

Redwood Region Economic Development Commission
LOAN COMMITTEE
Monday, September 24, 2012
11:00 a.m.
Minutes

Present: Greg Bowen, Scott Pesch, Liana Simpson, Alex Stillman, Phil Sullivan, Dan Sweet, Pat Whitchurch

Absent: Jennifer Budwig, Bruce Rupp, Frank Scolari,

Staff: Don Ehnebuske, Virginia Fisher, Bonnie Smoller

I. Call to Order

Chair Scott Pesch called the meeting to order at 11:00 a.m. Alex Stillman was introduced as a new committee member. She replaces Sherman Schapiro as a RREDC board member.

II. Approval of Agenda and Minutes

M/S: Sweet/Whitchurch to approve the agenda and the minutes of July 24, 2012. Ayes: 6; Nays: 0; Abstain: 1. Motion passes.

III. Public Input

None

IV. Old Business

None

V. New Business

A. Loan approval or denial: Thomas Allen: business expansion: Amillia's: This request is for \$50,000 to expand the existing business by adding on-site seating. This is a 7-year term loan, at 10% fixed interest. 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. Thomas and his wife, 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 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: Simpson/Stillman to approve recommendation of this loan, with additional conditions, to the RREDC Executive Committee. Ayes: 6; Nays: 1, Abstain: 0. Motion passes.

B. Loan approval or denial: Joe Bonomini: purchase of existing business: Auto Masters: This loan request 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 \$300,000.00, 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: Simpson/Sweet to approve recommendation of this loan to the RREDC Executive Committee with all conditions and additions. Motion passed unanimously.

VI. Adjourn

The meeting adjourned at 11:59 a.m.