



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

July 16, 2015
4:00 pm
Minutes

I. Call to Order.

Chair Sue Long called the meeting to order at 4 pm.

Present: Sue Long, Linda Atkins, John Woolley, Nancy Koke, Virginia Bass,
Ken Mierzwa, Julie Fulkerson

Staff Present: Virginia Fisher, Shirley Santino, Gregg Foster

II. Approval of agenda and minutes

M/S/P: Atkins/Fulkerson: Motion to approve July 16, 2015 agenda and minutes
from June 22, 2015 Executive Committee Meetings. Motion passed unanimously.

III. Public Input – For non-agenda items

None

IV. Old Business

None

V. New Business

A. Loan Approval or Denial: Greyhound Hotel LLC

Jack Freeman, one of the owners of the Greyhound Hotel, requests a term loan of \$240,000 upon construction/remodel completion of the hotel located on 3rd Street in Old Town, Eureka. RREDC will be participating with Redwood Capital Bank term loan of \$860,000 for a total RCB and RREDC loan amount of \$1,100,000. This total loan amount will pay off Umpqua Bank and a private note. The projected completion date per borrower was set for 08/15/2015. However, construction delays have moved this date to 09/01/15. Jack Freeman also requests a RREDC bridge loan of \$425,000 to pay off the private note which matures on 07/22/15. This bridge loan (\$425,000) will be for a maximum of 90 days, deferred interest (9%), with a pay down to \$240,000 which is the amount of the original term loan request and deferred interest from the bridge loan. RREDC will hold a 2nd Deed of Trust and a UCC-1 filing on business assets. Both loan amounts will be a 50/50 split with Headwaters Fund.

M/S/P: Woolley/Atkins: Motion to approve the Greyhound Hotel loan as presented, provided the same conditions as required by Redwood Capital Bank, are met. Motion passed unanimously.

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

B. Loan Approval or Denial: Jefferson Community Center

RREDC has an opportunity to participate in a joint funding program with two other community organizations – AEDC and the Humboldt Area Foundation – to convert the former Jefferson Elementary School into a community center and park. In 2012, the non-profit Westside Community Improvement Association was awarded a \$3.3 million grant through the Statewide Park Development and Community Revitalization Program through the California Department of Parks. Virginia Fisher and Don Ehnebuske frequently met with Heidi Benzonelli (WCIA Board President) over a two year period regarding possible RREDC participation in a short term-loan to cover the state retention amount of \$700,000.

This agreement is similar to participation agreements with AEDC and the NCIDC (Carson Block loan). Key features include: 3 partners, \$100,000 each from AEDC and RREDC and \$500,000 from HAF; loan fee to RREDC \$500.00; AEDC is servicing the loan for all partners and takes 0.25% interest for that service, resulting in a net return of 5.75% for the other partners; funds are to be disbursed during the life of this loan; interest only payments over 18 months until state retention funds are received; payment schedule \$479/month; secured by first deed of trust on property at 1000 B Street, Eureka, CA 95501.

M/S/P: Atkins/Bass: Motion to approve the loan to the Westside Community Improvement Association for the Jefferson Community Center project as presented. Motion passed unanimously.

C. Signatory Changes

M/S/P: Woolley/Bass: Motion to name Gregg Foster and Linda Atkins as Signatories on RREDC accounts with Tri Counties Bank, replacing Mike Newman and Nancy Garrett; and Gregg Foster as authorized signatory on the five funds held by the County of Humboldt's Auditor-Controller, replacing Don Ehnebuske. Motion passed unanimously.

D. Discussion of Agency Priorities

Gregg Foster shared his mission to increase RREDC's capital; Prosperity Center Tenants update; additional money for RREDC that may be recovered from Woods Lane; asked for requests from Executive committee regarding what areas they want him to focus on. Virginia Fisher shared the advice from the Loan Committee regarding a Microloan policy update: They suggest increasing the limit from \$20,000 to \$40,000 to answer current demand, recommending a two-tiered system with Staff having the authority to approve loans up to \$35-40,000; loans of \$40,000-50,000 would require Staff approval plus the signature of the Loan Committee Chairperson. This would enable RREDC to make more loans without having to pull in the Executive Committee for special meetings. It will be on the agenda for next Executive meeting.

VI. ADJOURN

The meeting was adjourned at 5 pm.