forward with foreclosure proceedings on the property.** Motion passed unanimously.

VII. Adjourn

The meeting adjourned at 6:15 p.m.