

HAEIFC

HANFORD AREA ECONOMIC INVESTMENT FUND COMMITTEE

MINUTES OF THE REGULAR MEETING

January 25, 2010

I. CALL TO ORDER

The regular meeting of the Hanford Area Economic Investment Fund Committee was called to order at 4:00 P.M. by Chair Max Benitz, Jr. in the conference room at the Port of Benton, 3100 George Washington Way, Richland, Washington. Present at the meeting were members John David, Tara Erben, Robert Koch, LoAnn Ayers, Max Benitz Jr., Dru Butler, Gary Karnofski, Paul Parish and Matt Watkins. Scott Keller was excused. A quorum was present. Administrative Consultant, JoEllen Peters and Loan Consultant, Art Tackett attended.

II. INTRODUCTION OF GUESTS

Guests were Gwen Luper, Katie Fest, Benton Franklin Council of Governments, Larry Peters, JoLarr Management Consulting, LLC, James Beaver, Benton County Commissioner, John K. Givens and Robert D. Gale, Bank of the West Commercial Banking.

III. APPROVAL OF MINUTES

Chair Max Benitz, Jr. asked for additions, corrections or revisions to the draft minutes of the meeting held December 14, 2009. Matt Watkins moved approval of minutes of December 14, 2009. Robert Koch seconded the motion and it passed unanimously.

IV. APPROVAL OF VOUCHERS

Gary Karnofski moved and John David seconded the approval of vouchers 6259 through 6264 for \$7, 646.82. The motion passed unanimously. (Summary attached)

V. OLD BUSINESS

1. FINANCIAL REPORTS

A. LOAN REPORT

Max Benitz presented the loan report for the month of December 2009. The report showed that a total of \$20,579.56 was received from borrowers including principal, fees, and interest. Innovatek Inc. made an additional payment in December. Whitstran Brewing made two payments in December. GateSkate, Inc and Xactex loans are in default and have been turned over to the Assistant Attorney General Sandra Adix. (Loan Report attached)

B. HAEIFC MONTHLY FINANCIAL REPORT

Max Bentiz reviewed financial reports, in the format of a Trial Balance produced by the accounting firm LeMaster Daniels for the month of December 2009. The Trial Balance showed \$114,380.60 in the Banner Bank checking account, \$250,000.00 in the Banner Bank investment accounts, \$50.00 with the Benton County Treasurer, \$5,447,248.85 in the Benton County Investment Account. It was mentioned that copies of the Banner Bank statements for the checking and investment accounts, and the statement from Benton County, if Members wanted to review them. (Copies attached)

C. LOCATION OF FUNDS AND LOAN FUNDS COMMITTED AND AVAILABLE

Max Benitz reviewed the Location of Funds Report as of December 31, 2009. (Copy attached)

He also reviewed a list of Loan Funds Committed and Available as of January 25, 2009 noting that the total funds available for new loans in the Banner Bank Money Market account, investments in Benton County, and waste fee funds at the state were \$5,903,069.96. (Report attached)

It was noted that Innovatek and Stem funds have been obligated in the amount of \$306,956.54. Loans in progress are \$0 and the total fund balance is \$5,596,113.42.

It was noted that the \$250,000.00 in Banner Bank was questioned as if this amount is an insured deposit. Banks to have an option to continue insurance and it is up to each bank. JoEllen will check with Banner Bank to see about the status of our \$250,000.00.

1. COMMITTEES

A. LOAN REVIEW COMMITTEE REPORT/ LOAN UPDATES

1. INNOVATEK

Inquiry was made regarding the committed funds for Innovatek, Inc. noting they did not draw the total amount of \$450,000.00 so there is still a committed balance of \$106,956.54. It was reported that it was the understanding that this loan is being reviewed and they have asked to redo the loan. The loan review committee is evaluating the status of that loan.

2. STEM

The request from Science, Technology, Engineering and Mathematics project for the bridge loan option to remain active until March 31, 2011 was referred to the Loan Review Committee for consideration.

3. GATE SKATE

We have been informed that there was some additional equipment and a UCC search has been initiated regarding the drill and lathe. Art Tackett, Loan Consultant reported that the water jet machine is listed in a UCC filing however there is no reference to the drill or lathe. This matter was referred to the loan review committee. It was noted that within this month's voucher there was payment for moving the water jet machine.

B. Grants

No Report

C. FINANCIAL

1. 4TH QUARTER LOAN REPORT TO THE DEPARTMENT OF COMMERCE

In compliance with the Service Contract entered into with the Department of Commerce (formerly the Department of Community Trade & Economic Development), and the Hanford Area Economic Investment Fund Committee, included in the meeting notebooks was a draft letter to Mr. Steve Saylor of CTED transmitting the 4th quarter financial reports on each of HAEIFC's loans for the period ending December 31, 2009. Matt Watkins moved approval of the 4th Quarter 2009 Loan Report. John David seconded the motion and it passed unanimously. (Copy attached)

D. MEMBERSHIP

1. APPOINTMENT OF JAMES BEAVER

Due to the changing of assignments of the Benton County Commissioners, James Beaver is the nominee to the HAEIFC Board from Benton County. A letter has been drafted to Governor Christine Gregoire to support James Beaver as Benton County representative on HAEIFC. LoAnn Ayers moved approval of nominating James Beaver as the Benton County Commissioner for HAEIFC. Paul Parrish seconded the motion and it passed unanimously.

2. UPCOMING VACANCIES

Max asked that the board review the current vacancies. LoAnn Ayers, Paul Parrish and Matt Watkins terms will end as of June 28, 2010. Max Benitz, Jr. asked if they would work with JoEllen to get reappointment applications completed and sent to the Governor's office. It was also noted there is a vacant position from the City of Richland and it was requested that a letter be sent to the mayor of the City of Richland regarding their nominee.

E. MARKETING

1. MARKETING REPORT

Loan Consultant Art Tackett distributed a newsletter that the Benton Franklin Council of Governments sent out and HAEIFC was featured on the front page of their newsletter. Art also informed the board that HAEIFC will be represented at the TRIDEC Economic Outlook Forum.

Art Tackett requested that the board consider a retreat during a Saturday in February to do planning and a program of work for 2010 with a facilitator of estimated cost of \$2000.00. It was

recommended that JoEllen send out a notice to determine the best date. It was also suggested that Sandra Adix be a part of the retreat to do training. It was also requested that JoEllen send out the most recent review of HAEIFC's goals and objectives as well as metrics that were looked at in the past for a discussion.

It was also suggested that a proposed retreat agenda be sent out also. It was noted that this would be considered a public meeting and notices would need to be sent out regarding the meeting. This meeting would be considered a workshop and the public could attend but comment would be deferred to a regular meeting.

F. ADMINISTRATIVE CONSULTANT REPORT

Next meeting noted is February 22, 2010.

VI. NEW BUSINESS

1. BOARD CHAIR

It was noted that this appointment is made by the Governor and in the past HAEIFC has had the opportunity to assist in that process by recommending a nominee. John David asked LoAnn Ayers if she would consider serving as the Chairperson of the board. LoAnn Ayers responded that it was something that she would be honored to consider. John David made a motion to recommend LoAnn Ayers as Chairperson of the Board. Bob Koch seconded the motion. Motion passed unanimously. A letter will be sent to the Governor's office suggesting LoAnn Ayers as Chairperson.

2. SENATE BILL 5588

It was recommended that the board read through the information and contact your legislator advocating that these funds remain local and the board continue rather than have funds become part of the Department of Commerce overall budget. JoEllen gave a brief overview of the bill and also stated that at the end of the bill it is requested that the Governor prepare a list of boards recommended to be eliminated and HAEIFC is not on the list to be eliminated from the Governor's office.

Discussion ensued about next step strategies. These included contacting local mayors and commissioners and other legislative bodies to obtain support as well as writing a letter from the HAEIFC board. It was noted that the bill has not had a hearing yet but preparation should occur to be ready to be able to testify before a hearing committee if necessary. Matt Watkins made a motion to draft a letter to be prepared for the board to submit outlining the need to keep HAEIFC intact and the funds to remain locally. LoAnn Ayers seconded the motion. Motion passed unanimously.

VII. PUBLIC COMMENT

John Givens would like to work with this committee to get a letter to distribute to the banking community. This is a great partner in this community for the banking organizations. It allows funds to be put into businesses that otherwise might not be able to be done and he served as chair of this committee when there were lean times. He requested that a letter be drafted that he could share with other banking organizations in the community in support of HAEIFC.

LoAnn Ayers made a motion that a formal letter be sent to the Benton County Commissioners thanking them for Max Bentiz Jr.'s many hours of time and service to HAEIFC. Matt Watkins seconded the motion. Motion carried unanimously.

IX. ADJOURNMENT

Chair Max Benitz, Jr. adjourned the regular meeting at 4:33 P.M.

Respectfully Submitted,
JoEllen Peters, Administrative Consultant

Approved

LoAnn Ayers, Chair
Date: February 22, 2010

Attachments:

Voucher Summary January 25, 2010.

HAEIFC Loan Report as of December 31, 2009.

HAEIFC Location of Funds and Loan Funds Committed and Available Report dated December 31, 2010.

HAEIFC Banner Bank Checking Account Statements & Reconciliations for December 2009.

4th Quarter 2009 Loan Report to the Department of Commerce.