



Mid-Columbia Economic Development District

MCEDD Loan Administration Board Meeting
Tuesday, March 2, 2021
8:00am

Remote only

Please call (541) 296-2266 or email ami@mcedd.org for Zoom Meeting details

AGENDA

<u>Topic</u>	<u>Estimated Time</u>	<u>Item</u>
Call to Order, Introductions		
Loan Administration Board Minutes <i>February 16, 2021</i>	5 minutes	Approval
Loan Request • <i>Invictus Global Services, Inc.</i>	20 minutes	Approval
Funded Loans Updates		
<i>Executive Session per ORS 192.660 (f) (Exempt Documents)</i> <i>Regular Session Reconvened</i>		
Loan Actions	5 minutes	Decision
EDA RLF Defederalization	5 minutes	Information
Staff Updates		
Adjourn		

The meeting location is accessible to persons with disabilities. If you have a disability that requires any special materials, services, or assistance, please contact us at (541) 296-2266; TTY 711 at least 48 hours before the meeting. MCEDD is an equal opportunity employer, lender, and provider.

Executive Session Protocol

MCEDD Loan Administration Board

After discussion agenda items are presented in open session by MCEDD staff, the LAB Chair will state the following: "Pursuant to ORS 192.660(f), Exempt Documents, I call the Executive session of the MCEDD Loan Administration Board to order".

LAB Chair asks all non-staff and non-LAB members to leave the meeting. Staff will explain to visitors where they can wait and that they will be invited into Executive Session when their agenda item will be discussed.

For each discussion item on the agenda for Executive Session, the LAB Chair will follow the following procedural steps:

1. Invite the loan applicant (or their representative) into the Executive Session for the presentation of their loan request. LAB Chair requests a brief presentation from MCEDD staff on a summary of the loan proposal or other discussion item.
2. After presentation of information by staff, the LAB Chair asks if there are any questions for the loan applicant or MCEDD staff.
3. Following questions and discussion by the LAB, the loan applicant (and/or their representative) is asked to leave Executive Session with instruction that they will be invited into the Open session when Executive Session is adjourned.
4. LAB Chair asks LAB members if there is any discussion related to loan request that needs to take place before inviting the next loan applicant or other persons into Executive Session for the next discussion item.
5. Additional discussion between the LAB members takes place then Steps 1-5 are repeated for each following discussion item for Executive Session.

At the end of discussion, the LAB chair will close the Executive Session. The LAB moves back to open session. At this point, the LAB Chair asks for a motion on the decision items in open session. Following a proper motion (motion and a second), the LAB chair requests discussion on the motion. Following any discussion, the LAB chair requests a vote ("all those in favor, signify by saying aye" "all opposed signify by saying nay" "any abstentions?"). Staff may ask for a roll-call vote, if the responses are unclear.

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**MID-COLUMBIA ECONOMIC DEVELOPMENT DISTRICT
LOAN ADMINISTRATION BOARD MEETING MINUTES**

Tuesday, February 16, 2021

Virtual Only

ATTENDANCE

BOARD: Scott Clements, AJ Tarnasky, Bob Hamlin, Les Perkins, Steve Kramer, Joe Dabulskis

STAFF: Jessica Metta (Executive Director), Israel Ayala Guevara (Loan Fund Manager), Ami Beaver (Assistant Project Manager), Jill Brandt (Administrative Assistant)

GUESTS: Kevin Waters, Skamania EDC

CALL TO ORDER

Scott Clements called the meeting to order at 8:01 a.m. A quorum was present. A round of introductions took place. Scott Clements requested declaration of any conflicts of interest. None were noted.

MINUTES

Steve Kramer motioned to approve the minutes from February 2 and February 9, 2021. Les Perkins seconded the motion. Motion passed unanimously.

LOAN REQUEST: WIND VALLEY LODGES LLC (TENZEN HOT SPRINGS OVERNIGHT CABINS)

Israel Ayala Guevara noted the board would discuss an additional proposal related to Wind Valley Lodges, LLC.

EXECUTIVE SESSION

Per ORS 192.660 (f) Exempt Documents, the MCEDD Loan Administration Board moved into Executive Session at 8:02 a.m.

Joe Dabulskis joined the meeting at 8:05 a.m.

Regular session reconvened at 8:10 a.m.

LOAN ACTION: WIND VALLEY LODGES LLC (TENZEN HOT SPRINGS OVERNIGHT CABINS)

AJ Tarnasky motioned to approve the loan request by Wind Valley Lodges, LLC as modified by staff with the following added conditions: a lien on the client's secondary residence to replace the lien on primary residence, an appraisal on the Government Camp property, regular staff inspections of the work in progress, and a title report to confirm that there are no liens on the Government Camp property. Les Perkins seconded the motion. The motion passed unanimously.

Terms:

- Loan amount: \$500,000.00
- Interest Rate: Construction rate 4.25% for 6 (six) months. Followed by 7%.
- Loan Term: 60 months (amortized over 120 months with the balance due at the 60th month)

- Loan Payment: Interest only payments for the first 6 (six) months followed by monthly installments of \$5,805.00 of principal and interest.
- Loan Fee: \$7,500.00 (1.5% of loan amount)

FUNDED LOANS UPDATES

Israel Ayala Guevara noted he had some confidential updates to share about current loans with Full Circle and Seufert.

EXECUTIVE SESSION

Per ORS 192.660 (f) Exempt Documents, the MCEDD Loan Administration Board moved into Executive Session at 8:11 a.m.

Kevin Waters left the meeting at 8:11 a.m.

Regular session reconvened at 8:13 a.m. No actions were taken.

OTHER NEW BUSINESS

Jessica noted this was a larger and more complex proposal than most and said that staff has discussed how to approach these differently in the future so as not to bring them back to the board multiple times. She thanked the board for their extra work and effort on this proposal.

Discussion: AJ noted we are about ready to go into the process of policy revisions for the revolving loan fund and he would recommend that if we continue to do construction loans, it is important to understand the risk involved and we might want to draft some procedures on how we proceed with these complexities. Scott agreed and noted this is something we should have documented whether we do a lot of them or not. Scott noted there a lot of problems that can crop up that are not typical elsewhere. Bob said he is aware of the additional complexities and agreed policies to address these would be a good idea.

ADJOURN

Meeting adjourned 8:17 a.m.

Respectfully submitted by Ami Beaver, Assistant Project Manager

Memorandum

To: MCEDD Loan Administration Board
From: Jessica Metta, Executive Director
Date: February 23, 2021
Re: EDA RLF Defederalization

Overview

The October 2020 enacted Reinvigorating Lending for the Future Act (the Act) authorizes the Economic Development Administration (EDA) to release its federal interest in certain Revolving Loan Fund (RLF) awards that have operated satisfactorily for seven years beyond disbursement of grant funds. By authorizing EDA to release its federal interest in certain RLF awards, the Act will reduce RLF recipient administrative burden and allow RLF award funds to be used for broader economic development purposes.

To request that EDA release its federal interest in an RLF award, we must submit to EDA a written request for release that includes some basic information as well as one item for which we seek LAB input. Specifically, we must inform the EDA about how we intend to use the funds once released: “proposed use of RLF award funds for one or more activities that continue to carry out the economic development purposes of PWEDA, which may include continued operation of the RLF.” PWEDA is the Public Works and Economic Development Act of 1965.

Options for how the funds could be used include:

- Operation of an RLF that makes loans to for-profit organizations,
- Investments that support construction, non-construction, planning, technical assistance, and revolving loan fund projects, and
- Contracting with for-profit entities for goods and services for activities that continue to carry out the economic development purposes of PWEDA.

EDA has placed some continuing stipulations:

- Funds cannot be used to construct schools, community centers, municipal buildings or pay general costs of government.
- Construction must still meet prevailing wage/ Davis Bacon requirements.
- Funds cannot be used to finance the relocation of a business.

Recommendation

Given that MCEDD is sometimes stretched on the amount of funds available to loan, my recommendation is to keep the defederalized funds for use as an RLF. As we begin the process to review our EDA RLF Plan, we could use it as an opportunity to discuss if we want to put different rules around the defederalized funds. The EDA has also noted that if we decide in the future that we wish to use the defederalized funds for another economic development purpose of PWEDA besides an RLF, we are able to make that change.

Request

Provide direction to staff on how the LAB would like to use the defederalized EDA RLF.