



Clackamas, Hood River, and Wasco Counties

Board Meeting
April 14, 2023
9:00 – 10:00 a.m.

Via Zoom Link:

<https://us06web.zoom.us/j/86195090977>

Or call: 253-215-8782, Meeting ID: 861 9509 0977

AGENDA

Topic	Estimated Time	Item
Call to Order		
Minutes	2 minutes	Approval
Financial Report	2 minutes	Acceptance
New Loan Request	25 minutes	Approval
<i>Honey Buns Coffeehouse and Bakery, LLC</i>		
<i>Executive Session per ORS 192.660 (f) (Exempt Documents)</i>		
<i>Regular Session Reconvened</i>		
Loan Action	5 minutes	Decision
Board Vacancies	10 minutes	Approval
Staff Updates	5 minutes	Information
Other New Business, Good of the Order		
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 MCEDD at (541) 296-2266 at least 48 hours before the meeting so arrangements for appropriate accommodations can be made.

Executive Session Protocol
Mount Hood Economic Alliance (MHEA) Board

After discussion agenda items are presented in open session by MHEA staff, the MHEA Chair will state the following: "Pursuant to ORS 192.660(f), Exempt Documents, I call the Executive session of the Mount Hood Economic Alliance to order"

MHEA Chair asks all non-staff and non MHEA members to leave the meeting, except that representatives of the news media are allowed to attend but cannot disclose any information. 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 MHEA 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. MHEA Chair requests a brief presentation from MHEA staff on a summary of the loan proposal or other discussion item.
2. After presentation of information by staff, the MHEA Chair asks if there are any questions for the loan applicant or MHEA staff.
3. Following questions and discussion by the MHEA, 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. MHEA Chair asks MHEA members if there is any discussion related to loan request that needs to take place before inviting the next loan applicant or other persons in to Executive Session for the next discussion item.
5. Additional discussion between the MHEA members takes place then Steps 1-5 are repeated for each following discussion item for Executive Session.

At the end of discussion, the MHEA chair will close the Executive Session. The MHEA moves back to open session. At this point, the MHEA Chair can ask for a motion of the decision items in open session. Open session is when the MHEA can make decisions on agenda items.

**MOUNT HOOD ECONOMIC ALLIANCE
BOARD MEETING MINUTES
Thursday, March 16, 2023 at 9:00am
Virtual Only**

ATTENDANCE

MHEA Members: Mike Wells, Ken Bailey, Michael Friend, Ed Weathers, David Snider, Matt Lorenzen, Renate Mengelberg, Nate DeVol

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

Guest: John Saris (Business Oregon)

CALL TO ORDER / INTRODUCTIONS

There was a round of introductions. Chair Mike Wells called the meeting to order at 9:06 am. There was quorum present.

MINUTES APPROVAL

Ken Bailey motioned to approve the January 20, 2023 minutes as presented. Michael Friend seconded the motion. All voted in favor, and the motion passed unanimously.

FINANCIAL REPORT

Jessica reported nothing unusual in this month's financials and asked for any questions. Renate asked about the client Picture This, Frame That. Ami reported that the client has been in regular communication, and she felt positive with the forward momentum from the conversations that have taken place. David Snider asked for an update on Frutas Locas. Ami replied that the business is doing very well, and the owner stays in good communication. Chair Mike Wells asked for any further comments or questions on the financial report.

David Snider motioned to approve the financial report as given. Renate Mengelberg seconded the motion. All voted in favor, and the motion passed.

LOAN LOSS RESERVE PROGRAM PARTICIPATION

Jessica introduced John Saris from Business Oregon, who was here to answer questions and explain the Loan Loss Reserve program in more detail. Jessica said the second program that MHEA had applied for, called the re-lender program, that MHEA was excluded from based on non-eligibility as a publicly funded entity.

Business OR has approved the joint MCEDD/ MHEA application to create a Loan Loss Reserve for the maximum amount of \$1 million. Jessica proposes that MCEDD manage the whole amount, of which 25% will be allocated to the MHEA fund. This percentage was calculated based on relative portfolio sizes. As new loans are made, they will be enrolled. If there is a default on an enrolled loan, the MHEA can apply to the program for the amount and the loss will be reimbursed. Whatever money remains in the fund after 10 years will be added directly to the MHEA's revolving loan fund.

The MHEA is required to set up its own Loan Loss Reserve account with its own funds. This type of

account is generally set up with an amount based on the average default rate. MCEDD has its loan loss reserve account set at 4% right now. Looking at the MHEA's account history, there has been only one loan potentially in default. There was discussion around the use of 4% for the MHEA's account.

The second point for discussion was to be aware that this money was awarded based on MCEDD administering these funds. John was present to clarify what actions the MHEA would need to take if the MHEA does not contract with MCEDD in future to administer its loan program, and to answer any other questions.

Discussion: Ed Weathers asked about MCEDD's allocation of 25% to MHEA, if the MCEDD Board was aware of it and had approved it. Jessica explained that the MCEDD Board meeting is later today, and that there is a similar memo in their packet for discussion and approval. She added that MCEDD's financial software will be used to create the separation of the funds. Ed asked for assurance that monies awarded to MCEDD can be transferred over to MHEA. Jessica explained that this was covered in MCEDD's bylaws, and that the pass through to MHEA will be specified in the Business Oregon contract.

John explained that the \$250,000 is an award that will be passed through to MHEA through MCEDD as the intermediary. This money will be a restricted asset between MHEA and MCEDD. If a loan to the MHEA defaulted and there was loss after all the collateral was realized, the money lost would be transferred from that account into the MHEA loan fund.

Discussion: Renate asked for clarification on whether the 4% amount is based on the total funds available to loan or the entire amount of the MHEA portfolio. John explained that the amount to be set aside is completely up to the MHEA Board to determine. It does not have to be a portion of current capital but could be structured as a percentage of each loan made. For example, if 1.5% was the interest on the loan, 1% could be put toward the loan loss reserve. He emphasized that it was up to the MHEA Board to make the decision. Business Oregon's interest is to make the MHEA's lending program more sustainable and resilient.

Ken Bailey clarified that the 4% that MCEDD has assigned 4% to all outstanding loan balances because the risk is on the outstanding loans. This is simple to calculate and is the funding that needs protection. He stated that this was his understanding of why MCEDD has structured its reserve in this way. Renate asked how often this amount is recalculated, expressing her concern that this is a lot of work to readjust every month or quarter as loans are made. Jessica answered that MCEDD recalculates the amount every 6 months.

Michael Friend asked if it would it apply to loans that we have already made. John answered that the Loan loss reserve that you set up with your MHEA money would be available to cover loans already made, but not the Business Oregon funds. The program has robust rules to follow, and that the Loan Loss reserve money awarded by the state is to be available for all loans going forward that are enrolled when the loan is originally made. John added that it is a very simple enrollment application. He went on to acknowledge MCEDD's work on the proposal for this program, crediting Jessica and MCEDD's staff not only for this application, but for the other entities that MCEDD's staff assisted in their application processes.

Renate pointed out that the intent of our program is to be more flexible, and asked if there were any restrictions that would limit the MHEA with this program. Jessica said no, that if we follow the MHEA's RLF everything will line up.

Mike Wells stated that in the 10 years he has been on the Board, there has been only one loan loss. This was a Brewing company located in Sandy.

Jessica asked John to explain to the Board what will happen with the funds awarded by this program if the MHEA does not contract with MCEDD in the future. John said that Business Oregon has approved MCEDD to service the loans in the program, based on MCEDD's history of managing portfolios. If the MHEA wants to switch who administers its funds, Business Oregon will need to be notified so that the proposed administrator can be vetted and approved.

Ken Bailey motioned to approve the receipt of the Loan Loss Reserve award from Business Oregon, and to approve the creation of a Loan Loss Reserve fund with MHEA portfolio funds. Renate seconded the motion. All voted in favor, and the motion passed.

Jessica made note for the MHEA's loan loss reserve account to be funded with 4% of outstanding loans based on consensus. She thanked John for coming to the meeting.

John left the meeting at 9:26am.

UPDATE RLF PLAN TO INCLUDE MICROLENDING PROGRAM

Jessica introduced this topic as a follow-up to the discussion last November. The Microloan program that has been adopted by MCEDD's other lending boards allows a simpler application process that does not require full collateralization for loans up to \$40,000. The microloan programs have been very popular for both the OIB and MCEDD. The draft changes in the RLF included in the packet are proposed for the MHEA to institute a microloan program. Jessica noted that she also changed the language about how Board members are appointed based on the changes in the IGA that are going through. She opened the floor for questions.

Discussion: Renate agreed with adding the microloan program, but wanted to strike out the language about the prepayment penalty. She questioned why a penalty would be charged to pay off early.

*Ed asked if MCEDD has this language for a prepay penalty. Jessica confirmed that this language is in all of the lending Boards RLF plans that MCEDD manages. She clarified that the language says, "a pre-payment penalty **may** be charged." She also noted that there has never been a client who was actually charged. Ed recommended leaving this in with the wording left as "may be charged." He felt that it gives a safety valve.*

Ken also disagreed with Renate's proposal to strike the prepayment penalty language, feeling that this had value as backup safety measure. He also felt it would not be used.

Renate asked to set a limit for the prepay penalty, and proposed to add that no prepayment penalty will be charged for loans under \$100,000. Matt asked for clarification whether microloans top out at \$40,000 and would therefore be excluded from this clause. Renate agreed, stating that the \$100,000 minimum was to insure against any concerns about larger loans paying off early. David Snider agreed. Ed asked if the pre-pay penalty language has ever

been a barrier to anyone applying for a loan. Jessica answered that it has never happened that quickly, but that clients who get loans at a high interest rate do ask about it.

Ken suggested restricting the penalty by length of time, that after two or three years of payments, no prepayment penalty will be applied.

Renate asked for clarification that the MHEA's admin costs for MCEDD include the work time spent to create the loan and service it, wondering if this potential prepayment penalty is a source that MCEDD relies on.

Matt Lorenzen asked if the microloan program needs any policy language about the uses of the funds. Jessica explained that the uses of funds in the Microloan program is the same as any loan made under the RLF. Matt suggested adding in language specifying that the use of microloan funds follows the RLF as described under eligible projects, page 11 of the plan.

Matt Lorenzen motioned to approve the RLF language amendments as provided with the change that a prepayment penalty fee may be charged for loans of \$100,000 or more if this occurs before two years after the date of the loan closing, and adding in language specifying that the use of microloan funds follows the RLF as described under eligible projects, page 11 of the plan. Renate seconded the motion. All voted in favor, and the motion passed.

STAFF UPDATES

Jessica updated the Board on the progress of the IGA. Hood River and Wasco counties have approved the new IGA, but the Clackamas County lawyer has asked for some minor changes, so it has not been approved yet. When we receive the new language back from them, it will need to go back to both Hood River and Wasco Counties for final approvals. She added that there were no red flags.

There is a new loan proposal that will be ready before a month has passed. Jessica alerted the Board to check for a meeting invite in a couple of weeks when it is ready. Mike asked about the type of business. Ami explained that this is a bakery and coffee shop in Maupin.

OTHER NEW BUSINESS/ GOOD OF THE ORDER

Mike welcomed both Ed and Nate as newer members and invited to speak up with any questions or concerns!

Mike requested that MCEDD draft up a letter to past loan clients who have paid off, for Board members to sign. The letter would state the Board's appreciation to keep the MHEA in mind to refer new possibilities. He noted that sometimes they need a boost.

David Snider said that he planned to go check with Pam about joining the Board directly after the meeting.

ADJOURNMENT

Mike Wells adjourned the meeting at 9:45 a.m.

Respectfully submitted by Jill Brandt, Administrative Assistant

MHEA Financials
March 2023

Revenues					
	Budget	To Date	Balance	% of Budget	Projected Year End
7/1/22 Relending Fund Balance	567,115	587,415	0		587,415
Loan Principal Payments	103,070	79,214	-23,856	77%	103,070
Loan Relending Revenues	670,185	666,629	-3,556	99%	690,485
Administration Revenues					
Investment Account Interest	2,500	6,109	3,609	244%	2,500
Loan Fees	1,500	6,255	4,755	417%	1,500
Loan Interest Payments	29,834	15,021	-14,813	50%	29,834
2022-2023 Admin Revenue	33,834	27,386	-6,448	81%	33,834
Expenditures					
Relending Funds					
New Loans	150,000	340,000	190,000	227%	150,000
Total New Loans	150,000	340,000	190,000	227%	150,000
Administration Expenses					
Audit	2,820	0	-2,820	0%	2,820
Bank Fees	50	55	5	109%	50
Legal Fees	750	228	-522	30%	750
Loan Expenses	500	589	89	118%	500
State Ethics Commission	50	44	-6	88%	50
Website	20	21	1	106%	20
Administration	18,000	14,886	-3,114	83%	18,000
Total Admin Expenses	22,190	15,823	-6,367	71%	22,190
Ending Cash Balance	531,829	338,191	-193,638	64%	552,129

Memorandum

To: MHEA Board of Directors
From: Jessica Metta, MCEDD Executive Director
Re: Board Vacancy Appointments
Date: April 7, 2023

Overview

The Mount Hood Economic Alliance (MHEA) Board currently has two Clackamas County vacancies and two applicants for those positions: James Graham and Pam Gramenz. Filling the vacancies has been on hold until the new IGA is approved that would specify “Clackamas County shall authorize the Clackamas County representatives on the Alliance Board to appoint six (6) people on Clackamas County’s behalf.” While Hood River and Wasco County have approved the new IGA, Clackamas County has not yet and has recommended a few edits that will require Hood River and Wasco Counties to approve the amended IGA. This process could take another month or two.

Board Member Renate Mengelberg proposed considering the applications and appointing them provisional to the IGA being finalized, to help keep the applicants engaged. James’ application materials follow, and Pam’s will be sent as soon as we receive them and prior to the meeting.

Mt Hood Economic Alliance
Clackamas • Hood River • Wasco Counties

BOARD MEMBER APPLICATION

Name: James N Graham, CEcD

Physical Address: 625 Center Street, Oregon City, OR 97045

Mailing Address: Same as above

Phone: ##### Email: jgraham@orcity.org

Occupation: Economic Development Manager

Please attach a brief resume with your application.

1. List any government committees, commissions, or boards on which you have served:

Oregon City Urban Renewal Commission

Oregon City Commission

2. List any civic or service organizations on which you have served:

Member, Council of Development Finance Agencies

Board Member, Oregon Economic Development Association ("OEDA")

Board Member, Micro Enterprise Service Organization ("MESO")

Member, International Economic Development Council

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3. Briefly describe why you are interested in this appointment:

To help ensure the availability and viability of entrepreneurial support to small businesses in Clackamas County

4. Please describe what you will do to support the work of MHEA:

Help the organization to realize and be acquainted with the ever changing needs of small businesses in an evolving economy, providing insight and recommendations to meet such needs.

**Return your resume and this form to the address below
or via email to mcedd@mcedd.org**

RESUME OF QUALIFICATIONS

Submitted in Strict Confidence

JAMES N. GRAHAM, CEcD

SUMMARY OF QUALIFICATIONS

ECONOMIC DEVELOPMENT AND REDEVELOPMENT

- Administered/managed redevelopment areas (urban renewal), developed investment policies and strategies as well as crafted business investment incentive initiatives.
- Negotiated disposition and development agreements (“DDAs”) with developers that resulted in the building of mixed-use projects, housing complexes, and industrial projects.
- Experienced in developing and implementing economic development strategic plans that focus on business retention and growth, investment attraction, tourism, workforce development, entrepreneurial grant/loan programs, small business development, and technology development.
- Assembled various parcels of land resulting in the development of new commercial real estate investments.
- Attracted commercial developers to various municipalities to build projects that involved mixed-use projects, manufacturing and industrial projects.
- Worked with state and regional economic development partners to attract and retain, manufacturing, industrial, and service/retail businesses.
- Developed comprehensive workforce development partnerships that focus on technical skill-based training involving local and higher education institutions, state employment organizations, workforce boards, county and municipal governments, and private enterprise.

PROGRAM DEVELOPMENT

- Raised five million dollars from private and public sources to fund small business startups.
- Created and administered several COVID-19 Response Initiatives and natural disaster-related programs designed to help businesses and nonprofits be more resilient.
- Forged public/private partnerships to assist small businesses with attaining technical assistance and startup capital.
- Devised multiple international trade missions involving U.S and Brazilian companies.

ORGANIZATIONAL DEVELOPMENT

- Experienced with ensuring that staff performance coincides with strategic direction.
- Managed multi-million-dollar organization budgets to realize agency performance milestones.
- Strong facilitator and manager of productive conferences, special events, and task forces.
- Expertise in developing and managing strategic planning processes.

PROFESSIONAL EXPERIENCE

ECONOMIC DEVELOPMENT MANAGER

City of Oregon City, Oregon, 2020 – Present

- Developed the Urban Renewal's vision and framework for decision-making
- Implementing the City's Existing Tourism Strategic Plan
- Developed and implementing the City's Economic Development Strategic Plan
- Reconstituted and manage the City's Economic Development Department
- Developing a comprehensive workforce development strategy for the City
- Developed various Initiatives in response to COVID-19 for businesses and nonprofits
- Served as an Ombudsman to relocate a technology-based firm to Oregon City

ECONOMIC DEVELOPMENT DIRECTOR

City of Minden, Louisiana, 2015-2020

- Developed a collaborative and systemic approach to economic development
- Established a series of innovative economic development incentives to spur private investment
- Nurtured important public/private partnerships: regionally, state-wide, and locally
- Attended various industry trade shows utilizing a custom-made trade booth
- Devised collaborative workforce development initiatives
- Raised private funding on behalf of the City to conduct special economic development projects
- Attracted large manufacturer to community, employing 120 people
- Developed a Brazilian Trade Mission involving three cities in two different states

ECONOMIC DEVELOPMENT SPECIALIST

City of Elyria, OH, 2013 to 2015

- Implemented an economic development plan for the community
- Recalibrated and managed economic development incentives
- Developed and implemented a business, retention, and expansion program
- Coordinated with State and county officials to implement business attraction strategies
- Developed a small business revolving loan program utilizing HUD funds
- Initiated an arts district in downtown area

PRESIDENT

Warren County Regional Chamber of Commerce, Warren County, NJ, 2012-2013

- Devised a marketing strategy that attracted new members and retained existing ones
- Established a new organizational structure to enhance organization's relevance
- Created affinity programs designed to offer valuable services to chamber members
- Raised \$150,000 from private fund-raising initiatives to support Chamber activities
- Developed and managed various special events and networking programs
- Supervised professional and administrative staff

ASSISTANT TO CITY MANAGER

Office of the City Manager, San Bernardino, CA 2010 –2012

- Managed multifaceted teams from various departments to manage impactful projects
- Developed and re-negotiated contracts to preserve and protect the City's General Fund
- Established public/private partnerships to implement community development projects
- Negotiated agreements with investors to develop mixed-use commercial real estate
- Initiated a marketing strategy to create greater awareness of various City-led initiatives
- Mediated a new franchise agreement with several privately-owned tow service operators
- Developed a new franchise program with the city's taxi-cab companies

ECONOMIC DEVELOPMENT MANAGER

Redevelopment Agency of the City of Reno, NV, 2004 – 2010

- Developed and managed projects aimed at revitalizing the City's redevelopment areas
- Negotiated real estate development opportunities with commercial developers
- Devised and managed economic development incentives for the City
- Made many project presentations before City Council and community groups
- Chaired multi-jurisdictional affordable housing consortium to administer CDBG funds
- Developed and managed an urban farmers' market, shopping & entertainment complex

EXECUTIVE DIRECTOR, COMMUNITY DEVELOPMENT FINANCIAL INSTITUTION

Pennsylvania Appalachian Capital Alliance, Harrisburg, PA, 2000 – 2003

- Re-focused the organization on its most productive strategies/programs
- Designed and implemented new internal management and financial controls
- Solidified political and financial support for the organization
- Directed commercial loan packaging activities of seven field service offices across the state
- Devised new loan policies and underwriting criteria
- Supervised a professional/administrative staff of 14 people

VOLUNTEERISM AND LEADERSHIP

- Member, Oregon City Business Alliance (2020 – Present)
- Member, International Economic Development Council (2001-Present)
- Member, Board of Directors, Micro Enterprise Service of Oregon (“MESO”) (2020-Present)
- Member, Board of Directors, Oregon Economic Development Association (2020-Present)
- Member, Council of Development Finance Agencies (2016 - Present)
- President, Strategic Action Council, Regional Economic Development (2018 - 2019)
- Executive Director, Consortium of Minden/Webster Parish, Marketing (2016 – 2019)
- Executive Director, Industrial Development Board, Manufacturing, (2016 – 2019)

EDUCATION

- Certified Economic Developer (“CEcD”) by the Int’l Economic Development Council
- Masters of Public & International Affairs, University of Pittsburgh, Pittsburgh, PA
- International Political Economy Specialization Certificate, Univ. of Pittsburgh, PA
- Bachelor of Arts in Economics, Johnson C. Smith University, Charlotte, NC