

## **MINUTES EDAP BOARD**

**JULY 16, 2013**

Jean Soine called the meeting to order at 7:00 a.m. Members present were Chris Stanley, Bruce Stang, Kay McDaniel, Don Pietsch, and Renee Eckerly, City Administrator. Don Wiese and Alan Habben were absent.

**Motion was made by Stanley to approve the minutes of the June 18, 2013 EDAP Board Meeting. Seconded by Stang and unanimously carried.**

### **PAYNESVILLE AUTO**

Eckerly reported that Paynesville Auto is expanding and constructing a new building; however, as of this morning they are no longer interest in an EDAP Loan.

### **EDAP LOAN PROCESS**

The Board reviewed the EDAP Loan process. It was suggested to make the EDAP Loan application an editable pdf. The Township will not participate in a 20 year loan. The Board discussed whether to do a 20 year amortization with a 10 year balloon. If an SBA loan is involved the loan has to have a 10 year balloon. The Township struggles with 1 or 2 businesses taking all the money for 10 to 20 years. The Board further discussed loans with a 10 year balloon over a 20 year amortization and to inform the lender that it will not be renewed. It was noted that businesses are creating jobs. 10 year loans with a 20 year amortization or 5 year loans with a 10 year amortization; both gap financing were discussed. If the Board changes from a 10 year balloon with a 20 year amortization the business won't be eligible for a Small Business Loan (SBA). With gap financing, EDAP will always be second or third in line for repayment on a loan when SBA is involved because SBA takes first position and the financial institution takes second position. EDAP's mission is to create jobs, not make money. The Board discussed limiting the amount of money that it lends out; for example lending up to 50% of the available funds.

### **NEXT MEETING**

A special EDAP Board meeting was set for Tuesday, July 23, 2013 at 7:00 a.m.; this will be a mandatory meeting for all Board members. The Board will be discussing:

- History of loans
  - Changes to loan documents - 50% of available money and length of loans
- Habben's comments on the Valley Industry loan

### **PAST DUE LOANS**

It was reported that Bloom is the only loan that is past due.

There being no further business the meeting was adjourned at 8:10 a.m.