



Mid-Columbia Economic Development District

MCEDD Loan Administration Board Meeting
Tuesday, May 3, 2022
8:00am

Remote only

<https://us06web.zoom.us/j/86728786694>

Or call 669-900-6833, Meeting ID: 867 2878 6694

AGENDA

<u>Topic</u>	<u>Estimated Time</u>	<u>Item</u>
Call to Order, Introductions		
Loan Administration Board Minutes <i>March 22, 2022</i>	5 minutes	Approval
Loan Request Update <i>Data Schuss, Inc.</i>	10 minutes	Information
<i>Executive Session per ORS 192.660 (f) (Exempt Documents)</i> <i>Regular Session Reconvened</i>		
Loan Actions	5 minutes	Approval
Attainable Housing Project	10 minutes	Information
IRP Payment Update	10 minutes	Discussion
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.

MID-COLUMBIA ECONOMIC DEVELOPMENT DISTRICT LOAN ADMINISTRATION BOARD MEETING MINUTES

Tuesday, March 22, 2022

Virtual Only

ATTENDANCE

BOARD: Scott Clements, Bob Hamlin, Dave Sauter, Steve Kramer, Joe Dabulskis, Dillon Borton, AJ Tarnasky

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

GUESTS: Michael Church with Data Schuss.

CALL TO ORDER

Scott Clements called the meeting to order at 8:01 a.m. A quorum was present.

MINUTES

Steve Kramer motioned to approve the minutes from February 1, 2022. Dave Sauter seconded the motion. All voted in favor, and the motion passed unanimously.

LOAN REQUEST: DATA SCHUSS, INC.

Scott introduced the client modification request from Data Schuss, Inc. dba eIMPACT. Michael Church introduced himself and was invited into Executive Session to talk about his business and loan request.

EXECUTIVE SESSION

Per ORS 192.660 (f) Exempt Documents, the MCEDD Loan Administration Board moved into Executive Session at 8:03 a.m.

Regular session resumed at 8:34 am.

LOAN ACTIONS: DATA SCHUSS, INC.

Steve Kramer motioned to approve the loan request to Data Schuss Inc. as recommended by staff. Joe Dabulskis seconded the motion. Dillon abstained due to conflict of interest because his bank also has a loan to the company. All others voted in favor, and the motion carried.

Terms:

- Loan amount: \$150,000
- Interest Rate: 7.5%
- Loan Term: 60 months
- Loan Payment: 60 monthly principal and interest payments of \$3,005.69. This is a fully amortized loan.
- Loan Fee: \$2,250.00

FUNDED LOANS UPDATES

Ami asked to move into Executive Session to provide updates for Tibbett's Well Drilling, Lost Lake, and Balch Hotel.

EXECUTIVE SESSION

Per ORS 192.660 (f) Exempt Documents, the MCEDD Loan Administration Board moved into Executive Session at 8:36 am.

Regular session resumed at 8:40 am.

IRP PAYMENT OPTIONS

Jessica introduced this topic and summarized her memo. MCEDD has taken out five IRP loans that have a 40-year term at 1%. Currently \$1.5 million is owed. MCEDD makes payments on these loans by using the interest from the loans we have made. MCEDD also relies on the interest from the loans to cover staffing costs for the loan programs. This past year, the focus has been on spending out the EDA CARES money in order to meet the time deadline. Loans have been made using that money rather than the IRP funds. With the government-sponsored programs available to business owners, many of our IRP loan clients have been able to pay off their loans. There is also very little new interest in our programs as we cannot compete with the federal money that has been offered at such a low rate. In the budget process it has become apparent that MCEDD cannot cover our upcoming IRP loan payments and the staffing costs for running the IRP loan programs. Jessica explained that she has reached out to USDA for options. The IRP policy does not allow for deferrals. One option presented by the USDA is to reamortize the loan. If we miss a payment then we can ask to reamortize the loan. This could affect MCEDD's grant eligibility. Another option is to return the money and pay off the loan. This may permanently reduce the amount of money MCEDD has available to lend. Jessica stated that she was not recommending this course of action at this point.

Discussion: Dillon asked about the difficulty of the process for applying and receiving additional IRP funds. If we give the money we have back, can we reapply for it in three years when the economy has changed? Jessica said she would need to research this question.

Dave Sauter agreed with MCEDD's spending out of the Cares ACT dollars first because this money did not require any match and was an award. He asked if MCEDD's net available to loan would suffer if the IRP funds were given back. Jessica replied that staff is still working to get EDA CARES loans money out, and today's loan gets us past the April deadline. If we get all of the EDA CARES loans spent and returned \$1.5M in IRP funds, we would have about \$750,000 less to loan overall.

Joe Dabulskis left the meeting at 8:46 am.

Jessica will bring a report back to the next meeting on what moneys are available to loan without IRP funds. MCEDD also has USDA funds, EDA CARES funds and regular EDA money. She will investigate the process for receiving new IRPs. Scott Clements asked if there would be bias in the future against MCEDD seeking IRPs if we returned the existing IRP funds. If not, this seems a good solution. He then asked about any deadlines for action. Jessica said MCEDD can make the next IRP loan payments in August.

AJ Tarnasky pointed out that this is a Board decision, not LAB decision. Jessica agreed, stating that the Board will look for a recommendation on how to proceed from the LAB. Steve Kramer asked how giving the IRP moneys back will affect resources for staff. He wanted to know if a percentage would have to be made up elsewhere to cover staffing expenses. Jessica pointed out that all of MCEDD's loan programs are having hard times right now. Our contracts are affected because MCEDD cannot ask for money beyond what is received in interest. When we promoted Ami we did not refill her position. At the time there was not enough revenue to cover that position, and there are no funds to bring that position back for the next fiscal year.

There was some discussion of the EIDL program and how the close of that program will help our programs to start moving money. AJ pointed out that the economy is moving into increasing interest rates, and that our programs' interest rates should reflect what the federal reserve is doing.

Jessica wrapped up the discussion with positive news that the pipeline has multiple applications in the works, that will be coming before the LAB soon.

STAFF UPDATES / GOOD OF THE ORDER

No further updates.

ADJOURN

Scott Clements adjourned the meeting at 8:54 a.m.

Respectfully submitted by Jill Brandt, Administrative Assistant

Memorandum

To: Loan Administration Board
From: Jessica Metta, Executive Director
Date: April 26, 2022
Re: Attainable Housing Project

Staff has been in discussion with an attainable housing project in our Oregon counties that would like to receive a loan through our Attainable Housing Loan fund. The housing project has seen construction bids move from \$6.5M in June 2021 to \$8.5M in August/September 2021. The hope is that waiting a little longer will bring construction costs down, as the higher costs are making the project harder to pencil. The developer has asked in a general way if the LAB might consider unusual terms, such as interest-only payments for a five-year term. This would cover MCEDD's expenses but limit the amount of funds being paid back into the principal for relending.

All loans in the Attainable Housing Loan fund have been paid back as of April, meaning there is about \$1.2M available to lend after we take out the \$750,000 loan that has been approved but not yet disbursed. The maximum loan size in this fund is \$750,000.

LAB discussion is requested about the term proposal, and/or identification of additional information that would help inform your decision.