



Green River Area Development District

GREEN RIVER ECONOMIC DEVELOPMENT CORPORATION

BOARD OF DIRECTORS' MEETING

300 GRADD Way
Owensboro, Kentucky
42301-0200

GRADD.COM

October 4, 2023

M-I-N-U-T-E-S

The Board of Directors of the Green River Economic Development Corporation (EDC) met on Wednesday, October 4, 2023, at 8:30 a.m. at the GRADD Office. The following were in attendance:

MEMBERS PRESENT

Tammy Belt
Katie Peak
Mayor Chad Gregory
Kim Humphrey
Andy Rideout
Christina Carpenter
Rachel Yarbrough
Barbara Howard

Greg Collins
Brad Davis
Whitney Risley
Marty Shephard
Miranda Robertson
Mike Baker

MEMBERS ABSENT

*Monte Davenport
*Tina Snyder
*Brandon Gentry
Sandy Dant

Melissa Coker
Will McDowell
Jim Davis

GUESTS AND STAFF PRESENT

Hon. Charlie Castlen, Daviess County Fiscal Court
David Johnson, GRADD attorney
Joanna Shake, GRADD
Mariah Myres, GRADD
Beth Ferguson, GRADD
Therese Payne, GRADD



Steve Henry, Chairman | Adam O'Nan, Vice Chairman | Johnny "Chic" Roberts, Secretary | Curtis Dame, Treasurer | Joanna Shake, Executive Director

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*Excused Absence

I. CALL TO ORDER

Chairperson Tammy Belt called the meeting to order at 8:33 a.m.

II. CONSIDERATION OF MINUTES

The minutes of the August 2, 2023, Green River Economic Development Corporation meeting were presented for approval.

A motion was made by Andy Rideout and seconded by Brad Davis to approve the minutes of the August 2, 2023, Green River Economic Development Corporation meeting. A vote was taken and the motion carried.

III. OLD BUSINESS

A. Loan Report

Beth Ferguson provided the loan report. Ms. Ferguson reviewed the loans in delinquency and default. Delinquency letters were sent to 54 Cosmetics, Café at the Dam, Cinema 33 and Conrad's Sawmill on September 20, 2023. The following loan clients are past due: Dear Valley Enterprises (payment plan in place, last payment was received on August 17, 2023), Beaver Dam Café, Butter & Kei's, 396 Offroad (payment plan in place), and El Burrito Express (missed one payment and have been behind since). Revolving Loan Fund (RLF) Loans to pay off in November are JR Williams TV, Up in Smoke, Farley's loan #125-02-01 and Brackins' Grooming.

B. Loan Defaults

Colie Smith provided a recap for loans sent default letters in recent months. 54 Cosmetics was sent a default letter on June 21, 2023, and a site visit was made to the business on July 28, 2023, but no payments have been made. iArt Studios was sent a default letter on August 1, 2023, and a payment was sent in; however, the check was returned due to insufficient funds and attempts to obtain a cashier's check for the past due balance have been unsuccessful.

A motion was made by Mike Baker and seconded by Greg Collins to refer the above referenced two accounts to collections. A vote was taken and the motion carried.

C. Collections Update

GRADD attorney David Johnson presented an overview of the process for loans turned over to his office for collections. Once a loan is turned over for collections, a first, second, and third notice are sent to the borrower allowing them an opportunity to remedy the default. If the borrower does not make any attempts at rectifying the default, Mr. Johnson, on behalf of GRADD, will file a claim in circuit court to obtain a default judgment. Once a judgment has been made, GRADD can potentially recoup lost funds through garnishment or place liens on personal property of the borrower.

After David Johnson's overview of the collections process, the floor was opened for discussion about the loans currently turned over to collections and what steps should be taken now and in the future. A total of seven loans have been turned over for collections with a total unpaid principal balance of \$112,084.52. A question was asked about the legal expenses incurred during collections and an estimate of approximately \$1,000 per loan plus court costs was provided by David Johnson. Discussion ensued about what actions are taken to work with borrowers prior to or during the collections process to ensure activities are conducted in accordance with the intention of the Corporation and the Revolving Loan Fund. EDC members discussed pursuing default judgments on loans in collections based on the merit of the individual project, considering the financial situation of the borrower, operational status of the business, and demonstrations of good faith to repay the debt.

A motion was made by Mike Baker and seconded by Katie Peak to continue collections activities for all loans that have been turned over to the GRADD attorney. A vote was taken and the motion carried.

IV. NEW BUSINESS

A. Miner's Bucket

Greg Collins presented an Economic Development Administration Coronavirus Aid, Relief, and Economic Security (EDA CARES) loan request on behalf of Miner's Bucket. The project would create 9 full-time jobs over the first two years. Brandy Patterson was present to give an overview of the business.

Loan Amount: \$80,498

Purpose of the Loan: Equipment, Inventory & Working Capital

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Term:	7 years
Interest Rate:	Initial rate of 4.5%; rate will adjust annually throughout the life of the loan based on the money center prime rate quoted in the <i>Wall Street Journal</i> on January 1st. The interest rate will be four (4) percentage points below prime; in no event shall the interest rate be less than the lower of four (4) percent or 75 percent of prime.
Collateral:	UCC on Equipment, Beneficiary on Life Insurance Policy, 2nd position on Personal Residence.
Additional Requirements:	Funding is contingent on there being no material adverse change in the a) financial condition of the borrower or guarantor; b) the value of the collateral; or c) the general business operations of the guarantor, between the date of this commitment and the date of the loan closing. Borrower is responsible to maintain proper insurances, including applicable hazard insurances. Borrower must comply with all applicable laws and regulations. Borrower is responsible to pay all closing costs, including but not limited to the following: legal expenses, recording fees, etc.
Special Provisions:	Loan subject to Economic Development Administration (EDA) guidelines.

A motion was made by Mike Baker and seconded by Katie Peak to approve Miner's Bucket EDA CARES RLF loan, in the amount of \$80,498.

A vote was taken and the motion carried.

Kim Humphrey abstained from the vote due to a business relationship with the applicant's spouse.

B. O'Bryan's Bar

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Greg Collins presented an EDA CARES loan request on behalf of O'Bryan's Bar & Grill. The project would retain 10 full-time jobs over the first two years. Sarah Robinson was present to give an overview of the business.

Loan Amount:	\$250,000
Purpose of the Loan:	Building Purchase
Term:	7 years
Interest Rate:	Initial rate of 4.5%; rate will adjust annually throughout the life of the loan based on the money center prime rate quoted in the <i>Wall Street Journal</i> on January 1st. The interest rate will be four (4) percentage points below prime; in no event shall the interest rate be less than the lower of four (4) percent or 75 percent of prime.
Collateral:	Commercial mortgage on property being purchased
Additional Requirements:	Funding is contingent on there being no material adverse change in the a) financial condition of the borrower or guarantor; b) the value of the collateral; or c) the general business operations of the guarantor, between the date of this commitment and the date of the loan closing. Borrower is responsible to maintain proper insurances, including applicable hazard insurances. Borrower must comply with all applicable laws and regulations. Borrower is responsible to pay all closing costs, including but not limited to the following: legal expenses, recording fees, etc.
Special Provisions:	Loan subject to Economic Development Administration (EDA) guidelines.

A motion was made by Kim Humphrey and seconded by Brad Davis to approve O'Bryan's Bar & Grill EDA CARES RLF loan, in the amount of \$250,000. A vote was taken and the motion carried.

C. Tristate Pizza

Greg Collins presented an EDA CARES loan request on behalf of Tristate Pizza. The project would create 24 full-time jobs over the first two years.

Loan Amount: \$50,000

Purpose of the Loan: Working Capital

Term: 5 years

Interest Rate: Initial rate of 4.5%; rate will adjust annually throughout the life of the loan based on the money center prime rate quoted in the *Wall Street Journal* on January 1st. The interest rate will be four (4) percentage points below prime; in no event shall the interest rate be less than the lower of four (4) percent or 75 percent of prime.

Collateral: UCC on equipment

Additional Requirements: Funding is contingent on there being no material adverse change in the a) financial condition of the borrower or guarantor; b) the value of the collateral; or c) the general business operations of the guarantor, between the date of this commitment and the date of the loan closing.

Borrower is responsible to maintain proper insurances, including applicable hazard insurances.

Borrower must comply with all applicable laws and regulations.

Borrower is responsible to pay all closing costs, including but not limited to the following: legal expenses, recording fees, etc.

Special Provisions: Loan subject to Economic Development Administration (EDA) guidelines.

A motion was made by Brad Davis and seconded by Mike Baker to approve Tristate Pizza EDA CARES RLF loan, in the amount of \$50,000. A vote was taken and the motion carried.

D. Community Economic Development Strategy (CEDS) Update

Colie Smith updated the Corporation on the status of the annual CEDS review. Public comment period is taking place now through November 1, 2023. The review will then go to the GRADD Board of Directors on November 8, 2023 for approval and will be submitted to EDA on or before December 1, 2023.

E. Economic Development Administration (EDA) Reporting Update

Colie Smith updated the EDC on the metrics for semi-annual reporting to the EDA. A calculator has been created to allow GRADD staff to set quarterly lending goals to ensure the RLF remains within goals set by the EDA on an annual basis. As of October, GRADD is back on track to achieve targets for the next semi-annual reporting period that closes on December 31, 2023.

V. OTHER BUSINESS

Mike Baker took this opportunity to thank Colie Smith for his exceptional work at GRADD and in the field.

VI. ADJOURNMENT

With no further business to discuss, the meeting adjourned at 9:45 a.m.

/tp



Chair