

**CITY – COUNTY REVOLVING LOAN FUND BOARD MEETING
BOARD MEETING MINUTES
2 Civic Center Plaza, 2nd Floor Conference Room
February 7, 2012
4:00 P.M.**

Board Members in attendance:

Mike Freitas
Fernando Grado
Belen Robles
Richard De Santos
Bertha Gallardo
Joe Fernandez
Xavier Saenz

Board Members absent:

Joann Wardy
Judy Balmer

Staff Members present:

Ray Aguilar (United Bank)
Eddie Garcia
Elizabeth Gibson
Marie Taylor
Jessica Herrera
Rosemary Niell
Shirley Kaiser

MINUTES

1. Call to order and establishment of a quorum

Chair

The City-County Revolving Loan Fund Board met at 2 Civic Center Plaza, on the 2nd floor conference room at 4:00 p.m. Meeting was officially called to order on February 7th by Chair and a quorum established at 4:04 pm.

2. Approval of January 12, 2011 Minutes

Chair

Minutes from January 12, 2012 were approved with request that minutes be amended to reflect that Mr. Fernandez was present at the January 12, 2012 RLF Board meeting.

**3. Discussion and Action on Loan Application
Papa Murphy's \$30,000**

**Ray Aguilar
United Bank of El Paso**

Mr. Ray Aguilar from United Bank of El Paso presented a loan application to the Board, requesting approval of a \$30,000 loan from the Revolving Loan Fund to help finance the opening of a Papa Murphy's franchise store in El Paso, TX. Papa Murphy's is a pizza franchise that allow customers to make their own pizza in the store and then take it home to bake. Essentially, the restaurant is similar to a subway. Currently, the closest Papa Murphy's is located in Las Cruces, New Mexico, which has been open for five years.

Mr. Aguilar went on to discuss specifics of the loan. There are four guarantors on this loan, three of which have strong credit scores. Collateral for this loan takes the form of equipment, a \$10,000 credit note, and a life insurance policy of \$75,000 for each of the guarantors. Two of the guarantors will keep their current employment, while a manager with an educational background and experience in the restaurant business and pizza business in particular.

In terms of sales, sales are projected at \$378,000 with \$32,000 profit for the first year. The guarantors and franchise are currently looking at two areas for location: one is off of Redd Road, while the other is off of Montana and Joe Battle. The franchise will be active in obtaining lease space and providing training for individuals involved in running the business. There will be 5 to 10 part-time employees for the grand opening. Second year sales are projected at \$416,000 with profits increasing slightly thereafter.

Business is unique because heavy equipment, such as conventional restaurant ovens, is not required. As a result, lease space is minimal at about 1,500 square feet, and overhead costs are minimal. Pizzas range from \$5.50 to \$12.00, which is well-suited for the El Paso income range.

Mr. Aguilar indicated that the weakness of this business is primarily that it is a restaurant start-up. Additionally, collateral is somewhat weak with a shortfall, which is why help from RLF is being requested. However, Mr. Aguilar believes that the franchise is strong and the credit history and financial situation of two of the four guarantors are very strong. As a result, Mr. Aguilar recommends approval of the loan in the amount of \$30,000 from the RLF Board.

Following discussion among the Board members regarding the loan, a motion to was made to approve the loan, seconded, and passed unanimously.

4. Additional Discussion

Board members indicated that they would like to check on the loan status of Image Makers and would like to know more about how much money is currently available in the fund. Mr. Garcia indicated that he would provide a report on the status of the loan at the next meeting. Further Mr. Garcia indicated that there is currently \$378,980 in the RLF and \$423,365 in the cape fund, which amounts to over \$802,000 currently available to be loaned. Finally, Mr. Garcia indicated he would provide a summary on loan totals for active loans and check on the status of loans in default and charge-off those that can be classified as uncollectable as per the RLF plan.

Mr. Garcia also indicated that he would provide a presentation regarding the possibility of direct lending by the City at the next RLF meeting in March. Some discussion regarding whether direct lending would be more effective, however Ms. Taylor indicated that this discussion should be postponed until after Mr. Garcia's

presentation at the next meeting in March. It was also requested that Mr. Garcia find out whether there are resources to market the loan directly. Mr. Garcia agreed that he would include the possibility of direct marketing in his presentation at the next meeting.

5. Adjourn

A move to adjourn was made, seconded, and passed unanimously. The meeting was adjourned at 4:52 p.m.