



MCEDD Loan Administration Board Meeting
Tuesday, April 7, 2020
8:00am

Remote only

Please call 541-296-2266 or email ami@mcedd.org for Zoom Meeting information.

AGENDA

<u>Topic</u>	<u>Estimated Time</u>	<u>Item</u>
Call to Order, Introductions, Conflict of Interest Disclosures		
Loan Administration Board Minutes <i>March 26, 2020</i>	5 minutes	Approval
MCEDD Loan Deferral Request	10 minutes	Decision
Loan Requests <i>LDB Beverage Company</i> <i>Full Circle, LLC</i> <i>Brigham Fish Products, Inc.</i>	10 minutes	Information
<i>Executive Session per ORS 192.660 (f) (Exempt Documents)</i> <i>Regular Session Reconvened</i>		
Loan Actions	5 minutes	Decision
Loan Updates	10 minutes	Information
<i>Executive Session per ORS 192.660 (f) (Exempt Documents)</i> <i>Regular Session Reconvened</i>		
Other New Business		
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 us at (541) 296-2266; TTY 711 at least 48 hours before the meeting. MCEDD is an equal opportunity employer, lender and provider.

Executive Session Protocol

MCEDD Loan Administration Board

After discussion agenda items are presented in open session by MCEDD staff, the LAB Chair will state the following: "Pursuant to ORS 192.660(f), Exempt Documents, I call the Executive session of the MCEDD Loan Administration Board to order".

LAB Chair asks all non-staff and non LAB members to leave the meeting. 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 LAB 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. LAB Chair requests a brief presentation from MCEDD staff on a summary of the loan proposal or other discussion item.
2. After presentation of information by staff, the LAB Chair asks if there are any questions for the loan applicant or MCEDD staff.
3. Following questions and discussion by the LAB, 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. LAB Chair asks LAB 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 LAB members takes place then Steps 1-5 are repeated for each following discussion item for Executive Session.

At the end of discussion, the LAB chair will close the Executive Session. The LAB moves back to open session. At this point, the LAB Chair asks for a motion on the decision items in open session. Following a proper motion (motion and a second), the LAB chair requests discussion on the motion. Following any discussion, the LAB chair request a vote ("all those in favor, signify by saying aye" "all opposed signify by saying nay" "any abstentions?"). Staff may ask for a roll-call vote, if the responses are unclear

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

Thursday, March 26, 2020

Virtual Only

ATTENDANCE:

LOAN BOARD: Scott Clements, Bob Hamlin, Joe Dabulskis, Steve Kramer, Dillon Borton

STAFF: Jessica Metta (Executive Director), Israel Ayala Guevara (Loan Fund Manager), Ami Trosley (Administrative Assistant), Siri Olson (Finance and Operations Manager)

CALL TO ORDER:

Scott Clements called the meeting to order at 8:02 am. A quorum was present. A round of introductions took place. Scott Clements requested declaration of any conflicts of interest. None were noted.

LOAN ADMINISTRATION BOARD MINUTES

Steve Kramer moved to approve the minutes from March 17, 2020. Bob Hamlin seconded the motion. Motion passed unanimously.

COVID-19 Relief Plan

Jessica Metta noted that what we are presenting is the program that was offered by the Oregon Investment Board during the Eagle Creek fire. Israel Ayala Guevara said he would review options for relief to loan clients impacted by the COVID-19 outbreak. He noted specific impact for food and beverage industry clients. He said for many of these businesses electricity must be on for food safety and other equipment and machines, such as lotto machines, to maintain required updates. He said he has heard a range of requests from clients regarding payment relief. He outlined the following options for board consideration:

- Loan payment deferrals with interest capitalized to loan principal for up to 2 months for existing clients.
- Interest-only payments for up to 6 months.
- Waiving of late fees for March and April 2020 months.
- Loan amount increases with collateralization of at least 125% for amounts over \$15,000 and at least 75% collateralization for amounts \$15,000 or less.
- Short term working capital loans up to \$15,000 with up to 30-month repayment period and 5% to 7% annual interest rates and no loan fees with at least 75% collateralization, with a relief term intro of 4.25% for the first 6 months.

He noted that while deferring payments is an option, anything beyond two months would put MCEDD at risk, as we use the interest to pay our overhead. He said that any amount above \$15,000 would need to guarantee that we had some security. He said that one condition would be that interest would continue to accrue and would be added on at the end of the loan as a balloon payment. He also said that we are approaching the time of year when clients are supposed to submit annual reports and having that information would be valuable at this time.

Discussion: Jessica Metta noted that one of the things she is looking at is if there is federal or local funding that would allow us to either extend deferrals or increase the amount of money we are able to loan. Jessica asked Siri to comment on what it would look like if we

were to defer for 2 months or 3 months. Siri clarified that capitalizing interest has been an option for us historically, as well as interest only payments. She said that in 2016-2017 the loan funds were not performing well and MCEDD did reduce personnel at that time. She said the IRP funds came over with about \$60,000 in carry over balance. She noted the majority of that fund is used to cover overhead costs. She also said we are very frugal with those sorts of expense. She said no payments for 2-3 months would really impact that carryover and with IRP specifically we do have loan payments to USDA. Steve Kramer asked if anyone had spoken specifically to John Huffman about the USDA loans and noted someone should be doing that. Siri said interest only payments would work within our budget, we would be able to cover our costs and support the loan program, but deferrals could impact our budget. Scott Clements noted that he had spoken to two people at USDA and was told there would not be any blanket relief for the IRP funds, but encouraged us to submit a request as soon as we know what our needs are. Scott Clements asked if capitalizing interest would impact our cash flow. Siri noted it would depend on the number of clients who took advantage of that.

Scott Clements noted that one important condition in the memo is that clients must be current with their payments. Scott asked for staff comment. Israel noted that there are clients we have had problems with long term. One option is that clients would have to become current in order to get any relief. Israel noted that his first thought was a blanket deferral. He also said another specific question is what if a balloon payment is due. He said in those instances we might provide some assistance and direct them toward an SBA loan. Bob noted that he felt we should go on a case by case basis rather than providing blanket relief.

Scott asked Israel to take the board through his specific recommendations. Israel reviewed the option of 2 months of no payments. He mentioned that the situation is evolving quickly but he would like to learn more about relief available through SBA loan. He also mentioned 6 months of interest only payments and waiving late fees because we anticipate late payments coming in. He said the average funding requests that he has had so far fall into \$15,000 to \$20,000 range. He said a recommendation for short term would be to see a lower interest rate. Bob Hamlin asked if we anticipated any federal programs down the road. Israel noted that the SBA loan is the only one that he is aware of, but there are some changes that will allow the process to move more quickly. Jessica noted that we are making sure to stay involved in these conversations. Scott Clements noted that the Skamania EDC was immediately identified as eligible for SBA. Bob noted that Kevin (Waters) is concerned as there are many businesses who will struggle to survive.

Dillon shared a few thoughts from the bank level. He noted that providing some relief is important and he likes that we are putting something together. He noted that at the bank level they are trying to get creative with what options are available but even with everything that is going out they are underwriting everything – no blanket extensions. He suggested a similar approach for MCEDD. Interest only vs nothing should be our first attempt. He said he has had 5 clients already submit applications for SBA loans – he noted the process has been more streamlined, but they are going to get more applications as days go by, so applying sooner is better than later; we really need to do our due diligence in any instance where we are giving out more money.

Scott entertained a motion for action on the recommendations from staff. Steve Kramer noted that he felt the options presented indicated we should take these on a case by case basis and authorize our team to work with our clients.

Steve Kramer moved to approve the recommendations made by staff. Bob Hamlin seconded. Bob noted that staff is going to have some flexibility to work with each client before they bring it to the board. Scott asked for any further comment. None were noted. The motion passed unanimously.

Jessica Metta said that while we are authorized to provide these options to bring back to the LAB, some may be more complicated and staff may need to bring those back to the board for more conversation. Jessica asked Israel if he felt he had the direction he needed around our already troubled clients. He indicated that he did. Steve Kramer noted that this is all rapidly changing and if we need to pull an emergency meeting that we need to be flexible enough to call that meeting. He said staying fluid and nimble is very important. Dillon Borton noted that staff would have the ability to collateralize interest note – but that he felt that those cases should maybe be brought to the board.

Israel said messaging to clients is that he encourages people to submit requests just as they would normally. He said for some clients it is a matter of referring them to other resources. He said he is working on these all largely through email and gathering that information for the board and being reactive to those incoming calls. He thanked the board for extending their support and expertise. Scott thanked everyone for their support and involvement.

OTHER NEW BUSINESS

No other new business was noted.

ADJOURNMENT: The meeting was adjourned at 8:42 a.m.

Respectfully submitted by Ami Trosley, Administrative Assistant