

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

Thursday, April 21, 2016
8:00 AM
Bette's Place Meeting Room
416 Oak Street, Hood River, Oregon

ATTENDANCE:

BOARD: Bob Hamlin, Scott Clements, Mike Smith, Bob Benton, Rex Johnston, Dillon Borton and Rod Runyon.

STAFF: Eric Nerdin, Sherry Bohn and Amanda Hoey

GUESTS: Lorraine Lyons (Hank Tank), Rodney Stewart (Hank Tank)

CALL TO ORDER:

Scott Clements called the meeting to order at 8:10 a.m. A quorum was present.

LOAN ADMINISTRATION BOARD MINUTES:

Rex Johnston moved to approve the minutes from April 5, 2016. Bob Hamlin seconded the motion. Motion passed unanimously.

LOAN MODIFICATION REQUEST PROPOSAL:

Hank Tank dba 64 oz.

Eric Nerdin presented a loan modification request from Hank Tank to subordinate MCEDD's 2nd position trust deed lien for MCEDD loan #158-01-01 on real estate collateral located at 40 Rio Vista Drive, White Salmon to a new "to be determined" 1st position lender to allow Lorraine to obtain a cash-out refinance mortgage to obtain much of the funds needed to complete a major remodel project on her house.

EXECUTIVE SESSION

Per ORS 192.660 (f) Exempt Documents, the MCEDD Loan Administration Board moved into Executive Session at 8:12 a.m.

Regular session was reconvened at 8:31 a.m.

LOAN MODIFICATION REQUEST DECISION:

Hank Tank dba 64 oz.

Rex Johnston moved to approve the loan modification request with the conditions listed in the staff report. Bob Benton seconded the motion. Motion passed unanimously.

LOAN MODIFICATION REQUEST PROPOSAL:

CRG Freight, Inc.

Eric Nerdin presented a loan modification request from CRG Freight, Inc. to subordinate MCEDD's 2nd position trust deed lien for MCEDD loan #162-01-01 on real estate collateral located at 3397 Bradley Drive, Hood River to a new "to be determined" 1st position lender to

allow Randy to obtain a cash-out refinance mortgage to obtain funds to payoff taxes owed to the State of Oregon Department of Revenue.

LOAN MODIFICATION REQUEST PROPOSAL:

15 Mile Ventures, LLC

Eric Nerdin presented a loan modification request from 15 Mile Ventures, LLC to release the 2005 Ford F150 pick-up truck as collateral for MCEDD loan #161-01-01.

EXECUTIVE SESSION

Per ORS 192.660 (f) Exempt Documents, the MCEDD Loan Administration Board moved into Executive Session at 8:32 a.m.

Regular session was reconvened at 8:54 a.m.

LOAN MODIFICATION REQUEST DECISION:

CRG Freight, Inc.

Mike Smith moved to approve the loan modification request with the additional conditions that the loan client obtain an appraisal on the property, located at 3397 Bradley Drive, Hood River, OR, after the re-roofing and re-painting is completed that produces an appraised value of at least \$345,000. Client must also provide 2015 federal and state tax reports, provide documentation of prior tax debts and confirmation that there is no other outstanding debt. Staff is also directed to obtain an updated credit report. Bob Hamlin seconded the motion. Motion passed unanimously.

LOAN MODIFICATION REQUEST DECISION:

15 Mile Venture, LLC

Rex Johnston moved to approve the loan modification request with the conditions listed in the staff report. Mike Smith seconded the motion. Motion passed unanimously.

EDA REVOLVING LOAN FUND PLAN:

Amanda Hoey noted that every five years MCEDD must update its Economic Development Administration (EDA) Revolving Loan Fund (RLF) Plan. She noted that this plan provides the framework for management of MCEDD's EDA funded loan programs, in addition to other loan programs in MCEDD's portfolio, excluding USDA and OIB funds which are managed under separate plans.

Amanda noted that the framework for the plan and required elements are mandated by EDA and they provide detailed guidance on what must be included. She reported that based on a March revision submitted by MCEDD, EDA provided guidance on the following elements of required modification:

- EDA requires that at least one member of the Loan Administration Board making final loan decisions has lender experience. Amanda noted that MCEDD requires the composition of the board to include this expertise but does not require one of these individuals to be present when making final loan decisions. She reported that EDA advised that MCEDD must change the policy to reflect this requirement. Amanda noted that this would require at least one private sector Loan Administration Board member present at all future loan board meetings for decisions.

- EDA requires a modification to the Environmental review language. Amanda noted that staff revised the language to incorporate the environmental language recommended by the EDA environmental officer verbatim.

Discussion: Scott Clements opened the discussion regarding changing the structure of the MCEDD Loan Board by suggesting adding another at-large private sector member. Scott made this suggestion based on the possible problems associated with meeting attendance requirements with only two at-large members. The board discussed the pros and cons of changing the board structure by adding a new member. The addition of one or two participating alternate members was also suggested and discussed. Rod Runyon suggested having alternates with active participation involvement that could vote on behalf of any Loan Board member. He stated that this had been used successfully in Wasco County. Rex Johnston expressed some concerns with an alternative representing/voting as a County representative as the County Commissioners are specifically charged with that role. Bob Benton stated that he supported the idea of an active participation alternate for the at-large positions only. The Board consensus was to recommend seeking an alternate for the at-large positions. Amanda Hoey stated she would check with EDA to see if that was an acceptable solution.

Amanda noted that the EDA recommended reviewing the maximum loan size, which is listed at \$250,000 and stated that MCEDD staff made the following proposed changes:

- Updated the Economic Adjustment Problem section to reflect the updated CEDS.
- Updated the RLF impact to reflect the most up to date information.
- Revised the Equity Policy to include “usually” for the percent listed for working capital loans and to not the combined LTV for real estate.
- Modified the eligible entities and projects to consolidate under their respective headings.

Discussion: Scott Clements noted that a few months ago Rod Runyon raised the question of the appropriateness of providing loans to public entities which are included in both the prior and revised plans. Mike Smith stated that he supported it.

Bob Benton moved to recommend approval of the updated plan with the addition of the alternate at-large private sector member. Rex Johnston seconded the motion. Motion passed unanimously.

LOAN UPDATE

Amanda Hoey presented an update on the status of the loans to TGE, LLC and Morale Orchards. Eric Nerdin presented an update on Ground Coffee, LLC.

EXECUTIVE SESSION

Per ORS 192.660 (f) Exempt Documents, the MCEDD Loan Administration Board moved into Executive Session at 9:23 a.m.

Regular session was reconvened at 9:30 a.m.

ADJOURNMENT: Having no other new business, the meeting was adjourned at 9:30 a.m.

Respectfully submitted by Sherry Bohn, Office Administrator