



Downtown Stockton Enterprise Loan Fund Meeting Minutes
Tuesday February 11th 2020, 12:00 PM, at the offices of the Downtown Stockton Alliance
125 Bridge Place 3rd Floor, Stockton CA

Board of Directors Present: Aaron Edwards, Patricia Palacios, Nicole Snyder (via conference call), Laurence Held, Giovanni Trinchera, Steve Lantsberger

Directors Absent: Robert Oakes, Luis Duarte

Staff: Mike Huber, Courtney Wood

Minutes

1. Call to Order/Roll Call
 - The meeting was called to order at 12:08 PM
2. Public Comments
 - No public comments were made
3. Approval of December Financial Statements – Action Item
 - A motion was made (P. Palacios/A. Edwards) to approve the December financial statements. The motion passed unanimously.
4. Approval of December Minutes – Action Item
 - A motion was made (A. Edwards/L. Held) to approve the December minutes. The motion passed unanimously.
5. Approval of January Financial Statements – Action Item
 - A motion was made (A. Edwards/L. Held) to approve the January financial statements. The motion passed unanimously.
6. Loan Performance Updates/Loan Delinquencies/New Applications – Informational Item
 - C. Wood shared that all current loans are being paid on schedule, and that the FED has not yet submitted any further documents although they did communicate that they are still interested in the loan, and are waiting on a few permits from the City.
7. DSELF Applicant Lease Agreement Policy – Action Item
 - S. Lantsberger explained the issue of the personally guaranteed lease held by Jose of the FED. He explained that it is not ideal for DSELF to be junior to a lease since it means the landlord will have priority in the event a business goes bankrupt. Depending on the timeframe of the lease and the amount guaranteed in the lease, the DSELF might receive only a small amount of the original amount loaned – or may even fail to recover any amount of the original loan. S. Lantsberger stressed that being junior to a lease does not protect the DSELF. The RLF, which makes \$100,000-\$200,000 loans typically, does not award loans to businesses who have personally guaranteed leases. S. Lantsberger also shared that it is difficult for business owners to go back to their landlord to restructure their lease agreement, but doing so shows commitment and character, which are things desirable in an applicant. S. Lantsberger noted that the current applicant, FED, has been made aware that their lease agreement is problematic.



- N. Snyder asked whether DSELF needs to follow the RLF exactly, if the DSELF is serving a different purpose/clientele.
 - G. Trinchera reminded the board that there is an opportunity cost to lending to people who don't have the right character or willingness to put in the appropriate effort.
 - C. Wood outlined the possible ways to handle the lease policy as depicted in the board packet.
 - A motion was made (L. Held/A. Edwards) that the DSELF policy moving forward will be to adopt option 1 on page 14 of the February Board packet – “Require the applicant to modify the lease agreement with their landlord to allow DSELF to take priority before moving forward with the rest of the application/process.” The motion passed with 4 votes in favor and 1 vote (P. Palacios) opposed. P. Palacios noted that she was in favor of option 2 on page 14 of the February Board packet – “Proceed with the rest of the application/approval process, but make modification of the applicant’s lease agreement (to make DSELF the priority) a final condition for actually receiving the loan.” It was suggested that the FED be notified about this new change in policy before asking them to move forward with further pieces of the application.
8. DSELF Application Time Limit Proposal – Action Item
- C. Wood explained the recommendation to implement a 90-day time limit for DSELF applicants, based upon the fact that S. Lantsberger had shared that credit scores typically are not current after 90 days. She also shared that the current applicant – the FED – began their application 7 months ago.
 - N. Snyder shared that the City does not have a time limit for its loan programs, and noted that her staff typically does pre-screening before allowing applicants to submit an application to help improve the chances that an applicant will successfully complete all stages of the application process.
 - G. Trinchera has mentioned that in some cases, he will not begin application processing until a potential applicant has stated that they have everything ready.
 - A. Edwards noted that communication is important. Applicants should be communicating what is going on/what is causing them to take more time, if they are not submitting materials in a timely manner.
 - S. Lantsberger noted that he had spoken with the current applicants in December and that they mentioned they are in the process of launching, so right now the DSELF application is a second priority.
 - A motion was made (A. Edwards/N. Snyder) to set a 90-day time limit for all future DSELF applicants, and requiring applicants to communicate if they end up encountering a situation in which they need more time. The motion was passed unanimously. In regards to the FED, it was suggested by Mike Huber that they be given 90-days to finish their application.
9. How to Streamline the DSELF Application, Pre-Qualification, and Pre-Approval Process – Discussion Item



- C. Wood noted that this item arose as a result of previous board discussions during which it was suggested that the board review the existing DSELF requirements, and look for ways to streamline or improve the processes so that applicants would be encouraged to apply. She shared that last year, the board developed the new DSELF application booklet which was modeled after the requirements of the RLF. She asked for any board suggestions about how to proceed with a streamlining endeavor.
 - G. Trinchera recommended that the application be made into an online submission form which could be saved and then filled out as the applicant gathers all necessary materials. He also suggested that it might be helpful to hold loan readiness workshops for potential DSELF applicants to help them prepare for applying and understanding all of the requirements involved in the application process.
 - S. Lantsberger noted that the existing application booklet should help to make the process easier, and that the board should abide by it – otherwise there is no point in having program guidelines. He also noted that it might be helpful to have a FAQ section on the website for potential applicants.
 - M. Huber asked the Board to email any other suggestions about improving the DSELF process to C. Wood.
10. Items for Future Consideration
- M. Huber inquired as to whether former DSELF applicant, Tammy from Herbalife, could re-apply for DSELF. The board suggested that since it has been a year, she is eligible to apply again.
11. Adjourn
- A motion was made (A. Edwards/G. Trinchera) to adjourn. The motion passed unanimously and the meeting was adjourned at 1:03 PM.

General Meeting Requirements:

Public Comments: The law provides the opportunity for the public to be heard on any item within the subject matter jurisdiction of the Board, before or during the consideration of that item by the Board. For all items, including items *not* on the agenda, the public comment time at the start of each meeting is appropriate. The person addressing the Board is limited to five (5) minutes unless the Chairman of the Board grants a longer period of time as appropriate to manage the Agenda. State law does not allow action to be taken on any item not on the Agenda. The Conference Room is handicapped accessible.

This agenda shall be made available upon request in alternative formats to persons with a disability, as required by the Americans with Disabilities Act of 1990 (42 U.S.C. § 12132) and the Ralph M. Brown Act (California Government Code § 54954.2). Persons requesting a disability related modification or accommodation in order to participate in the meeting should contact the Executive Director of the Downtown Stockton Alliance at 209-464-5246, during regular business hours, at least twenty-four hours prior to the time of the meeting.

Pursuant to the Brown Act as codified in Government Code Section 54957.5, any documents pertaining to a non-closed agenda item distributed to a majority of the Board of Directors in less than 72 hours before a Board meeting shall be available for public inspection. Said documents shall be available for inspection at the office of the Downtown



Stockton Alliance, 125 Bridge Place, 3rd Floor, Stockton, California, Monday through Friday, except Holidays, between the hours of 8:30 a.m. and 4:30 p.m.