

INVESTMENT FUND COMMITTEE

December 13, 2012

Present: Dr. K. Sawchuk, E. Rydberg, T. Stinson, C. Leif, E. MacKay, J. Pierce, K. Cross, D. Elder, G. McKinnon, G. Knowles, A. Bryk

1. Chair Dr. K. Sawchuk called the meeting to order at 12:10 p.m. and welcomed new members K. Cross and J. Pierce to the committee.
2. Minutes of September 11, 2012. The committee reviewed the minutes of the meeting of September 11, 2012 and the following motion was then put forward:

MOTION by E. MacKay and C. Leif that
"the minutes of the meeting of the Investment Fund Committee of the Atikokan Economic Development Corporation that was held on September 11, 2012 are approved as presented."

Carried.

3. Disclosure of Interest – None at this time.
4. Business Arising From the Minutes - 100 Mercury Ave. W. withdrew their offer. Clients were unable to get financing due to the history that is associated with the building.
- Renovations on the outside of the building at 100 Main Street E. are complete and there have been a lot of positive comments about how it looks. There are currently six tenants and the AEDC will be doing some interior work in the near future. The executive director stated that we do not want to compete with other businesses because we are not in the business of being landlords.
5. Client Application - None
6. New Business – Write-Offs – When reviewing the loan portfolio, it was noted that the 2010 write-offs were not completed. At the I.F.C. meeting on January 12, 2011 the committee recommended the board write-off this same 2010 write-off list and it was then discussed at the board meeting but a motion was not made to approve the write-offs. This being said, Chair Dr. K. Sawchuk requested a motion from the floor to reaffirm the recommendation of the 2010 write-offs and the following motion was put forward:

MOTION by E. MacKay and T. Stinson that
"the Investment Fund Committee of the Economic Development Corporation reaffirms the recommendation that the Board of Directors approves the 2010 Write-Offs in the amount of \$197,499 as per the attached list."

With the motion on the floor, the Chair asked if there was any further discussion. One member felt that since the committee already made the motion that they shouldn't require another motion. After further discussion the motion was dissolved and it will be presented for approval at the next board meeting.

-2012 Write-Offs – Normally the current year write-offs are done with the annual audit, but based on zero percentage for recovery from the list presented, the executive director is recommending they be written-off now. After a short discussion, the following motion was put forward:



MOTION by T. Stinson and C. Leif that
"the Investment Fund Committee of the Atikokan Economic Development Corporation recommends the Board of Directors approves the 2012 Write-Offs in the amount of \$355,122 as per the attached list."

Carried.

-Loan #247 – This loan is a NWOIP loan that should have been paid out, but due to a clerical error done when the loan was opened in 2008 it left an outstanding balance in the amount of \$1,153.66. The balance was caused by the loan being charged interest twice due to the way the loan was set up and when the loan was paid out interest is paid before the principal resulting in principal owing. Due to this clerical error, the executive director is requesting approval from the committee to make the necessary adjustments to close out this loan. The following motion was put forward:

MOTION by J. Pierce and K. Cross that
"the Investment Fund Committee of the Atikokan Economic Development Corporation approves the necessary adjustments required to close out loan #247 due to a clerical error."

Carried.

-Loan Portfolio Review – The members reviewed the coloured coded loan list that Gord compiled. As stated by a member and Gord, the red coded loans are the highest risk ones with potential for write-off in the near future. The executive director informed the committee that the loan portfolio has tightened up and most of these high risk loans have been around for some time and probably should have been written off before this time. There was a short discussion and the members were told that if they would like to discuss anything on the report in more detail, or if they are aware of any situations pertaining to any loan clients they can call Garry or Gord.

-Investment Strategy – The Investment Strategy is a new requirement from FedNor this year. The members were given a copy to review and discuss. The message relayed to the committee and staff through this report is the sectors that are priority for the year.

-Review Collection Policy – The committee received a draft copy of a new Collection Manual that should cover any collection procedures the organization endures. The committee wanted to review both the Investment Strategy and Collection Policy documents and table them for discussion at the next I.F.C. meeting. In the meantime, the committee was informed to relate any changes they notice on the investment strategy report to Gord.


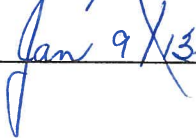
7. Date & Time of Next Meeting – January 9th 2013 @ 12:00 noon.

8. Meeting adjourned at 1:06 p.m.

MINUTES SIGNED BY:

Chair/Acting Chair:

Date:



Atikokan

ECONOMIC DEVELOPMENT CORPORATION
A Community Futures Development Corporation

Date December 13, 2012

Moved T. Stinson

Seconded C. Leif

"the Investment Fund Committee of the Atikokan Economic Development Corporation recommends the Board of Directors write-off the following Investment Loans from 2012 in the amount of \$355,122 as listed below:

Potential 2012 Write-Offs

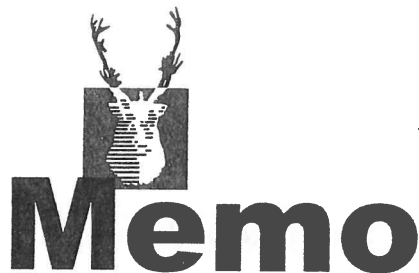
75	Hi-Tek Saw Shop	\$35,885	Assets seized & sold; collection efforts exhausted
114	Wildwood Country	\$9,037	Shortfall on sale of assets
121	Canadashoot	\$14,652	Legal fees accrued since Write-Off (W/O 2009)
123	CanUSA	\$4,820	Legal fees accrued since Write-Off (W/O 2009)
1813	Box Office Movies	\$258	Legal fees accrued since Write-Off (W/O 2009)
195	D&L Grocery	\$5,704	Bankrupt; shortfall on sale of assets
196	Sunset Country Outfitters	\$123,361	Bankrupt; shortfall on sale of assets
201	Lesage Logging	\$22,464	Collection efforts exhausted
218	Celebration Centre	\$33,805	Bankrupt
221	Scott Nelson Trucking	\$11,103	Bankrupt
223	Laclu Industries Ltd.	\$65,122	NWOIP Loan written off by host CFDC Dec. 2011
255	Gary Blair Logging	\$5,060	Bankrupt
279	Sunset Country Contractors	\$15,324	Bankrupt
286	Timber Beach Resources	\$2,004	BPI Write-Off
307	Cody Masson	\$3,271	Collection efforts exhausted
BP04	Box Office Movies	\$3,252	BPI Write-Off

**TOTAL 2012
WRITE-OFFS**

\$355,122



Carried:



Atikokan

ECONOMIC DEVELOPMENT CORPORATION
A Community Futures Development Corporation

To: Investment Fund Committee
From: Gord Knowles
Date: Thursday, December 13, 2012
Re: 2010 Write-Offs

In going through our loan records, it has become apparent that loans slated for write-off in the fiscal year 2010 did not in fact occur. While recommendations were presented and recommended at the Jan. 12/11 IFC meeting (see attached), there is no record that they were approved by the Board and removed from our record system. I recommend the IFC re-recommend these write-offs for presentation to the AEDC board in advance of their December meeting.

2010 AEDC Write-Offs

59	L. Johnson Logging	\$14,418	Bankrupt
137/214	C&H Logging	\$53,264	Bankrupt
185	Novelty Express	\$3,906	Closed, assets liquidated
231	Ken Kabatay Logging	\$31,097	Out of business, collection efforts exhausted
233/242	Gary Blair Logging	\$85,149	Bankrupt
263	Nature's Path Health & Healing	\$9,305	Bankrupt
TOTAL		\$197,499	



INVESTMENT FUND COMMITTEE

January 12, 2011

Present: Chair Dr. K. Sawchuk, E. MacKay, E. Rydberg, C. Leif, R. Johnson, T. Stinson, G. McKinnon, G. Knowles, A. Bryk

1. Chair Dr. K. Sawchuk called the meeting to order at 12:10 p.m.
2. Minutes of January 5, 2011. The committee reviewed the minutes of the meeting of January 5, 2011 and the following motion was then put forward:

MOTION by E. MacKay and T. Stinson that
"the minutes of the meeting of the Investment Fund Committee of the Atikokan Economic Development Corporation that was held on January 5, 2011 are approved as presented."


Carried.

3. Business Arising From the Minutes – Chair Dr. K. Sawchuk requested an addendum to the minutes of January 5, 2011 regarding client #1741.
4. Client Application – Client #1736 – The Executive Director contacted Chair Dr. K. Sawchuk before the meeting to discuss client #1736, and he thought with what was discussed, it looked like a good investment. The client has had two previous loans with us and both were paid as arranged. The client is requesting a loan in the amount of \$34,000 to purchase a 416C Caterpillar tractor/backhoe with a purchase price of \$45,000 plus HST, so the client is prepared to pay \$20,000 towards the purchase. The loader is priced about right for that year and a security search would be completed before purchasing it. The loader would be used for ongoing contracts that the company has with Osisko Mining. The Executive Director strongly recommends the deal due to the client's past performance, and the fact that we do have funds in the Investment account. There were some concerns from the committee whether the company was incorporated. The Executive Director was not sure, but assured the committee that the lawyer would have all the legal work in order. The following motion was put forward:

MOTION by C. Lief and E. MacKay that
"the Investment Fund Committee of the Atikokan Economic Development Corporation approves the loan application from Client #1736 in the amount of \$34,000. This loan shall have a one year term and period. Payments of \$2,920.72, plus life insurance, shall be due and payable on the first day of the month from March 2011 to February 2012. Security shall consist of a first chattel mortgage on the equipment to be purchased, and a personal guarantee by the client."

Carried.

- The Executive Director told the committee that there may be two potential clients requesting funding from the AEDC. No formal applications have been submitted, but one





Memorandum

To: Investment Fund Committee
CC: Garry McKinnon
From: Annette Bryk
Date: 12/10/2012
Re: Loan #247

Loan #247 is a NWOIP loan that was input with an interest rate because that was the normal protocol for setting up a loan when it was put into the loan system in 2008,. When payments were received from Northern Solutions Inc. there was an adjustment included with each payment to charge the interest and pay the principal which resulted in the loan being charged twice for interest. As a result of this, an outstanding balance of \$1,153.66 remained on November 1, 2010 when the loan was paid out (which is the extra interest that was charged). We would like the approval from the Investment Fund Committee to make the necessary adjustments to reverse the balance that is left on this loan to correct this clerical/software error.

client may be requesting around \$200,000 and the other client is currently trying to finance with his bank.

5.

New Business – Loan Portfolio Review – G. Knowles provided a memo to the committee listing the loans we are recommending to be written off, as they are either unrecoverable, or require an administrative update. Most of the loans the clients declared bankruptcy, or a settlement was made and there was a remaining balance. After a short discussion, the following motion was put forward:

MOTION by T. Stinson and C. Lief that
“the Investment Fund Committee of the Atikokan Economic Development Corporation recommends that the Board of Directors of the Atikokan Economic Development Corporation write off the loans listed on the attached memo.”

Carried.

Inactive Loans – list consists of mostly bankruptcies.

Active List – Loan #59 – Will put to inactive list due to bankruptcy.

Loan #75 – Will meet with client to take an inventory of assets.

Loan #76 – Register letter has been sent. No response.

Loan #BP04 – No change.

Loan #107 – Registered letter sent to ask for an increase in payment amount. No response.

Loan #114 – Dealt with.

Loan #121 – Client has filed a defense.

Loan #128 – Executive Director will send another email or give him a call.

Loan #138 – Registered formal demand letter was sent. Client picked it up but we have received no response. We will contact the lawyer to see what steps we can take.

Loan #160 – Client has been in contact with us.

Loan #165 – Gord will follow up with client.

Loan #171 – We are currently working on getting client's address and employer.

Loan #175 – Client is looking at increasing payment to pay loan off quicker.

Loan #186 – Client was in and offered to make \$350 bi-weekly payments. Lawyer is preparing memorandum of settlement. Client is looking at getting rid of the property and equipment. AEDC does have security on the trucks.

Loan #185 – Dealt with.

Loan #195 – Dealt with.

Loan #192 – Currently we are trying to locate where the client is working.

Loan #196 – Property is listed and we have had a few inquiries.

Loan #202 – We had an interested party asking about renting the building, but we have not heard back for them.

Loan #201 – Client has just starting working for a local logging business. We will wait until the client gets established before we contact him.

Loan #216 – The Executive Director suggested that we should be cautious when dealing with the Credit Union Central.

Loan #218 – Garnishee is in place.

Loan #220 – We are still pursuing this client.

Loan #221 – Dealt with.

INVESTMENT FUND COMMITTEE

September 11, 2012

Present: Dr. K. Sawchuk, E. Rydberg, T. Stinson, C. Leif, E. MacKay, G. McKinnon, G. Knowles, A. Bryk

Regrets: B. Botham

1. Chair Dr. K. Sawchuk called the meeting to order at 12:05 p.m.
2. Minutes of August 7, 2012. The committee reviewed the minutes of the meeting of August 7, 2012 and the following motion was then put forward:

MOTION by T. Stinson and C. Leif that
"the minutes of the meeting of the Investment Fund Committee of the Atikokan Economic Development Corporation that was held on August 7, 2012 are approved as presented."

Carried.

3. Disclosure of Interest – None at this time.
4. Business Arising From the Minutes – Letter of Resignation – The Chair read a letter of resignation from R. Johnson. Robin resigned from the Investment Fund Committee due to personal reasons. Chair Dr. K. Sawchuk requested a letter of appreciation be sent to Robin signed by himself and the executive director.

MOTION by E. Rydberg and E. MacKay that
"the Investment Fund Committee accepts the resignation with regrets from R. Johnson from the Investment Fund Committee."

Carried.

-The executive director indicated that there will also be a vacancy on the Board.
-Garry informed the committee that normal protocol for replacement of a public member from the Investment Fund Committee is to advertise the position and ask the committee for help with the recruiting. The committee would like to wait until the next meeting to deal with this matter. C. Leif mentioned he still plans on resigning shortly.

5. Client Application - None
6. New Business – Appraisal on 300 Main Street – A commercial appraisal was completed on 300 Main Street to due diligence and set a fair price. Water is turned off and gas, hydro and insurance is paid through the AEDC. The executive director informed the committee that the AEDC is just mortgagee in position. Property is not listed yet, but it will be in a legal position to list on September 20th.
- Offer on 100 Mercury Ave. W. – An offer was presented on 100 Mercury Avenue West which was rejected by all of the board members that responded. A counter offer was made and it will be presented at the board meeting on September 26th.
- Loan Portfolio Review – Gord presented the committee members with a colour coded chart of the loan portfolio to easily determine each loan's performance. The committee reviewed the list and



asked questions or commented on various loans. The committee asked Gord if he could indicate on the chart if the loan is an equity loan, the type of shares we are dealing with, and if he could add a true reflection of what owes on the loans. The following are specific loans that requested further investigation or were questioned:

- Loan #221 – this loan was recommended in 2009 year end to be written off but still has an outstanding balance. The executive director will investigate.
 - Loan #160 – need to address interest on loan.
 - Loan #166 – need to contact client for more post-dated cheques.
 - Loan #223 – notes indicated loan was written off by LOWBIC and the executive director specified they wrote off their portion.
 - Loan #230 – loan will be up for consideration this year to refinance in branch.
 - Loan #292 – requires more post-dated cheques.
 - Loan #342 – the committee asked if the client is selling product. The executive director has been unable to contact the client but he will have Gord look to see if financial reporting is required.
 - Loan #343 – committee questioned why the loan increased and the executive director indicated the two loans were amalgamated.
 - Loan #350 – short term loan to repair client's cooler.
- The executive director stated that we are more diligent in monitoring and assessing applications and people were taking us more serious.

7. Date & Time of Next Meeting – as required.

8. Meeting adjourned at 1:00 p.m.

MINUTES SIGNED BY:

Chair/Acting Chair: 

Date: December 13, 2012

INVESTMENT FUND COMMITTEE

August 7, 2012

Present: E. Rydberg, R. Johnson, T. Stinson, C. Leif, G. McKinnon, B. Botham, P. Sanders, G. Knowles, B. Tribe

Regrets: Dr. K. Sawchuk, E. Mackay

1. Acting Chair E. Rydberg called the meeting to order at 12:05 p.m.
2. Minutes of November 28, 2011. The committee reviewed the minutes of the meeting of November 28, 2011 and the following motion was then put forward:

MOTION by C. Leif and T. Stinson that
"the minutes of the meeting of the Investment Fund Committee of the Atikokan Economic Development Corporation that was held on November 28, 2011 are approved as presented."

Carried.

3. After a short discussion, it was determined a disclosure of interest was not required.
4. Business Arising From the Minutes – No recent updates from Client#1757, the Executive Director expects to have an update soon.
5. Client Application – Client #1762 – Client #1762 is requesting a loan for the purchase of a local retail business, existing inventory, purchase new inventory, update store assets and cover overhead costs. Garry informed the committee the clients have been keen and eager clients. Various aspects of the business plan; expanding and additions to product line, relationship with supplier, delivery service and marketing via social networking and outlying regions were discussed. Confirmation of loan security was provided. The final loan amount may change due to reduction in inventory at time of purchase. It was suggested the funds the client will be contributing be committed prior to loan funds being advanced.

At 12:40 clients joined the meeting. The clients advised the committee of their extensive management and employee relations experience from current and previous employment. One client will work fulltime hours at the business and the other will work part time and maintain current fulltime employment. The clients have met with current staff and intend to retain all staff. The clients were asked to clarify circumstances that led to their current debt with Revenue Canada as indicated in their Business Plan. They informed the committee the debt had been incurred due to illness/injury and resulting surgery which required them to reduce clients and contracts in their current business. The yearly remittance became due during this time. The clients also indicated they have had many discussions with the current owners, and have received valuable insight into the operation of the business. The clients have discussed a favourable lease agreement with the building landlord. The major supplier for the business has committed to an ongoing relationship with clients and increasing store presence, products and training.

- 1:12 p.m. the clients left the meeting. After a short discussion, the following motion was then put forward:

MOTION by B. Botham and T. Stinson that
"the Investment Fund Committee recommends that the Board of Directors of the Atikokan Economic Development Corporation approves the loan application from Client #1762 for a term loan of \$110,000.00. Proceeds will be used to purchase the business with existing inventory, purchase new inventory, update store assets and overhead costs including legal and administrative fees. The interest rate will be 5.05% with blended monthly payments for ~~one~~ year term and a nine year amortization period. Security is to consist of general security agreement, personal guarantees and promissory notes (joint and several) and PPSAs on assets of both the business and the applicants."

Carried

5. New Business – The Executive Director was expecting a request for a loan guarantee/letter of credit from a business, but did not receive prior to this meeting. The Executive Director informed the committee that one bid was received for Lot #1. T. Stinson and the Executive Director will open the bid immediately following the meeting. The Executive Director suggested to the committee that future meetings be held in the evening. R. Johnson indicated her intention of resigning from the committee. The Executive Director requested she send a letter indicating same. C. Leif advised he is also considering retiring from the committee.
6. A meeting to review the loan portfolio will be held in September.
7. Meeting adjourned at 1:24 p.m.

MINUTES SIGNED BY:

Chair/Acting Chair: 

Date: Sept 11, 2012



Atikokan

ECONOMIC DEVELOPMENT CORPORATION
A Community Futures Development Corporation

Date: August 7, 2012

Moved Bob Botham

Seconded Tami Stinson

"the Investment Fund Committee recommends that the Board of Directors of the Atikokan Economic Development Corporation approves the loan application from Client #1762 for a term loan of \$110,000.00. Proceeds will be used to purchase the business with existing inventory, purchase new inventory, update store assets and overhead costs including legal and administrative fees. The interest rate will be 5.05% with blended monthly payments for a one year term and a nine year amortization period. Security is to consist of a general security agreement, personal guarantees and promissory notes (joint and several) and PPSAs on assets of both the business and the applicants."

Carried Ed F. Holler



INVESTMENT FUND COMMITTEE

November 28, 2011

Present: Dr. K. Sawchuk, E. Rydberg, R. Johnson, T. Stinson, E. MacKay, C. Leif, G. McKinnon, A. Bryk

Regrets: B. Botham

1. Chair Dr. K. Sawchuk called the meeting to order at 12:05 p.m.
2. Minutes of November 2, 2011. The committee reviewed the minutes of the meeting of November 2, 2011 and the following motion was then put forward:

MOTION by C. Leif and T. Stinson that
"the minutes of the meeting of the Investment Fund Committee of the Atikokan Economic Development Corporation that was held on November 2, 2011 are approved as presented."

Carried.

3. Business Arising From the Minutes – Issues have been resolved with both client #1719 and client #1717. An accountant is working on financials and income tax returns for client #1719 and expects to have them completed by the end of December.
4. Client Application – Client #1757 – Client #1757 approached the Executive Director in late August for advice on how he could secure investors. When unsuccessful, the Executive Director suggested he contact Rainy River Future Development Corporation (RRFDC) for funding. Between the RRFDC and the AEDC, each CFDC would be responsible for a loan guarantee in the amount of \$150,000.00 pledged against a line of credit. Committee members were concerned on what spin off this would have for Atikokan, how much they invested of their own money, and did they do trial marketing?
- 12:30 p.m. the client joined the meeting. Client #1757 has been 6 years creating two different products with a partner that joined him over 4 years ago. Both inventions have been patented and he has been to China numerous times overlooking the production of these products. The client showed the committee the laces and boots that they created. Their immediate future plan is to purchase the machinery to manufacture the custom laces in Canada so they have them available quicker. They have approached a range of schools and collegiate institutions introducing the laces, and have had positive feedback. Their plan is to have the Canadian market manufactured in Atikokan and south of the border market manufactured in Fort Frances. As for the boots, they will remain to be produced in China unless they are able to find a manufacturer in Canada that can produce the same quality boot for the same price. The clients have also been in contact with an aboriginal artist and they will be making boot sleeves with some of his drawings. Between the two partners, they have invested a very large sum of their own money.
- 1:00 p.m. the client left. After a short discussion, the following motion was then put forward:

MOTION by E. Rydberg and C. Leif that
"the Investment Fund Committee recommends that the Board of Directors of the Atikokan Economic Development Corporation approves a loan guarantee from Client #1757 in the amount of \$150,000.00. Security will consist of a promissory note, personal guarantees, and a Chattel Mortgage. The investment is to be fully life insured."

Carried



5. New Business – None
6. The committee would like a meeting to review the loan portfolio.
7. Meeting adjourned at 1:15 p.m.

MINUTES SIGNED BY:

Chair/Acting Chair: *Ed F. Hyatt*

Date: August 7, 2012