

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

Tuesday, November 1, 2016  
8:00 AM  
MCEDD OFFICE, 515 East 2<sup>nd</sup> Street, The Dalles

**ATTENDANCE:**

BOARD: Rex Johnston (teleconference), Mike Smith (teleconference), Bob Benton (teleconference), Dillon Borton (teleconference), Scott Clements (teleconference), AJ Tarnasky, and Rod Runyon

STAFF: Eric Nerdin, Sherry Bohn and Amanda Hoey

**CALL TO ORDER:**

Mike Smith called the meeting to order at 8:00 a.m. A quorum was present. A round of introductions took place. Mike Smith requested that any Board member disclose any conflict of interests for any of the topics to be reviewed today. None were noted.

**LOAN ADMINISTRATION BOARD MINUTES:**

Rex Johnston moved to approve the minutes from October 18, 2016. AJ Tarnasky seconded the motion. Motion passed unanimously.

**LOAN MODIFICATION REQUEST: OLD STONE EVENTS, INC:**

Eric Nerdin presented a loan modification request from Old Stone Events, Inc. to remove the requirement for MCEDD loan #118-01-01 that requires Greg Ott to provide MCEDD with an “Assignment of Life Insurance as Collateral” in the amount of the outstanding loan balance.

**LOAN MODIFICATION REQUEST: VAN KESSEL, INC:**

Eric Nerdin presented a loan modification request from Van Kessel, Inc. dba Crown Prints to modify MCEDD loan #87-02-01 to Van Kessel, Inc. to lower monthly payments and restructure repayment terms to allow loan client to bring loan current.

**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 was reconvened at 8:12 a.m.

**LOAN MODIFICATION REQUEST DECISION: OLD STONE EVENTS, INC:**

AJ Tarnasky motioned to approve the loan modification request from Old Stone Events, Inc. as presented. Bob Benton seconded the motion. Motion passed unanimously.

**LOAN MODIFICATION REQUEST DECISION: VAN KESSEL, INC:**

Scott Clements moved to approve the loan modification request from Van Kessel, Inc. as presented with the additional condition directing staff to verify there are no new newly acquired assets or incurred debt. Rod Runyon seconded the motion. Motion passed unanimously.

*Discussion: Rod Runyon stated a preference to work with the client in order to receive some form of payment. Dillion Borton stated that it was very important to verify that there were not any newly acquired assets or incurred debt. AJ Tarnasky asked how staff would know about any new debt without running a new credit report. Eric Nerdin stated that a new credit report is a condition of approval. Amanda Hoey asked for clarification on Dillion Borton's question and if it was a condition on approval of the loan modification. The Board's consensus was that it should be a condition of the loan modification approval. Rod Runyon asked about the client's ability to make payments if there are additional hardships. Eric Nerdin stated that this level of payment appears to be supportable by the business and/or with outside income source and that the cost of a credit report very small.*

### **LOAN PROGRAM INTEREST RATE POLICY:**

Amanda Hoey reviewed the request for loan policy recommendations and noted that the conversation at this meeting is focused on the first element the Loan Board was interested to discuss: lowering or changing interest rate structure.

Amanda presented information to assist the Board in its discussion to define opportunities for modification to the interest rate structure. Amanda reviewed the current interest rate structure and advantages and disadvantages of two scenarios: 1) Increasing the initial interest rate and lowering the rate mid-way through a loan term and 2) Making no change to the initial interest rate and lowering is mid-way through a loan term. Amanda requested the Loan Administration Board discuss and make a recommendation to the MCEDD Board of Directors on modifying the interest rate assignment and structure on MCEDD loans.

Amanda stated that the staff recommendation was to retain the initial interest rate structure but allow for the automatically lowering of the interest rate of an amount between 0.5% to 2.0% following one to four years of full performance on the loan. She noted that the timing and amount of rate reduction will be dependent on loan risk profile, performance and staff recommendations at the time of loan approval. Amanda also noted Alternative Option 1: Increase the initial rate and allow for an automatically lowering of the interest rate within two to four years as noted above.

*Discussion: AJ Tarnasky stated that the alternative option number 1 would increase income to MCEDD and likely not cause any loss of business. He stated that he thought the staff recommendation would most likely cause a loss of income. He asked if the interest rate were lowered after three or four years if the loan would still contain a default clause. Eric Nerdin stated that it would. Scott Clements offered a third option of having loans contain the clause that at the midpoint of the loan staff could recommend to the Board a modification to lower the interest rate. Amanda Hoey discussed the incentive provided to clients with an expectation of a change in interest rate if performing on their loan. Bob Benton asked if existing loans would be affected. Amanda stated that they would not automatically include a change, unless the Board wanted to include that option or review them individually. AJ Tarnasky stated that if loans are to be reviewed later there needed to be verification of any other*

*actual offers. He noted that it was important that a guaranteed lower interest rate was a valid offer and that the income needed to be bankable.*

Rod Runyon moved to recommend to the MCEDD Board the staff recommendation as presented. Scott Clements seconded the motion. Motion failed

AJ Tarnasky moved to recommend to the MCEDD Board the alternative option number 1- Increasing the initial interest rate and lowering mid-way through a loan term. Rod Runyon seconded the motion. Motion passed unanimously.

**OTHER NEW BUSINESS:**

Amanda Hoey reported that staff has researched changing the conference call company to reduce costs. She reported that the current system included a toll free and dedicated number. Amanda reported that the alternative company did not include a toll free or dedicated number. She requested input from the Board if they would be negatively impacted by a potential change

*Discussion: Rex Johnston stated that he appreciated the toll free number. Amanda noted that no change is anticipated since LAB members would be negatively impacted.*

**ADJOURNMENT:** Having no other new business, the meeting was adjourned at 8:48 a.m.

*Respectfully submitted by Sherry Bohn, MCEDD Office Administrator*