

**Redwood Region Economic Development Commission**  
**LOAN COMMITTEE**  
**Tuesday, May 18, 2010**  
**4:00 p.m.**

**Minutes**

**Present:** Jennifer Budwig, Helen Edwards, Frank Scolari, Liana Simpson, Dan Sweet

**Absent:** Phil Sullivan, Dean Charlton (alternate), Angela Machado (alternate) Scott Pesch, Sherman Schapiro

**Staff Present:** Gregg Foster, Virginia Fisher, Bonnie Smoller

**I. Call to Order**

Vice Chair Liana Simpson called the meeting to order at 4:00 p.m. A quorum was present.

**II. Approval of Agenda and Minutes**

**M/S/P: Edwards/Scolari** to approve the agenda and the minutes of April 20, 2010.

**III. Public Input**

None

**IV. Old Business**

**A. Credit Risk Rating Matrix:** Discussed at the April 20 meeting was the need for a scoring tool for new loan applications. Staff modified an existing model and presented it to the committee for comment. The matrix uses five factors, with a number score for each section.

The lender will use the matrix to score the loan; it will then be reviewed by the executive director and included in the loan write up. The matrix would not replace any of the existing loan write up information.

This item will go to the executive committee for final approval on May 20, 2010.

**M/S/P: Simpson/Sweet: move to recommend using the matrix scoring tool for six months. At that time it will be brought back to the committee for re-evaluation.**

**V. New Business**

**A. Loan Approval or Denial: Ron Ghera dba FV Gerry B:** Mr. Ghera, a commercial fisherman, is a current loan client who was awarded a Carl Moyer Grant of \$79,600 for engine replacement of his boat, the Gerry B. When the grant was awarded in November 2009, it was understood that the work would not be done until April 2010.

In April the installer, FabCast, notified client that their backlog of work would delay installation up to 30 days and that installation costs could be up to \$10,000 higher than anticipated. Terms of the Carl Moyers Grant are that all work must be paid upfront. Client requests a \$15,000 line of credit to be used for installation of the new engine.

Loan terms are 180 days, EDA, at 10% fixed. Loan is collateralized by income and a UCC-1 filing on the Gerry B. Client has met all conditions of the original loan.

**M/S/P: Budwig/Edwards move to recommend approval of a \$15,000 line of credit. One condition is that all monies will be paid from invoices, directly to the vendor(s). Lender will contact FabCast to verify increased installation costs.**

**B. Loan Approval or Denial: Jim and Leslie O'Neil dba O'Neil Dairy:** The O'Neil's are current loan clients who were awarded a grant from the Natural Resources Conservation Services (NRCS) for upgrades to their organic dairy.

Clients are requesting a \$30,000 line of credit to purchase a metal structure to house dry (non-milking) cows during winter months. The loan would pay for the structure itself, not labor, and RREDC would be reimbursed by the NRCS. The structure must be prepaid before it will be shipped.

Loan terms would be 90-120 days, EDA, at 10% fixed. Loan will be collateralized by the NRCS with an assignment of funds to RREDC already in place. Clients have met all conditions of their original loan.

**M/S/P: Scolari/Edwards move to recommend approval of a \$30,000 line of credit to the O'Neil Dairy.**

**C. Consideration of Jalisco Café Offer:** This loan went into default on March 9, 2010. On April 15, 2010, staff and counsel for RREDC met with Mr. Don Davenport who offered to purchase the real property for \$350,000. This figure is less than the amount of loan balance, interest and charges owed to RREDC as of April 14, 2010. No response was made to Mr. Davenport, as all offers must be approved by the RREDC executive committee based on recommendation from the RREDC loan committee.

Staff, on advice of counsel, offered an alternative for consideration: a purchase price in the range of \$400,000, with the provision that RREDC would release all liens on non-real estate assets and stop all collection attempts against the borrower.

**M/S/P Scolari/Edwards: moved to recommend to the executive committee a counter proposal of \$410,000 for the real estate. As stated above, RREDC would release all non-real estate liens and cease all collection attempts against the borrower.**

## **VI. Adjourn**

The meeting was adjourned at 4:40 p.m.