

**KERR-TAR REGIONAL COUNCIL OF GOVERNMENTS
Executive Committee**

October 5, 2018

Members Present

John Alston
Jimmy Clayton
Reggie Horton
Tom Lane
David Smith
Betty Wright

Leo Kelly
Sidney Dunston
Zelodis Jay
Bryan Pfohl – via Phone
Danny Wright – via Phone

COG Staff:

Diane Cox
Gina Parham
Mark Warren
Vincent Gilreath

Others:

Jim Wrenn

I. Call to Order

Chairman Clayton called the meeting to order and turned it over to Mark Warren for loan reviews.

II. Loan Applications

Balady Corporation DBA Alpha Pita Bread

Mark Warren advised that the Loan Review Committee (LRC) had met on September 28 to review the loans being presented today. Mark reviewed documents that had been given to the LRC in order for them to recommend this loan for approval. He provided the following information to the Executive Committee as well.

Request from the Balady Corporation DBA (Alpha Pita Bread) located at 264 Raleigh Road, Henderson, NC for a \$50,000 loan to purchase manufacturing equipment and working capital.

Applicants: Angel Said – 60% Ownership of Business
Youssef Sheteiwy – 40% Ownership of Business

New Business: Manufacturing of pita bread
Location: 264 Raleigh Road, Henderson, NC 27536
Facility: Leased from Rosemeyer Corporation – 3204 Square Feet
New Employees: 10-15 employees in 2 years
Loan Amount: \$50,000 for equipment and working capital
Credit Report: Angel Said 772 and Youssef A. Sheteiwy 754

Mark advised that the couple has already paid \$30,000 down on the equipment and ordered it from Egypt. There is an additional payment due once it arrives and is set up. Owners are asking for partial reimbursement for equipment cost with the remaining \$15,000 being held for working capital.

Mark advised that the LRC have the following recommendations for the Balady Corporation Loan dba (Alpha Pita Bread):

- Term 5 years on \$15,000 working capital
- Term 10 years on \$35,000 for Machinery
- Keyman Life Insurance on the Owners with Loss Payee to Kerr Tar COG
- Workers Comp Insurance
- Pay for equipment upfront \$25,000 and \$10,000 more later
- Personal guarantees of owners
- Approval from NC Department of Agriculture after installation of equipment
- Loss Payee on equipment
- Copy of contract for equipment
- Interest rate 4.85%
- Any other items deemed necessary by COG attorney

Jim advised terms should be adjusted to indicate the interest rate would be tied to the prime rate at time of closing.

Mark advised that this bread would be marketed to NC, VA and SC and will be sold fresh to wholesalers. He also stated that the couple has already applied for Keyman Life Insurance and Workers Comp Insurance.

Alpha Pita Bread

Motion # 1

A motion was made by Leo Kelly to approve the loan with the conditions recommended by the LRC and Attorney Wrenn. Zelodis Jay seconded the motion and the motion carried unanimously.

Taber Group LLC DBA Bragging Rooster

Mark advised that the second loan to be reviewed is for a Micro Brewery and Meadery that would be located in Warrenton, NC. (A Meadery is "Honey Wine" operation.) They building that will be housing the business is part of a \$100,000 Main Street Grant from the NC Department of Commerce.

Mark reviewed all documents that were presented to the LRC for their review of the loan application. He also stated the following in regards to the loan.

Loan request is from Taber Group LLC DBA (Bragging Rooster) located at 120 S. Main Street, Warrenton, NC for a \$200,000 loan to start a Brewery and Meadery business.

Applicants: Kristen Baughman 50% Ownership
Zayne Taber 50% Ownership

New Business: Brewery & Meadery

Location: 120 S Main Street, Warrenton, NC 27589

Facility: 10,000 Square Feet thru 2029 with option to renew

New Employees: 8 employees

Loan Amount: \$200,000

Credit Report: Kristen Baughman 715

Zayne Taber 760

Mark advised that the owners of this business feel that it is a new niche project with the brewery and Meadery. Part of the renovations of the building will be completed with the Main Street Grant and the grant forgiven once the jobs are established at the business.

Mark advised that the LRC has the following recommendations for the Taber Group dba Bragging Rooster:

- Personal guarantees of owners
- Company guarantee
- Keyman Life Insurance on owners with Loss Payee to the Kerr Tar COG
- Tax returns from the Table Top Media
- Provide contracts from suppliers and contractors to verify costs of renovations
- First lien on the equipment
- Second lien on the building
- Allow 12 months of interest only payments
- Use amortization of 15 year table and offer a 5 year balloon payment
- Other items deemed necessary by COG attorney

Mark advised that since the LRC met, it was discovered that Benchmark has the first lien on the building and that the NC Dept of Commerce has a second lien due to the Main Street Grant and this would put the COG in third position. Table Top Media actually has loan to purchase the building and will be leasing it to the Bragging Rooster.

Members were also advised that the business plans to draw in customers from Lake Gaston and surrounding areas. They are also working with local businesses (Robinson Ferry, Milanos and others to bring in food) and there is the possibility of having food trucks. Marketing will be handled thru Table Top Media.

Discussion arose among the committee that a third position was not sufficient and that we should research other collateral. Members were advised that there is property that in Florida with about

\$100,000 in equity. The LRC had not recommended taking this as collateral as it was out of state and would require work by an out of state attorney.

Bragging Rooster

Motion # 2

David Smith made a motion to approve the loan if they are able to come up with clear collateral for \$100,000.

More discussions evolved after the motion was made regarding these concerns and possibilities:

- Obtaining a commercial appraisal on the building to see its true worth
- Possibility of obtaining other clear collateral (CD or Real Estate) in NC from owners or family members for \$100,000

Attorney Wrenn also recommended that the following conditions be added:

- Keyman Life Insurance on the Brew master for the business.
- Guarantees of all companies involved

After more discussions, the Executive Committee could not approve loan request without further review by LRC.

Bragging Rooster

Motion # 3

David Smith made a motion to withdraw his original motion and for this loan request to go back to the LRC for additional review regarding appropriate collateral and conditions. Sidney Dunston seconded the motion. The motion carried unanimously.

III. Reclassification of Position in Workforce Development

Diane advised the Executive Committee that since there was recently a vacancy in the WFD department she has had discussions with Vincent Gilreath, WDB Director, regarding the WIOA program. They are recommending that the Business Service Representative position be reclassified to Workforce Development Business Services Manager/Special Projects Coordinator and change the pay classification up one scale.

Vincent addressed the group in regards to changes with the State and the new incumbent worker program. This program provides funding to companies to train employees for positions and provide training that allows them to be promotable. Workforce is certified in four career pathways and this requires continuing education credits. He also addressed the Triangle Literacy project where 16-24 year olds are being trained in real construction jobs within two years.

Vincent recommends these duties be incorporated in the new job description and make offer to the current Business Services Representative for this position.

Diane advised that Lou Grill, current Business Services Representative has proven himself in his current role and has established relationships with businesses and service providers.

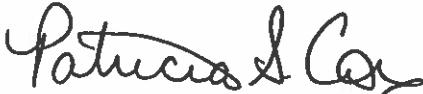
Reclassification

Motion # 4

Danny Wright made a motion to approve the reclassification of Business Service Rep to Workforce Development Business Services Manager/Special Projects Coordinator and establish this position in one pay grade level higher than current. This would allow the Executive Director to negotiate the new pay level based on the pay classification scale. Bryan Pfohl seconded the motion.

There being no further business, the meeting adjourned.

Sincerely,

A handwritten signature in black ink, appearing to read "Patricia S. Cox". The signature is fluid and cursive, with the first letters of each name being capitalized and prominent.

Patricia S. Cox, Executive Director
Secretary to the Board of Directors

