



Executive Committee Meeting
Wednesday, July 6, 2016
4:00 P.M.

MCEDD Office
515 East Second Street
The Dalles, OR

AGENDA

<u>Topic</u>	<u>Estimated Time</u>	<u>Item</u>
Call to Order, Introductions		
Executive Committee Minutes <i>May 2016</i>	5 minutes	Approval
Financial Report	5 minutes	Information
Attainable Housing RLF Update	10 minutes	Approval/Discussion
Gorge Night Sky Symposium	10 minutes	Information
Executive Director Report <i>Private Sector/Loan Board Appointment Outreach Officers (Sept annual meeting) Agora status</i>	10 minutes	Information
Other New Business; Updates from Committee Members		

The meeting location is accessible to persons with disabilities. If you have a disability that requires any special materials, services or assistance, please contact Sherry Bohn at 541-296-2266 (TTY 711) at least 48 hours before the meeting.

MID-COLUMBIA ECONOMIC DEVELOPMENT DISTRICT
EXECUTIVE COMMITTEE MEETING
WEDNESDAY, MAY 4, 2016
4:00 p.m.
MCEDD Office and Teleconference

ATTENDANCE:

In Person: Ken Bailey, Bob Hamlin, Bill Schmitt, Rod Runyon and Eric Proffitt

Teleconference: Jan Brending, Rex Johnston, Mike Smith

Staff: Sherry Wickert, Sherry Bohn, and Amanda Hoey

CALL TO ORDER:

Jan Brending called the meeting to order at 4:00 p.m. Introductions took place. A quorum was present.

CONSENT AGENDA

Approval of March 2, 2016 Minutes

Approval of April 6, 2016 Minutes

Approval of Auditor Recommendation

Eric Proffitt moved to approve the Consent Agenda. Bob Hamlin seconded the motion. Motion carried unanimously.

FINANCE REPORT:

Sherry Wickert presented the March 2016 financial reports. She reported that the FY 17 budget has been prepared and is ready for the Budget Committee meeting on May 12th. Sherry noted that the Balance Sheet for March includes variances on assets, particularly cash accounts. She noted that MCEDD's cash funds remain high due to match for the Agora Platform project, which is anticipated to be fully utilized in the fiscal year 2017. Sherry also noted that the Accounts Receivable balance is also higher in the current year due to several billings for special projects, such as the Government Affairs/Communications Specialist contract.

Sherry reported that March's Operations Budget vs. Actual report includes differences in both Revenue and Expenses. She noted that Federal and State revenues may not meet budgeted figures for this fiscal year, due to the lower than expected billings from contractors for services. She noted that these projects have completion dates in FY17 and should be fully expended by the end of FY17. Sherry reported that Revenue for Contract Reimbursement continues to be under budget due to the timing for billings. This includes Labor Standards projects which are based on points of completion, Loan Fund revenue and the Housing RLF program. Sherry noted that Expenses are under budget, with the exception of Bonds & Insurance and Other Materials and Supplies, which are expected to be under budget at fiscal year-end.

YOUTH PROTECTION POLICY

Amanda Hoey reported that as the programs MCEDD operates continue to change to meet the needs of regional economic development, MCEDD has entered into projects that have a higher degree of potential interaction with youth. She stated that it is necessary for MCEDD to consider adopting formal youth protection policies. She requested that the committee review the draft policy documents and make a recommendation to the MCEDD Board for adoption. Amanda noted that the draft policy documents were based on review of existing policies from other organizations that have a high degree of interaction with youth and based on best practices. She

also noted that MCEDD uses VerifiedVolunteers to conduct necessary background checks for volunteers and that the proposed policies are nearly the same as those recommended to, and approved by, the Gorge Technology Alliance.

Discussion: Eric Proffitt asked if the policy had been vetted through legal. Amanda reported that they had been vetted thru MCEDD's insurance but not legal. She noted that if the committee wished the policy could be reviewed by legal. Bob Hamlin asked how many volunteers come through in a year. Amanda reported that it was based on a project basis.

Ken Bailey moved to recommend adoption of the Youth Protection policy as presented by staff to the MCEDD board. Eric Proffitt seconded the motion. Motion carried unanimously.

EXECUTIVE SESSION:

Per ORS 192.660 (i) Performance Evaluation of public officers and employees, the Executive Committee moved into Executive Session at 4:10 p.m.

Mike Smith joined the meeting.

Regular session was reconvened at 4:35 p.m.

EXECUTIVE DIRECTOR EVALUATION:

Rex Johnston moved that MCEDD Board Chair, Jan Brending, compile the summary evaluation for the Executive Director personnel file. Bill Schmitt seconded the motion. Motion carried unanimously.

Bob Hamlin moved that the compiled 2016 Executive Director evaluation goals be added to the Executive Director's Development Plan. Rex Johnston seconded the motion. Motion carried unanimously.

Rex Johnston moved that effective July 1, 2016 the Executive Director's salary will be increased to a step 5. Rod Runyon seconded the motion. Motion carried unanimously.

CEDS 2017 and ECONOMIC SUMMIT:

Amanda reported that annually MCEDD updates the Comprehensive Economic Development Strategy (CEDs) for its five county region and every five years MCEDD goes through a major rework of that strategy. She noted that the last major rework was conducted in 2012 and that MCEDD is due for its major rework in 2017. Amanda reported that as staff considers the manner in which MCEDD conducts outreach, hosts meetings and addresses the requirements laid out by MCEDD's federal funders, MCEDD has two areas for Executive Committee consideration and discussion. The first is the composition of the Strategy Committee and the second is the process MCEDD uses to develop the revised strategy.

Amanda noted that while the CEDs is formally adopted by the MCEDD Board of Directors, it can be developed by a separate strategy committee with a formal recommendation to the Board. She noted that in the past, the MCEDD Board has acted as the CEDs Strategy Committee. Amanda stated that with this format MCEDD has conducted meetings with broad invites to stakeholders to encourage participation and obtain their feedback. MCEDD staff has provided the primary support and has compiled/developed the strategy. Amanda stated that this year, staff is requesting discussion of appointment of the CEDs Strategy Committee to include additional

formal members. Amanda noted that this consideration would be to ensure geographic diversity and sector focus. She also noted another option was to consider the addition of more private sector members as way to gain a more inclusive look at those underrepresented on MCEDD's governing body. Amanda reported that staff proposes retaining the public component and comprehensive stakeholder engagement under this structure. She also noted that MCEDD staff would still compile the strategy, but the Committee would act in a strong advisory capacity to staff and would ultimately present the Strategy to the Board for consideration of adoption.

Amanda also reported that staff is updating the process for which MCEDD will develop the CEDS based on guidance from EDA and best practices published by MCEDD's National Association. She noted that MCEDD will rotate meetings within all five counties and proposed the following draft process timeline:

- July – Demographics and Data/Annual Economic Summit
- August – SWOT analysis, Regional Assets and Barriers
- September - Regional Vision and Goals
- Oct and November - Sector Focus Areas, Strategies
- January - Measuring Success and Implementation
- February – First Review, Strategy and Project Prioritization
- March - Adoption

Amanda noted that one process element staff is hoping to obtain Executive Committee support for was using the Economic Summit in July to kick off the CEDS. She requested the Committee discuss and make a recommendation on the structure of the CEDS strategy committee and the 2017 CEDS process.

Discussion: Ken Bailey asked about the vision of the CEDS Strategy Committee and stated that he thought that a smaller group would be easier to work with. Jan Brending asked what the committee members' duties would include. Amanda stated that it would include functioning as an advisory and vetting team and that it would be a working committee. Jan asked if the meetings would be open to all. Amanda stated that they would and noted the opportunity to involve additional private sector representatives as the majority membership and new representatives from under-represented groups include tribes and Latino service agencies. Jan Brending expressed her support. Ken Bailey stated that he supported the idea as long as board members know they can participate. The committee consensus was to move forward with the concept and staff will bring a committee recommendation list to the board meeting in June. It was noted that the formal committee will be limited but meetings are open to anyone. Amanda expressed a preference for a strong private sector representation and the committee agreed. Amanda noted that the Economic Summit date will hinge on Scott Bailey's and Dallas Fridley's availability.

Rex Johnston left the meeting at 4:50 p.m.

EXECUTIVE DIRECTOR REPORT:

Amanda Hoey reviewed highlights from the Director's report, including the following:

- The MCEDD Loan Administration Board reviewed the EDA Revolving Loan Fund plan and recommended revisions to the MCEDD Board for final adoption. She noted that

included in the required revisions were modifications to ensure at least one private sector member with lending experience is present for all decisions. The Loan Board recommended adding an additional private sector member as an alternate to alleviate concerns with the availability of the two current private sector positions. MCEDD staff contacted EDA staff to clarify if an alternate would be an approved solution and had tentative approval.

- Amanda noted that MCEDD manages the Cascade Locks-Hood River Enterprise Zone and that staff is working on an amendment and extension to the MCEDD contract with Hood River County for these services. She reported that interest in the program has picked up in the last month with a number of project applications submitted.
- MCEDD staff is working with the North Central Oregon Regional Solutions Attainable Housing subcommittee to analyze potential revisions to the Attainable Housing Revolving Loan Fund. Amanda noted that discussion is scheduled for the May 16th Advisory Committee meeting and could include recommendations for revisions to the proposed loan size, particular purpose or terms.
- MCEDD submitted an Innovation Award application for the Agora Platform.
- The regional Broadband Consortium met on April 14th and featured State of Oregon and Washington Broadband updates, federal updates, discussion regarding Connect America Funds, FirstNet/OneNet status and a regional roundtable.
- Amanda reported on the recent Risk Assessment conducted by SDAO.
- Amanda reported that MCEDD was invited to submit a full grant proposal for Columbia Gorge Cider Industry Development for the next phase of the Oregon's 2016 Specialty Crop Block Grant Program process.
- Columbia River Gorge Consortium met on May 4th to discuss the 2016 Legislative Summit and determined not to move forward with a 2016 summit. The consortium will focus on direct outreach.
- The MCEDD Budget Committee meeting is scheduled for May 12, 2016.

Discussion: Bob Hamlin noted that Amanda had received a subpoena to testify as a witness on a case that relates to a past MCEDD loan client. He asked how it was going. Amanda noted that it should not impact MCEDD negatively, but that she will need to appear and MCEDD is required to provide certain documents. She noted that she is working with MCEDD's attorney to ensure these are provided in an appropriate manner.

ADJOURN: Meeting adjourned at 5:05 p.m.

*Respectfully submitted,
Sherry Bohn, Office Administrator*



FINANCIAL SUMMARY

FOR: May 2016

MCEDD's Balance Sheet for May includes variances in assets and liabilities. Cash for the Oregon Investment Board (2070-National Scenic Act) is lower than last year's due to new loans made, which reflects in the higher Loans Receivable balance. Liabilities have several notable differences, which include 2010-A/P General and Health Insurance Payables. The current accounts payable balance is for a title fee, which was paid in June. Due to staff availability, June's health insurance bill was paid in May.

The Operations Budget vs. Actual report includes differences for revenue and expenses. Revenue for 4100-Federal, 4200-State, and 4300-Local Match are under budget due to billings for special projects. These projects will continue into FY17 with the anticipated carryover from FY16. Due to the lack of Housing RLF lending, the total loan fund revenue is under budget but few expenses have been incurred. We budgeted to allow for lending to take place on the revenue side, but reduced corresponding expenses to allow for this scenario. Therefore, it is estimated that the investment revenue will cover expenses for FY16. For all other MCEDD loan funds, the revenue through May reflects an over budget of \$433. Previous summary reports indicated revenue would likely be under budget. While we have been consecutively under budget in interest, toward the end of the fiscal year we caught up to and exceeded budget on processing fees. In addition, we received additional unanticipated payments for loan late fees, resulting in a net over budget for loan fund revenue.

For expenses, most reflect categories are under budget, with the exception of Bonds & Insurance (6800) and Other Materials & Supplies (6900). Total FY16 costs for Bonds & Insurance will be under budget, after FY17 costs are removed. For Other Materials & Supplies it has been noted in prior reports that costs were estimated to be under budget, however, with current calculations it is anticipated that this category will be over budget. Previously, expenses for year-end transactions were calculated, but other expenses such as late fees from vendors were not included in the estimated FY16 balance. With the additional small expenses, the category of Other Materials & Supplies is estimated to be over budget by \$31.00.

Respectfully Submitted,

Sherry Wickert
Finance & Operations Manager

Mid-Columbia Economic Development District
Balance Sheet
As of May 31, 2016

	May 31, 16	May 31, 15
ASSETS		
Current Assets		
Checking/Savings		
1000 · Bank Demand Deposits		
1010 · MCEDD Checking	65,550.26	79,465.32
1015 · MCEDD MM	290,740.75	191,518.46
1020 · IRP		
1021 · IRP - Sherman	73,611.02	2,520.38
1022 · IRP - WA	79,222.99	65,798.19
1020 · IRP - Other	99,868.96	181,692.17
Total 1020 · IRP	252,702.97	250,010.74
1030 · Loan Funds		
1036 · EDA RLFs	72,197.87	40,000.67
1045 · Reg Strat	162,572.66	167,080.93
1050 · RBEG-OR	37,580.51	15,805.24
1055 · RBEG-WA	42,974.36	24,637.86
1057 · RBEG-KL	98,406.53	84,589.27
1067 · CDBG Microenterprises	43,915.85	50,324.23
Total 1030 · Loan Funds	457,647.78	382,438.20
1031 · Housing RLF	2,000,907.31	2,000,208.22
1070 · National Scenic Fund	1,057,115.03	1,278,528.34
Total 1000 · Bank Demand Deposits	4,124,664.10	4,182,169.28
1100 · CDS		
1121 · IRP Reserve	96,031.33	96,031.33
Total 1100 · CDS	96,031.33	96,031.33
1122 · IRP - DDM Product	338,451.88	307,264.83
1196 · OR Telecom Conference	19,532.30	21,916.39
Total Checking/Savings	4,578,679.61	4,607,381.83
Accounts Receivable		
1202 · Accounts Receivable	17,686.06	16,650.70
Total Accounts Receivable	17,686.06	16,650.70
Other Current Assets		
1200 · Receivables & Accruals		
1205 · Accrued Revenue	6,795.40	6,375.00
1227 · Accrued Loan Interest	25,316.92	31,781.76
1229 · Structured Accts Accr'd Int		
1231 · Unrecorded Structured Accrd Int	-572.66	-341.04

Mid-Columbia Economic Development District
Balance Sheet
As of May 31, 2016

	May 31, 16	May 31, 15
1229 · Structured Accts Accr'd Int - Other	5,907.32	6,222.56
Total 1229 · Structured Accts Accr'd Int	5,334.66	5,881.52
Total 1200 · Receivables & Accruals	37,446.98	44,038.28
1300 · Loans Receivable		
1330 · MCEDD Loans Receivable		
1320 · IRP	2,075,968.08	2,026,519.93
1321 · IRP - Sherman	181,116.16	250,000.00
1322 · IRP - WA	245,010.97	255,457.61
1336 · EDA RLFs	603,476.12	612,474.30
1345 · Reg Strat	9,354.66	11,578.17
1350 · RBEG-OR	259,311.38	284,182.85
1355 · RBEG-WA	52,549.98	68,994.50
1357 · RBEG-KL/SK	28,234.06	40,916.62
1367 · CDBG Microenterprises	62,825.14	53,740.64
Total 1330 · MCEDD Loans Receivable	3,517,846.55	3,603,864.62
1370 · OIB Loans Receivable	1,802,774.92	1,556,092.06
Total 1300 · Loans Receivable	5,320,621.47	5,159,956.68
1500 · Allowance for Doubtful Loans		
1520 · IRP Allowance	-127,089.85	-129,755.85
1521 · IRP - SH Co	-15,000.00	0.00
1522 · IRP - WA	-15,178.13	-15,727.81
1536 · EDA RLFs Allowance	-37,163.51	-29,699.69
1545 · Reg Strat Allowance	-644.83	-1,234.11
1555 · RBEG Allowance	-23,405.81	-15,403.71
1567 · CDBG Microenterprises	-3,171.24	-3,616.18
1575 · OIB Allowance	-45,000.00	-30,000.00
Total 1500 · Allowance for Doubtful Loans	-266,653.37	-225,437.35
Total Other Current Assets	5,091,415.08	4,978,557.61
Total Current Assets	9,687,780.75	9,602,590.14
TOTAL ASSETS	<u>9,687,780.75</u>	<u>9,602,590.14</u>
LIABILITIES & EQUITY		
Liabilities		
Current Liabilities		
Accounts Payable		
2010 · A/P General	200.00	851.65

Mid-Columbia Economic Development District
Balance Sheet
As of May 31, 2016

	May 31, 16	May 31, 15
Total Accounts Payable	200.00	851.65
Other Current Liabilities		
2030 · Accrued Loan Payment	98,865.81	99,548.44
2035 · Accrued Interest Payable	488.26	373.14
2050 · PTO - Accrued	24,497.84	24,889.44
2070 · Health Insurance Payable	-8,495.37	0.00
2080 · Life & Disability Payable	-321.96	0.00
2090 · WC SAIF Ins	-53.47	-184.78
2100 · Payroll Liabilities		
2120 · State Payroll Liabilities		
2115 · OR- SUTA Payroll Liabilities		
2105 · WBF Payroll Assessment	75.40	67.06
2115 · OR- SUTA Payroll Liabilities - Other	82.56	74.42
Total 2115 · OR- SUTA Payroll Liabilities	157.96	141.48
Total 2120 · State Payroll Liabilities	157.96	141.48
Total 2100 · Payroll Liabilities	157.96	141.48
2800 · Deferred Revenue	6,666.66	6,666.66
Total Other Current Liabilities	121,805.73	131,434.38
Total Current Liabilities	122,005.73	132,286.03
Long Term Liabilities		
2820 · IRP Loan Payable \$1million	551,573.23	588,221.59
2821 · IRP Loan Payable \$600,000	438,485.25	459,423.94
2822 · IRP Loan Payable \$750,000	625,806.66	650,921.44
2823 · IRP Loan Payable - Washington	309,906.38	309,990.41
2824 · IRP Loan Payable - Sherman	193,188.09	200,000.00
Total Long Term Liabilities	2,118,959.61	2,208,557.38
Total Liabilities	2,240,965.34	2,340,843.41
Equity		
3100 · Fund Balances	7,320,555.07	5,145,867.54
3110 · Carryforward Balance	11,565.72	7,678.98
Net Income	114,694.62	2,108,200.21
Total Equity	7,446,815.41	7,261,746.73
TOTAL LIABILITIES & EQUITY	9,687,780.75	9,602,590.14

Mid-Columbia Economic Development District
Operations Budget vs. Actual
 July 2015 through May 2016

	Jul '15 - May 16	Budget	\$ Over Budget	% of Budget
Ordinary Income/Expense				
Income				
4000 · Carryover Revenue	345,666.47	299,529.00	46,137.47	115.4%
4100 · Federal	154,830.35	169,942.33	-15,111.98	91.1%
4200 · State	19,206.14	26,475.00	-7,268.86	72.5%
4300 · Local Match	13,134.91	16,457.76	-3,322.85	79.8%
4400 · Local Dues	45,529.00	45,530.00	-1.00	100.0%
4500 · Contract Reimbursement	402,783.64	400,590.76	2,192.88	100.5%
4600 · Loan Interest	241,754.37	253,576.50	-11,822.13	95.3%
4700 · Loan Processing Fees	13,116.14	30,158.33	-17,042.19	43.5%
4705 · Loan Filing Fees	1,824.06	8,258.33	-6,434.27	22.1%
4710 · Loan Late Fee	5,957.13	1,804.17	4,152.96	330.2%
4750 · Investment Interest	1,694.43	3,208.32	-1,513.89	52.8%
4800 · Receipts - Other	2,950.44	6,574.00	-3,623.56	44.9%
4803 · Sponsor Donations	0.00	0.00	0.00	0.0%
4934 · In-Kind Revenue	23,917.06	54,359.25	-30,442.19	44.0%
4935 · In Kind - MM	500.00	1,050.00	-550.00	47.6%
Total Income	1,272,864.14	1,317,513.75	-44,649.61	96.6%
Gross Profit	1,272,864.14	1,317,513.75	-44,649.61	96.6%
Expense				
5000 · Wages	406,851.40	412,840.15	-5,988.75	98.5%
5500 · Fringe Benefits	103,795.39	113,621.84	-9,826.45	91.4%
5700 · Payroll Taxes	35,995.09	35,647.46	347.63	101.0%
6110 · Travel & Conference	17,166.55	32,956.91	-15,790.36	52.1%
6190 · Event Services	4,118.84	5,583.33	-1,464.49	73.8%
6200 · Equipment	3,528.39	3,739.00	-210.61	94.4%
6300 · Supplies	24,615.06	38,910.42	-14,295.36	63.3%
6400 · Professional Services	76,150.76	146,188.00	-70,037.24	52.1%
6600 · Communications	11,798.91	13,921.66	-2,122.75	84.8%
6700 · Building Costs	15,938.09	17,094.91	-1,156.82	93.2%
6800 · Bonds & Insurance	4,652.00	3,450.00	1,202.00	134.8%
6900 · Other Materials & Supplies	6,762.34	5,121.33	1,641.01	132.0%
9000 · Indirect Spread	0.00	-988.74	988.74	0.0%
9600 · Transfer to/from Source	16,322.81	0.00	16,322.81	100.0%

Mid-Columbia Economic Development District
Operations Budget vs. Actual
 July 2015 through May 2016

	Jul '15 - May 16	Budget	\$ Over Budget	% of Budget
Total Expense	727,695.63	828,086.27	-100,390.64	87.9%
Net Ordinary Income	545,168.51	489,427.48	55,741.03	111.4%
Other Income/Expense				
Other Expense				
7010 · Bad Debt Expense	0.42	0.00	0.42	100.0%
7400 · Loan Payment	102,071.05	102,069.00	2.05	100.0%
7500 · Carryover to Next Year	357,232.19	379,274.00	-22,041.81	94.2%
7600 · In-Kind Contractual	24,417.06	55,409.25	-30,992.19	44.1%
Total Other Expense	483,720.72	536,752.25	-53,031.53	90.1%
Net Other Income	-483,720.72	-536,752.25	53,031.53	90.1%
Net Income	<u>61,447.79</u>	<u>-47,324.77</u>	<u>108,772.56</u>	<u>-129.8%</u>

**MID-COLUMBIA ECONOMIC DEVELOPMENT DISTRICT
2017 PIPELINE**

SPECIAL PROJECTS SUMMARY		ANTICIPATED 2017	SUBMITTED	IN PROCESS	TOTAL	CONFIRMED %
	Special Projects - Anticipated Revenue	442,238	-	10,000	452,238	97.79%
	Budgeted Expenses FY 2017 (Excludes In-Kind)	456,438				
	Gap/Surplus	(14,200)				
PROJ CODE	SPECIAL PROJECTS DETAILS	2017	NOTES			
	ANTICIPATED REVENUE					
517	Klickitat CDBG	4,250	Multi-year project			
518	Cascade Locks CDBG	10,431	Multi-year project			
519	Dallesport CDBG	12,500	Multi-year project			
521	Specialty Crop Grant	15,890	Multi-year project			
523	Human Services Coordinated Transportation Plan	8,515	Multi-year project			
524	Travel Oregon Wine Country Mkting	1,500	Multi-year project			
525	GTA Robotics (Wind Challenge)	19,200				
526	MCCFL CDBG	13,000	Multi-year project			
527	City of Antelope - CDBG	12,500	Multi-year project			
528	DWD Wastewater CDBG	1,200	Multi-year project			
529	Gorge Night Sky	9,500				
530	The Dalles Airport - Flex Space	10,000				
548	ColPac	4,600				
551	Urban Renewal	1,000				
554	Sherman Co ED	40,000				
557	GTA Staffing	37,600				
559	Wasco Co EDC	45,000				
560	Oregon Connections	3,500				
570	OEDD Website	700				
571	Mobility Management	77,858	2nd year of 2-year contract			
575	GTA Robotics	5,850				
582	HR EDG	7,000				
585	Commute Options	8,000				
587	HR Drive Less Connect - ODOT	12,788	2nd year of 2-year contract			
596	RBDG - Wine Marketing	5,790				
599	Agora	17,338	Multi-year project			
549	CL-HR Enterprise Zone	5,000				
	New Specialty Crop Grant	32,178				
	AOC	19,550				
	TOTAL ANTICIPATED REVENUE	442,238				
	PROPOSALS SUBMITTED					
	TOTAL PROPOSALS SUBMITTED	-				
	IN DEVELOPMENT					
	City of Cascades Locks - USDA Grant Admin	10,000				
	Wishram CDBG management					
	DWD - USDA Grant Administration (Well #3)					
	TOTAL IN DEVELOPMENT	10,000				
	DECLINED					
	TOTAL DECLINED	-				

MEMORANDUM

Date: June 30, 2016
To: MCEDD Board of Directors
From: Amanda Hoey, Executive Director
Re: Attainable Housing RLF Modifications

Overview

MCEDD operates the North Central Oregon Attainable Housing Fund which is available in the three Oregon counties we serve. This \$2 million fund was seeded through a grant from the State of Oregon. Despite significant interest in the fund, though, we have yet to receive completed application. As a result, in June the North Central Oregon Regional Solutions Advisory Committee approved revisions to Fund. The modifications are intended to ensure the fund can support solutions to a pressing regional issue: quality housing stock at price ranges and rental levels which are commensurate with the financial capabilities of workers and households in the region. Modifications include:

- expanding eligibility for projects to include those addressing 61-120% Area Median Income (previously listed as 80-120% AMI).
- Offering longer loan terms. This is the most significant change to the fund. It results from agreement from the state to modify the contract with MCEDD from requiring the funds to fully revolve twice in nine years to only requiring those to be allocated once in that timeframe.
- Providing a lower interest rate (1%) for local government projects.
- Clarifying the requirement that a Letter of Interest from a lender is sufficient to submit an application, instead of a commitment.
- Including revisions to fund disbursement to facilitate pre-construction uses by allowing projects authorized for pre-construction costs to receive disbursement in advance of construction activities.
- Lowering the owner equity from 25% to 20%.

The attached policies have been revised to support these changes.

Request

While MCEDD is the service provider for the funds and the policies have been set through the North Central Oregon Advisory Committee in coordination with the Infrastructure Finance Authority, as a matter of good practice the MCEDD Executive Committee should formally acknowledge the policy revisions.

In addition, we are seeking assistance from the committee to identify and target potential projects and borrowers that would benefit from access to the fund.

**NORTH CENTRAL OREGON
ATTAINABLE HOUSING DEVELOPMENT FUND
POLICIES & PROCEDURES**

INTRODUCTION

The Housing Development fund is designed to provide loan resources to address a shortage of quality housing stock at price ranges and rental levels which are commensurate with the financial capabilities of workers and households in the region. The purpose of the fund is to provide funding for gap lending to aid in addressing the North Central Oregon regional attainable housing challenge. Uses are intended to include pre-construction, rehabilitation and loan guarantees. Goals for the fund include development of tangible assets through housing development, providing opportunities for those in the region to live where they work and supporting the middle market of 61-120% median family income (“MFI”).

The purpose of the fund is to provide gap financing and will partner with a lender to leverage the Attainable Housing Development Fund resources. Mid-Columbia Economic Development District (MCEDD), hereinafter referred to as the Attainable Housing Fund Manager, or “Fund Manager” will manage the Attainable Housing Development Fund. A lender is defined as any federally insured bank or credit union (“Lender”). Lenders will be free to exercise complete autonomy over underwriting and credit approval and will provide the Fund Manager with copies of all documentation used in making the credit decision.

SECTION 1: APPLICANT ELIGIBILITY

In order to be eligible for an Attainable Housing Development Fund (AHDF) loan, an applicant must meet all of the following requirements:

1:1 Applicant: The applicant must pre-qualify with a Lender to finance a loan to support the regional attainable housing objectives as described above.

1:2 Property Location: The property must be located within Hood River County, Wasco County and/or Sherman County.

1.3 Project Characteristics: The project to be financed is subject to competitive review and must meet at least one of the mandatory objectives established in the checklist by the North Central Affordable Housing subcommittee.

SECTION 2: LOAN REQUIREMENTS

All loans will be made in partnership with a Lender and will provide financing for the gap between the Lender’s loan and the total project cost. The AHDF will be in a subordinate position behind the Lender’s financing.

Loan Interest Rate Policy:

Interest rates will be fixed at the time of disbursement. The fund will use a risk rated interest loan rates tied to the WSJ Prime Rate for all non-government loans.

Risk Rating	Margin	Index – WSJ Prime Rate*	AHDF Interest Rate*
Excellent	.25	3.25	3.5
Good	.75	3.25	4.0
Average	1.5	3.25	4.75
Below Average	2.5	3.25	5.75
Poor	3.5	3.25	6.75

*The Wall Street Journal Prime Rate is subject to change. When the WSJ Prime rates changes, so do AHDF interest rates.

Criteria:

The main risk criteria analyzed (as applicable) is personal credit scores, collateral percentage of loan or loan-to value, debt coverage service ratio, personal financial strength of individual owners of the business and type of collateral. Lending staff determines performance of the applicant in each of these categories when assigning an interest rate.

For loans to governmental entities, a fixed interest rate of 1% is available. The Loan Committee may approve a lower rate for projects of exceptional value to the region if the rate still allows the project to meet administrative obligations.

2:1 Loan Committee:

Loan Committee will consist of a minimum of five and a maximum of seven members. Five of the members shall be county commissioners or a designated representative thereof currently serving on the MCEDD Board. At the MCEDD Board's discretion, the Loan Administration Board, a Board whose membership is to be chosen by the MCEDD, subject to the requirements herein, may include persons who are not members of the MCEDD Board and who can contribute expertise to the loan review process. Loan Administration Board membership shall include at least one member with commercial lending or financing experience.

It is not the intent of the program to compete with traditional lenders, but rather partner with them. Therefore, the Loan Committee will rely on the participating Lender's expertise and experience to determine the amount of funding needed to fill "the gap". Proof of a long-term commitment must be supplied by the Lender at time of application or before closing of the loan. A letter of interest from a lender is sufficient to include in an application under this fund. Equity amounts will be required and determined by the Lender.

2:2: North Central Affordable Housing Subcommittee

The AHDF subcommittee shall consist of the following:

- Three county members, with one from each county (Hood River, Wasco and Sherman).
- Three city members, representing cities in the three counties. Members may be selected from any city within the county.
- One member from the Mid-Columbia/Columbia Cascade Housing Authority.

Membership will be based on nominations by the counties and will be selected by the North Central Regional Solutions Advisory Committee, for terms prescribed by the North Central Regional Solutions Advisory Committee.

Decisions of the subcommittee will be made by simple majority vote. If any subcommittee member has a direct conflict of interest (as defined by MCEDD's conflict of interest policy) with a proposed project presented to the committee, they will recuse themselves from discussion and decision.

Role of the North Central Affordable Housing Subcommittee:

- 1) Develop checklist against which projects will be evaluated in meeting the intended goals for the AHDF. Checklist will highlight criteria in-line with goals listed in the introduction.
- 2) Review the checklist on at least a bi-annual basis and revise as necessary.
- 3) Review projects to determine the degree to which they do or do not meet metrics defined in the checklist.
- 4) Develop a recommendation to the Loan Committee on the project's fit to the goals of the AHDF. The Loan Fund Manager will provide all financial analysis to accompany the subcommittee recommendation's related to the project's fit with the program's objectives. These will be presented to the Loan Committee for decisions on loans, terms and conditions.

2:3 Loan Amounts:

- a. Loan Size
 1. Minimum loan size is \$250,000. Multiple smaller projects in a single jurisdiction may be pooled (e.g. multiple rehabilitation loan requests) to meet the minimum loan size.
 2. Maximum loan through this fund is \$750,000.
- b. Maximum loan amounts will not exceed 40% of the project total; including all fees. Therefore, loan applications will need to include a project budget from the Lender which includes the amount of fees and interest being charged by the Lender during financing. *In low population counties (5,000 residents or less), this 40% maximum loan amount is waived when the applicant is a domain specific not-for-profit or government entity.*
- c. Each loan requires a borrower contribution and loans. At least 20% of the ultimate loan will require private or outside resource contributions. The applicant's equity in the project can be cash or the value of the land in which the project will be located. Value of the land will be equal to the purchase price of land if acquired less than 3 years from the application date. If the land purchase was greater than 3 years from the application date; then land value will be based on the county assessed value or an appraised value required by the Lender.

2:4 Eligible Project Costs/Uses:

- Construction
- Construction Contingency
- Permits/Building Fees
- Appraisals
- Recording & Loan Fees

Land acquisition (only in special exception circumstances)

2:5 Ineligible Project Costs:

- Refinance of existing debt.
- Financing of properties used as/ to be used as vacation rentals.
- Reimbursement to Borrower for land purchase.
- Reimbursement to Borrower for labor.
- Delinquent Property Taxes on Subject Property

2:6 Exceptions: The Loan Administration Board may approve loans that include exceptions to the guidelines included in this policies and procedures plan, including exceptions to the loan amount and the eligible uses, in instances with the project impact is of exceptional value to the region. *Overall programmatic exceptions to the fund criteria may be made to allow different term structures to support pooled projects, but the amount available to that function may be limited.*

SECTION 3: FUND MANAGER

The Fund Manager will be responsible for coordinating committee meetings, communicating with the Lender about projects and the overall management of the fund in terms of applications, closings and project management as it relates to the policies & procedures of this fund. Mid-Columbia Economic Development District (MCEDD) will act as the Fund Manager for this fund.

SECTION 4: APPLICATION PROCESS

4:1 Loan Approval: The Fund Manager will receive a loan request from lenders and prepare an additional loan summary, if necessary, to Loan Committee members. The Lender's loan request will include an appraisal of the project property and appropriate financial analysis, including cash flow of the project property, copies of 2 years tax returns for borrowers, guarantors and any applicable business entities – i.e. corporations, partnerships, LLCs' and others. All loans will require review and approval from the Loan Committee. Applicants approved for a loan will be notified in writing. Applications will be approved in the order they are completed.

4:2 Loan Terms: Loan terms will match the Lender's term on financing, but may include a shorter balloon for a total three to five year term. Extensions will be considered, but a formal request must be submitted to the Fund Manager for review and approval. The request should include the length of extension needed and reason for the delay in completing the project. Fund Manager will have the authority to approve extensions. The fee for the extension will be ½ of 1% with a minimum of \$250.

4:3 Loan Documents: All loans will be secured by a recorded trust deed and/or other instruments as stated in the approval letter. The Lender and Fund Manager will prepare loan documents for their respective loan amounts and the loan will be closed at a title company in Wasco, Sherman or Hood River County.

SECTION 5: CONSTRUCTION PERIOD

The Lender will take lead on the project during the construction phase. Funding will first be disbursed from the lenders portion then from the AHDF portion.

5:1 Disbursement of Loan Proceeds: Loan funds will be disbursed by lender in accordance with the lender's standard practices and after construction progress inspections. Projects authorized for pre-construction costs may receive disbursement in advance of any construction activities. Upon full

disbursement of the lenders funds, the lender will request the AHDF funds be disbursed. The Fund Manager will disburse the full amount directly to the lender.

5:2 Construction Inspections: The lender will be responsible for timely construction inspections and will provide copies of these inspections to the Fund Manager.

5:3 Contract Change Orders: Based upon submission of appropriate documentation by the borrower, the lender is authorized to approve contract change orders that do not exceed an aggregate total of 2% of the contract amount or \$3,000.00, whichever is less. Any modification of the Construction Contract for more than the above must be submitted to and approved jointly by the lender, Loan Committee and the Fund Manager.

5:4 Property Insurance: It will be the responsibility of the Lender to assure that property damage insurance is in place for the full term of the loan.

SECTION 6: CONFLICT OF INTEREST

No employee of Fund Manager, its agents, members and families of the Loan Committee, and other 'covered persons' pursuant to 24 CFR 570.489(h) who exercise any functions or responsibilities in connection with administration of the Attainable Housing Development Fund shall be eligible for an Attainable Housing Development Fund Loan, nor shall such a person have any interest, direct or indirect, in the proceeds of such a loan.

SECTION 7: POLICY EXCEPTIONS

The Loan Committee may waive program policies. The request for the waiver will be submitted by the Fund Manager. Requests for waivers will be evaluated based upon whether the requested waiver is necessary to accomplish the goals of the Attainable Housing Development Fund and will apply only to the application for which a waiver was requested.

SECTION 8: PROGRAM INCOME

Participating Lender will make payment to the Fund Manager in accordance with the loan agreement and promissory note, executed at loan closing and at the time long-term financing is put in place.

8:1 Interest Income: Interest earned on the program will be held by the Fund Manager to cover costs associated with loan servicing and reporting of the fund to owners of the Attainable Housing Development Fund.

8:2 Lenders/Fund Managers Fee: Borrower will pay a fee in the amount of 1% or \$1,000.00 (whichever is more), of the Lender's long-term loan amount will be due and payable at the time of the loan closing. The fee will be split pro-rata between the Lender and the Fund Manager.

8:3 Borrowers Application Fee: Borrower will pay a non-refundable application fee of \$250 to the Fund Manager at the time of application.

8:4 Borrowers Closing Costs: Borrower will pay all closing costs associated with credit reports, recording fees and title insurance and any other costs associated with the loan closing. Fund Manager will coordinate closing with the Lender and a closing statement will be required.

SECTION 9: DEFAULT PROCEDURE: Should the loan default in any way, decisions regarding collection and foreclosure will be made jointly by the Loan Committee, Lender and Fund Manager. The costs associated with all legal collection activities will be the responsibility of the AHDF.



Executive Director’s Report
Prepared for July 2016 Executive Committee Meeting

This report covers activities in June 2016.

Business Assistance Division

- The updated EDA Revolving Loan Fund plan has been submitted and is going through EDA staff review. I anticipate approval of the plan this week.
MCEDD closed loans with the following clients:

Table with 3 columns: Client, Amount, Purpose. Row 1: Oregon Brineworks, \$38,000, Purchase additional equipment

- There is one approved, unfunded loan which is still working on meeting the conditions of their loan. It is a \$20,000 approval to Cloud Cap Cycle & Board Shop in Parkdale.
MCEDD is proceeding with legal action, as approved by the MCEDD Loan Administration Board and Oregon Investment Board, to address defaulted loans.
The Oregon and Washington Investment Board’s Economic Vitality Plans received concurrence from the State of Oregon. We anticipate State of Washington concurrence mid-July. It will then be submitted to the US Forest Service. Additional OIB/WIB activity includes:
Staff for the Boards anticipate making our annual presentation to the Columbia River Gorge Commission in July.
Legislative staff continues to work on identifying routes for the final allocation of funds that were approved but never appropriated. Conversations have involved staff from USFS and USDA Rural Development.
The OIB has a new board vacancy for an at-large member. This individual is appointed by the Oregon Governor and must live in Wasco, Hood River or Multnomah County. Input on potential candidates is requested.
MCEDD manages the Cascade Locks-Hood River Enterprise Zone. We are renewing contracts for management and have seen increased activity recently with the following:
Approval of extended abatement for Hood River Distillers.
Approval of standard abatement for Know Your Fruit.
Approval of extended abatement for Hood River Distillers.
As included in the memo, the Attainable Housing RLF includes recent action to modify policies to make them more accessible to potential borrowers.

Infrastructure

- Dallesport Water and Wastewater projects (CDBG funded): Jacque Schei and Sherry Wickert are the lead staff from our office providing grant administration and labor standards assistance to these two projects. They participated in a pre-bid conference for the water system in June. The request for wastewater engineering SOQ is currently out for bid. Sherry is cross-training Jacque on the labor standards work she does.
We have a contract to support the grant administration and labor standards for the Columbia Gorge Regional Airport flex space project (EDA funded). It was going through final engineering, so there has been no staff activity since the last report.

- City of Antelope (CDBG funded): Jacque Schei is lead staff. The City made significant progress in completing their first draw requirements and submitting their first reimbursement request.
- Wasco County/Mid-Columbia Center for Living: Jacque Schei is lead staff. The project is pending review from the state on the proposed owner's rep RFP and is going through the environmental review process.
- Wishram water system (CDBG funded): MCEDD assisted the Klickitat PUD and Klickitat County in securing funds for this project and met with the PUD team in June to discuss scoping for assistance from MCEDD in grant administration.
- Wamic water system (SIPP funded): Carrie Pipinich has provided primary support from MCEDD. The contract has been signed with HBH engineering.
- Federal Lands Access Program: Numerous applications were submitted by our Oregon jurisdictions for FLAP funding. As staff for Sherman County Economic development, Jessica Metta submitted an application for Starvation Lane to increase access to the river.
- Dufur Water System: Carrie Pipinich has been working with USDA to seek SEARCH and PPG grants to address the City of Dufur's needs for a water system master plan and wastewater facilities plan.

Economic Development Administration, Regional Economic Development

- MCEDD has been requested to host the Oregon Connections 2017 conference. Despite the name (it is hosted in Oregon), the conference supports telecommunications conversations and solutions across our bi-state area. The planning committee has tentatively booked October 19 and 20, 2017 with the Hood River Inn. The Committee lead writes: "MCEDD has been a stellar host, and the MCEDD staff have all been wonderful. I wanted to touch base with you and see if Oregon Connections is still working for you. As the committee identifies options for the conference, are you open to continuing the conference in MCEDD turf for 2017?" ***Request: Decision by the Executive Committee regarding hosting Oregon Connections 2017.***
- In June I was invited to participate in and present at the Summit of Northwest State Rural Development Council meeting. It was an opportunity to interface with many of our key partners in economic development and promote our programs.
- Join us for the Gorge Economic Symposium on July 14th at the Hood River Middle School as we kick off the process to update the CEDS. This event will include a keynote from Ken Bailey and presentations of regional and local economic data from Dallas Fridley and Scott Bailey.
- We have been actively pursuing opportunities generated through the Agora Investment Platform. These will be discussed during the Executive Committee. They include:
 - USDA and tribal expansion opportunities.
 - Meeting with Oregon Community Foundation Board of Trustees (August).
 - Discussions with staff for the Ford Family Foundation on expanding their participation and in relation to other opportunities for District funding.
 - Participation from Meyer Memorial Trust staff in expanding Agora outreach.
 - Meetings with State of Oregon Directors through the Regional Solutions Cabinet. A follow-up training is scheduled for department staff.
 - Ongoing training with new districts and defining performance measures.
- Carrie Pipinich continues to support the expansion of broadband. Significant progress was made related to e-rate funding and the opportunity for further broadband expansion in central and south Wasco County.
- Michele Spatz, MCEDD Mobility Manager, continues to advance regional transportation interests with a focus on enhancing regional mobility. Projects include:

- Columbia Area Transit and Gorge Yellow Bus are working on an exciting public-private partnership to provide regular service to the upper Hood River Valley.
- Michele served on the Connect Oregon VI Statewide Review Committee. The Committee prioritized \$44.5 million dollars in funding for the 75 submitted transportation projects. The Port of Hood River's Aviation Technology and Emergency Response Center is the only project from our region included in the priority list recommended for funding.
- Michele is working on developing the Travel Ambassador program. *Additional input from the Executive Committee is requested.*
- MCEDD staff will be meeting with the Next Door to discuss the next steps with the AOC pilot project.
- Gorge Night Sky Symposium. We have secured new sponsors for the event on August 18 at the Goldendale Observatory and August 19 at the Discovery Center. New sponsors include Slatercom (\$500), IBEW (\$1000) and NC Electric (\$500.) We anticipate an in-kind sponsorship from Ecliptic Brewing. The Symposium will be discussed in further detail at the Executive Committee meeting.

Project Management

- Gorge Cider Society: We are pleased that the second biennium of funding for the Gorge Cider Society from the ODA Specialty Crop Block Grant is moving forward. Carrie Pipinich submitted the application and it will secure more than \$60,000 to support the cider society activities.
- Columbia Gorge Arts and Culture Alliance: The new maps are being distributed really quickly this year and we anticipate exhausting the first print run in the next few months. The Gorge Rural Tourism Studio workgroup for the cultural heritage and arts tourism expressed interest in using the Alliance as a platform to pursue their activities.
- Gorge Technology Alliance: Jessica Metta conducting a hiring needs survey and member survey for the GTA and is working with the board to follow-up on the results. She is processing the robot kit returns now that school is complete and is planning for the annual membership summer party on July 19th. The MCEDD Board is invited, but RSVP is required.
- Business siting guides updates: Carrie Pipinich is working with local jurisdictions on updates to the siting guides in Hood River and Wasco counties
- The Hood River Economic Development Group reaffirmed its purpose and role at the last meeting, with Steve Wheeler taking on the role of chair. MCEDD is working on getting all signed agreements in place from participating jurisdictions for FY17. At the end of June, I participated on the interview panel for the Hood River County administrator and appreciate the opportunity to meet all the candidates.
- I participated in meetings for the Klickitat County strategic plan update. MCEDD will be using the information gleaned from this process to also update the CEDS.
- Jessica Metta has supported a variety of activities for Sherman County economic development this month, including working with the John Day River Territory on the kiosk project, discussing options for the South Sherman fire district project, submitting a FLAP grant and participating in the June 29th Biggs water district meeting.

Operations

- Officer elections: Elections will be conducted in September. Chair Brending formally appoints the nominating committee and a solicitation for board volunteers to serve on the

committee was sent in June. *Appointment of the nominating committee is anticipated to occur during the Executive Committee meeting.*

- MCEDD Board Private sector and Loan Administration Board Private sector positions: As part of the preparation for the annual meeting we renew private sector positions on the board and loan administration board. *Board input is requested.*
- Personnel: Eric Nerdin's annual review is scheduled for July. All Project Managers received notification regarding the changes in their salary scales as a result of the board's approval of the budget. Jacque Schei moved from a temporary employee to a regular employee on July 1st with the start of the new fiscal year.
- Training:
 - Jacque Schei will be applying for a scholarship to attend the Northwest Economic Development Course.
 - Carrie Pipinich and Jessica Metta attended the Infrastructure Financing Workshop.
 - Mark Heystek attended Regards to Rural.
- Publicity: Check out the most recent issue of Gorge Magazine which features an article including MCEDD!
- The MCEDD audit is scheduled the week of October 10, 2016.

Upcoming Meetings

- **Economic Symposium: July 14, 2016 at 9 am in Hood River**
- **Next Executive Committee meeting is Wednesday, August 3, 2016 at 4 pm.**

Columbia Gorge Economic Symposium

Visit www.mcedd.org/services/events.htm

A half-day event focusing on economic and employment trends in the regional economy.

Highlights:

- Business Leader Keynote
- Local Data, Regional Trends, Economic Forecasts: Dallas Fridley and Scott Bailey
- Learn more about what is happening with wage rates, the employment outlook and what industries are growing!

Date: July 14, 2016

Time: 9 am to noon
(doors open at 8:30 am)

Location:

Hood River Middle School
1602 May Street
Hood River, Oregon

Registration required. Register at mcedd.org.

Hosted by Mid-Columbia Economic Development District.