

CLAY COUNTY DEVELOPMENT AUTHORITY
IRB, PROJECT, & ORGANIZATION FINANCING COMMITTEE

MINUTES

August 17, 2016

Present: Rev. Bill Randall, Russell Buck, Matt Carlton, Greg Clary

Staff: Grady Williams, Josh Cockrell, Taylor Mejia

Guests: Bill Garrison

Call to Order: **Rev. Bill Randall** called the Clay County Development Authority (“CCDA”) IRB, Project, and Organization Financing Committee Meeting to order at 3:10 PM.

Comments from the Public: None.

Approval of May 18, 2016 Minutes: **Russell Buck** made a motion to approve the minutes. Motion was seconded and passed unanimously.

Updates Since Last Meeting:

Small Business Loan Program - Josh Cockrell updated the committee on the progress made regarding developing a Small Business Loan Program. He explained that he has met and reviewed options with the SBDC, 5/3 Bank, and Axion. Based on the fact that micro lending carries higher risks in addition to overhead costs, he recommended that Axion should be the underwriter and executor of micro loans. He also recommended that there should be a requirement for the recipients to only use the micro loans for capital expenditures and not operational expenditures. **Rev. Bill Randall** stated that Keith Bell from 5/3 Bank would be willing to help with the financing of micro loans.

Investment Opportunities:

Alan Bock Presentation – Josh Cockrell presented on Alan Bock’s behalf. He explained that Alan Bock’s company produces pavers and is located on an old dairy farm site. The site is appraised for \$1.8 Million and Alan plans to use a portion of the site for the paving company and lease the additional space to tenants. Alan is asking the CCDA for \$500K - \$750K with a two year loan term in order to purchase additional machinery and improvements. **Josh Cockrell** explained the potential amount of interest that the CCDA could make based on rates ranging from 4.5-6%.

Russell Buck asked if Alan Bock had submitted a financial statement. **Josh Cockrell** stated that a financial statement had not been submitted but that he could request a statement from Alan Bock. **Russell Buck** asked what Alan Bock would be able to put forth as collateral in case of default. The committee continued to discuss the potential pitfalls of loaning \$500K without collateral. **Russell**

Buck stated that he would prefer to see a loan with an interest rate of 6.5% for the equipment financing. **Matt Carlton** shared his review of the financial packet provided, including an evaluation of labor costs and jobs created, business competition, and potential return on investment. The committee continued to discuss the pros and cons of investing in the project and the members agreed that further investigation is needed to make an informed decision.

Auto Finance Program – Rev. Bill Randall gave an update on the auto finance program. He explained that the purpose of the program was to provide low income adults who may not have credit or have poor credit a way to obtain transportation to work, as well as helping those adults build financial literacy. **Rev. Bill Randall** suggested that the CCDA could guarantee the auto finance loans through a bank.

The committee discussed details of the loan program such as the timeframe of the program, the location of car repairs and sales, the amount the CCDA would put into the program, and down payment requirements. **Grady Williams** stated that he would consult with Rev. Bill Randall on any ethical and legal implications that may be associated with the loan program. **Rev. Bill Randall** explained that the overhead costs would be very minimal for the operation of the program. The committee agreed to table further discussion until the next meeting due to time constraints.

Adjourned: 4:06 PM.