MID-COLUMBIA ECONOMIC DEVELOPMENT DISTRICT
EXECUTIVE COMMITTEE MEETING
WEDNESDAY, MARCH 7, 2018
4:00 p.m.
MCEDD Office and Teleconference

ATTENDANCE:
In Person: Eric Proffitt, Bill Schmitt, Dana Peck, Bob Hamlin, Ken Bailey, Rod Runyon
Teleconference (Board Members): Rex Johnston
Absent: Gary Thompson, Bob Benton
Staff: Amanda Hoey, Eric Nerdin, Jessica Metta, Lauren Hernandez
Guests: Joanna Kaiserman, Jill Amery
Teleconference (Guests): Braxton Williams, Chase Dun, Hank Manilla, Clarissa Tolan, Linnet Sim, Jordan Hamada, Rich Duncombe, Scott Clements

CALL TO ORDER:
Ken Bailey called the meeting to order at 4:00 p.m. A quorum was present.

EXECUTIVE COMMITTEE MINUTES:
Motion to approve the February 7, 2018 Executive Committee meeting minutes as presented made by Rod Runyon. Bill Schmitt seconded the motion. Motion carried unanimously.

BUSINESS LOAN IMPACTS:
Amanda Hoey explained MCEDD has partnered with the Oregon Consulting Group through University of Oregon to conduct study to get understanding of the long-term impact of MCEDD and Oregon Investment Board loan programs.

The Oregon Consulting Group members introduced themselves, including Braxton Williams, Chase Dun, Hank Manilla, Clarissa Tolan, Linnet Sim, and Jordan Hamada. Rich Duncombe introduced himself as the Oregon Consulting Group Director.

Hank Manilla explained Oregon Consulting Group is a management consulting firm run by students from University of Oregon. The study was conducted to determine the economic impact of loans after businesses are no longer involved in the loan program.

Braxton Williams explained the survey makeup included employment, reinvestment, business health, area growth and development, and satisfaction. Employment included the effect of financing, employee make up, and benefits. Reinvestment focused on how businesses reinvested because of financing and how MCEDD financing allowed businesses to invest in the community around them. Business health focused on sales, reliance on MCEDD financing, and how a business was growing or contracting. Area growth and development tracked the geographical location and number of businesses and where business was being conducted. Satisfaction focused on the process of attaining a MCEDD loan and if the loan was helpful to the business.

Chase Dun noted there were 41 respondents comprising of 28% of MCEDD's client list. There have been $11 million in new annual wages since 2002. This data, extrapolated to include 100% of MCEDD's client list, shows $40 million in wages since 2002. $21 million of this $40 million includes family-wage income. Restaurants offered 35% of the wages, though most wages were below family-wage definition. Overall, 85% of respondents agreed that MCEDD financing allowed

them to hire more employees. After exiting the MCEDD loan program, employment behavior showed 20% of businesses decreased employment and 40% maintained employment.

Clarissa Tolan noted average business sales increased after the MCEDD loan payoff date. This indicates that after businesses leave the loan program, their sales increase compared to before they were able to pay off their loan. The median increase in sales for businesses was $450,000. 60% of loan clients indicated their reliance on loans decreased after exiting MCEDD's loan program. 40% noted their reliance on loans stayed the same. No businesses indicated they had increased their reliance on loans.

Linnet Sim reported 68% of past loan client respondents indicated their businesses grew since financing. 63% of current loan client respondents indicated they have grown since financing.

Hank explained a summary of the data shows that after a MCEDD loan is paid off, 47% of previous loan clients report their businesses are growing, 41% reported their businesses are stable, and 12% reported their businesses are shrinking. Data from business responses show 500 jobs created. 85% of respondents attributed this growth to MCEDD. Data shows businesses have less reliance on loans after leaving the MCEDD loan program. 88% of businesses remain stable or are growing after the loan program. Most are doing well and are adding to economic diversification in the area. The OCG suggested some ideas for furthering the impact of the loan program could include developing business plans following loan pay off, focusing on businesses regarding growth, and varying customer facing businesses investment depending on community needs.

> *Discussion: Ken Bailey thanked the OCG for their work and stated he was pleased to see the MCEDD loan program is hitting many of its overall goals. Hearing from an independent third party is very helpful. Scott Clements asked for clarification regarding dependency on loans. He asked if businesses growing after leaving the program would be dependent on loans to support that growth. Ken explained businesses that first sign up for MCEDD loans are very dependent in the beginning and are less-so when the loan is paid off. The data does not mean those businesses don't use loans in the future, but the loans are an opportunity to increase business and not a dependency for survival. The stability of those businesses is not dependent upon further loans.*

FINANCIAL REPORT:

Siri Olson reported the Balance Sheet for January reflects an increase of position of above $27,000 as compared to this time last year. Accrued Loan Interest has decreased over $11,000 in January due to loan payoffs. However, the total Loans Receivable has increased just over $643,000 as compared to last year. As a result, it is expected that the Allowance for Doubtful Accounts will also increase, as MCEDD maintains a balance of 6% of the Loans Receivable. The current balances are based on reconciled Loans Receivable as of June 30, 2017. These accounts will be adjusted at the end of the Fiscal Year to encumber the required 6% amount. In addition, the Accrued Loan Payment and Accrued Interest Payable reflect adjustments made to correct the posting of payments made in prior months. Lastly, Payroll Liabilities are higher in January due to the timing of payroll payable processing.

MCEDD is currently 58% through the budget year. Although total Revenue is under what was anticipated as of January 31, 2018, the first payment was received from ODOT for Mobility Management, which was for Quarter 2 of FY 18. Also, Local Match is higher than planned, largely due to the Economic Symposium. Contract Reimbursement is lagging a bit, in part, due to the status

of some projects and being able to bill for them. Some of these projects may extend into FY19. Expenses reflect reduced spending activities and are 17% less than budgeted.

Siri noted the pipeline shows the anticipated flow of funds. She asked if the pipeline is useful to the committee. Amanda Hoey explained the pipeline helped assess performance of actual revenue vs. budgeted when the budget was based on highly-variable projects. Currently, special projects are a smaller portion of the overall budget. Ken Bailey stated seeing the budget and projects in one place is helpful, but the pipeline could be done quarterly instead of monthly.

Rod Runyon left the meeting.

The Executive Committee came to the consensus to reduce the pipeline report frequency from monthly to quarterly.

Motion to accept the financial report as presented made by Bob Hamlin. Bill Schmitt seconded the motion. Motion carried unanimously.

ANNUAL ECONOMIC SYMPOSIUM:

Amanda Hoey reported MCEDD hosts an economic symposium to bring together MCEDD's partners throughout the five counties. The event is typically half a day from morning to early afternoon. Resources to host the symposium come from the Economic Development Administration Planning Grant, business sponsors, and attendee fees. The event date target is late fall. Amanda requested input on partnerships, location, agenda, and sector focus. She asked if the event should remain a half-day event for a low cost or if it should move to become more formal, including a luncheon or dinner.

> *Discussion: Bob Hamlin asked if a sector has been chosen for the symposium. Amanda replied it has not been chosen, and it is helpful to hear what is growing and is key to the area. Forest products were a sector focus last year, and past focus has been on agriculture. The high-tech area, healthcare, and renewable energy are possible sector focuses. Some other suggestions included wind, water, solar, and the shipping industry. Ken Bailey suggested the symposium also highlight MCEDD's services. Eric Proffitt stated the half-day event is convenient for some, though some may not feel up to traveling for an event that is only half a day. Dana Peck suggested it is easier to fit in a half-day event. Other topics to highlight could include the Gorge Technology Alliance. Amanda will bring the agenda back to the Executive Committee in the future to get more input about specific developments.*

OPPORTUNITY ZONES:

Amanda Hoey reported the federal tax law included provisions for the designation of Opportunity Zones. These designations could provide increased access to capital in the form of equity instead of debt. Washington and Oregon have taken different approaches to gathering feedback about the census tracts each state can designate. Washington has directly engaged their ADOs to provide analysis of the census tracts, prioritization, and clarification of the investment potential. Oregon has utilized their Business Development Department for initial analysis and mapping of the zones and is now seeking feedback from local partners. The intention is for zones eligible to provide comment about their preparedness and opportunities for investment in housing and business. One exception is 5% of state zones can be a census tract not low income but contiguous to another low-income zone. Cascade Locks is potential for a bi-state partnership. Amanda recommended the Executive Committee support Washington counties' Opportunity Zones prioritization analysis and sign on to

partnering agreements as well as develop comments for the Oregon geography, participate in meetings with the state as applicable, and partner with local entities in responding to the potential zone designations.

Motion to move forward with the Executive Director's recommendation regarding Opportunity Zone prioritization in Washington and Oregon made by Dana Peck. Bill Schmitt seconded the motion. Motion carried unanimously.

EXECUTIVE DIRECTOR REPORT:

Amanda Hoey reviewed highlights from the past month including:

- The AmeriCorps Resource Assistance for Rural Environments (RARE) program application is due April 13. The program offers the assistance of a trained graduate-level member who lives and works in the community for 11 months. MCEDD has hosted multiple RARE participants in the past. The individual would focus on economic development projects. With a Ford Family Foundation application, the cost could be as low as $13,500 for a match. The match cost can be included in next year's budget.

  Discussion: *Ken Bailey noted a RARE participant would increase MCEDD's capacity without the cost of a full-time employee.*

Motion to proceed with the process of applying to the RARE program made by Eric Proffit. Bob Hamlin seconded the motion. Motion carried unanimously.

- OIB has approximately $2 million of originally authorized funds that have never been appropriated. There is no mechanism through the US Forest Service for the originally dollars to flow through. The USDA Rural Development has potentially identified a pathway to look at USDA as a vehicle for funds via non-competitive rural development grants. This idea seems to have potential support on a national level but still needs assistance. A letter signed by congressional delegates indicates they would be willing to jointly push for the appropriation of funds.
- The National Association of Development Organizations is anticipated to release a special comprehensive budget report to analyze the President's proposed FY19 budget. Key takeaways from the proposed budget which could impact the region and agency if implemented include:
  - Proposed elimination of the US Economic Development Agency
  - Proposed elimination of the Community Development Block Grant program
  - Significant reductions in USDA rural development funding

  Amanda requested Executive Committee approval for use of informational material for outreach and education on the importance of these programs.
- A $600 million emergency supplemental package was passed. Funds will be available to counties with 2017 emergency disaster declarations. Hood River County and Skamania County may be eligible to receive some of these funds.
- Last year, the Executive Committee authorized and presented to the MCEDD Board a five-year strategy for local assessments. This pathway is anticipated to be followed for FY19, which would include a $2,130 flat rate per Port and $0.55 per capita for cities/county unincorporated.

Motion to approve the budget strategy and to continue the five-year plan made by Bill Schmitt. Eric Proffitt seconded the motion. Motion carried unanimously.

DEPUTY DIRECTOR REPORT:

Jessica Metta reviewed highlights from the past month including:

- The LINK team is appreciated, and things are functioning well at the Transit Center.
- The Transportation Director position has been filled, and after one final piece from GOBHI, the new employee can be announced.

  Discussion: Ken Bailey thanked GOBHI for their support with the LINK acquisition.
- Work is being done to update policies, set up a Special Transportation Fund meeting, and set up the new Transportation Director.
- GOBHI had funds identified from Pacific Source to develop service to farmer's markets as a newly offered service this year. There are a number of grants Kathy Fitzpatrick has been pursuing.

  Discussion: Ken Bailey noted a Hood River County representative is needed to serve on the Transportation Advisory Board. Amanda noted there was an issue of a backed up sewer line at the LINK building. She thanked Lauren Hernandez for addressing it quickly and contacting a plumber to get the issue resolved.
- Amanda Hoey and Jessica met with Columbia Area Transit to discuss potential opportunities for partnership.

OTHER NEW BUSINESS; COMMITTEE MEMBER UPDATES:

Ken Bailey – Amanda Hoey, Jessica Metta, and Ken Bailey met with The Columbia River Gorge Commission's Executive Director to discuss the updating of the Gorge 2020 management plan. The economic development piece lacks detail, but the Commission is open to help in developing a more robust plan, including an economic development section.

Discussion: Bob Hamlin noted the Columbia River Gorge Commission has a survey posted on its website that may affect the Gorge 2020 management plan. It is worth giving a response so the data can aid the Commission in making decisions. Joanna Kaiserman encouraged all to participate in the survey, listening sessions, and Gorge 2020 meetings. The Commission will look at this qualitative data as the process moves forward.

ADJOURN: Meeting adjourned at 5:25 p.m.

Respectfully submitted,
Lauren Hernandez, Office Administrator