

CITY/COUNTY REVOLVING LOAN FUND

Board Meeting Minutes

March 18, 2004

The City/County Revolving Loan Fund Board met Thursday, March 18, 2004, at 3:30 p.m. in the Planning Department Conference Room, 2nd Floor, City Hall. The following members were present:

Randolph Young
Martha Maldonado

George Stewart
Larry Madrid

Mary Haynes
Mike Dipp, Jr.

Others present: Carmen Contreras, Wells Fargo Bank; Dan Villegas, Chase Bank; Ray Aguilar, United Bank; Gordon Cook, Rio Grade Council of Governments; Linda Castle and Melissa Johnson, Economic Development Department.

A. Call to Order and Establish Quorum

Chair Young called the meeting to order at 3:37 p.m.

B. Approval of the February 19, 2004 RLF Board Meeting Minutes

Chair Young asked for a motion to approve the above item. Motion for approval was made by Mary Haynes and seconded by Larry Madrid and the motion passed.

C. Discussion and Action on Monthly Loan Report

Dan Villegas presented the loan report for Chase Bank.

- Mr. Villegas stated Casa Vieja Restaurant has closed. Ms. Graciela Evans filed Chapter 7 Bankruptcy on December 2, 2003. Collateral has been collected; bank is awaiting approval from the Bankruptcy Court to sell the equipment.
- Chase Bank auctioned equipment collected from Lorie and Joseph Schmitz, dba DoubleDave's Pizza, on December 18, 2003. A demand letter mailed out by the City of El Paso was returned unclaimed.
- There has been no change in regard to the account for Dr. Wilson, Chiropractic Clinic. He has not filed for bankruptcy or kept his promises to Chase Bank. Gordon Cook has said he made several attempts to contact Dr. Wilson to no avail.
- Chase Bank has collected equipment for auction from KJ's Pizza and More dba DoubleDave's Pizzaworks. The demand letter mailed out by the City of El Paso was returned unclaimed.
- Rob and Carla Gregoire, RCG Foods Inc., made a payment of \$717.76 in December 2003. Costco canceled a very large order, which resulted in a loss of profit for RCG. As a result of this loss, they are currently two payments behind. Chase Bank is working on a modification for them to be presented to the board next month.

The following accounts are current:

- Rita Porter, dba Subway, has plans to open a second location.
- Ofelia Garcia, L&A Distributors, has continued to have steady business.
- Teocentli Cocina, Café Mayapan, has enjoyed an increase in patrons.
- Deanna Pazos, Pazos Entertainment, has experienced great demand for their products and services.

Carmen Contreras presented the monthly loan report for Wells Fargo Bank.

- Just A Dollar Store has closed because it could not withstand the competition in the surrounding area. Marcelo and Flor Pitrelli are currently looking for employment. Loan adjuster, Estella Reyes, will be collecting the collateral for auction.
- Donald and Sandra Watson, Mattress Universe Inc., have provided cashiers checks for November 2003 through March 2004. Wells Fargo Bank is in the process of booking the loan.
- The Pastry House and Cactus Screen Printing are current.

Chair Young asked for a motion to approve the monthly loan report. Motion for approval was made by Mike Dipp and seconded by Martha Maldonado. The motion passed.

D. Discussion and Action on Request for Modification of Loan

Dan Villegas, Chase Bank, presented a loan modification for Julian Grubbs dba/Office Products Express, now called Shelby Distributions, Inc. Mr. Villegas explained the company experienced a slow year last year due to the loss of military support. Currently, Mr. Grubbs would like to sell Office Depot products through his company as well as medical equipment. Mr. Villegas is requesting that the loan be modified to interest only for two years with principal and interest payments re-amortized for the remainder of the loan. Mr. Cook said the RLF has reviewed the request and recommends interest only payments for a year, evaluating the loan at the completion of the 12 months and making a determination at that time as to the need for another year of interest only payments. Chair Young asked what risk grade the borrower was considered. Mr. Villegas replied Mr. Grubbs is considered a "9," Non-Performing. Mike Dipp made a motion to extend the interest only payments for a year and evaluate the loan in a year. Mary Haynes seconded the motion and the motion passed.

E. Discussion and Action on Loan Application(s)

Chair Randolph Young and Larry Madrid abstained from the following discussion and action.

Ray Aguilar, United Bank, presented a loan for Patrick and Amy Porter, Pink Dolphin Inc., dba Porter Corporate Interiors. This company will provide product design, furnish and install office furniture for both medical and commercial businesses. Amy Porter is a CPA and made the projections for the business. These projections show some loss for the first four months, then revenues slowly increasing. Mrs. Porter will handle the books for the business. Mr. and Mrs. Porter's personal credit was affected by the lack of expected income in regard to Mr. Porter's previous employment. Although these funds would have helped, their credit continues to be paid on time. Ms. Porter's credit report was affected by some hospital bills, which are currently being paid. Mr. and Mrs. Porter will invest \$10,000 of their own funds; United Bank has approved a SBA term loan for

\$50,00 in conjunction with \$17,000 from the RLF. Mr. and Mrs. Porter will obtain life insurance. Mrs. Maldonado asked about the late payments to Nissan Motor Credit. Mr. Aguilar said they will pay off the vehicle and register it under the business. Mr. Aguilar stated the Porters' personal debt consists of \$34,000 for the vehicle and \$150,000 for real estate. The Porters have no delinquent accounts at this time. Ms. Haynes made a

motion to approve a \$17,000 RLF loan at 4 percent for 5 years, with life insurance to be provided. Mrs. Maldonado seconded the motion, and the motion passed.

F. Discussion and action on recent developments with City/County Revolving Loan Fund Program

Linda Castle introduced the prototype of the "Money to Grow On," brochure. Ms. Haynes suggested a larger font for the contact information. Ms. Castle said she is currently working on a Second Amended Interlocal Agreement with the County. This agreement will allow three consecutive terms for Board members. The item should be on the City Council agenda and County Commissioners Court in the next two to three weeks. Mrs. Castle stated the balance for the EDA is \$215,000; the CAIP grant balance is \$120,000, for a total of \$335,000. She stated, however, that \$180,000 of the EDA balance is the County portion and can only be loaned in the County areas. Gordon Cook commented on the resignation of Mr. Mercado, Director of the County Planning Department, and said he is currently working on finding a new contact person at the County. Chair Young asked if the County funds would be distributed by the RLF. Ms. Castle replied if the RLF distributes the funds they would have to be loaned only in the "County" area.

G. Discussion and Action on next meeting date and Adjournment

Chair Young suggested the next meeting date to be April 15th at 3:30 p.m. The Board agreed upon the above date and time. Motion to adjourn was made by Mike Dipp, seconded by Larry Madrid and the motion passed. Meeting adjourned at 4:47 p.m.