



Mid-Columbia Economic Development District

MCEDD Loan Administration Board Meeting
Tuesday, August 4, 2020
8:00am

Remote only

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

AGENDA

<u>Topic</u>	<u>Estimated Time</u>	<u>Item</u>
Call to Order, Introductions, Conflict of Interest Disclosures		
Loan Administration Board Minutes <i>July 21, 2020</i>	5 minutes	Approval
Loan Requests <i>On-Site Supply House, LLC</i>	10 minutes	Information
Loan Updates	5 minutes	Information
<i>Executive Session per ORS 192.660 (f) (Exempt Documents)</i> <i>Regular Session Reconvened</i>		
Loan Actions	5 minutes	Decision
EDA Revolving Loan Fund Plan Amendments	10 minutes	Recommendation
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**

Tuesday, July 21, 2020 Virtual Only

ATTENDANCE

BOARD: Scott Clements, Bob Hamlin, Dillon Borton, Steve Kramer, AJ Tarnasky

STAFF: Jessica Metta (Executive Director), Israel Ayala Guevara (Loan Fund Manager), Ami Beaver (Administrative Assistant)

CALL TO ORDER

Scott Clements called the meeting to order at 8:04 am. A quorum was present. A round of introductions took place. Scott Clements requested declaration of any conflicts of interest. Dillon Borton noted he would not participate in actions related to On-Site Supply House, LLC.

LOAN ADMINISTRATION BOARD MINUTES

Bob Hamlin moved to approve the minutes from June 23, 2020. Steve Kramer seconded the motion. Motion passed unanimously.

LOAN REQUEST: ON-SITE SUPPLY HOUSE, LLC

Israel noted the conversation would focus on a proposal for a loan request from On-Site Supply House, LLC.

EXECUTIVE SESSION

Per ORS 192.660 (f) Exempt Documents, the MCEDD Loan Administration Board moved into Executive Session at 8:05 a.m.

Regular session was reconvened at 8:25 a.m.

LOAN ACTION: ON-SITE SUPPLY HOUSE, LLC

AJ Tarnasky noted that in order to approve the recommendation he would need to have a more comprehensive understanding of the budget. He noted he would prefer to go back to work on this one and return to the client to see how they can get Cost of Goods Sold under control and increase profitability. Bob said if the board approves, it should move forward with the stipulation that there is further work to be done. Israel asked for clarity – should decision be tabled until we have had an opportunity to clarify financials. Steve Kramer recommended the proposal should be returned to staff for further work with the client before an action is voted on by the board. Bob seconded, and Scott Clements clarified that no action would be voted on at this time and proposal would go back to staff for further work with the client.

OTHER BUSINESS

Jessica noted that there are still funds available through the Business Oregon COVID-19 grant program. She said there has been a low response rate. Scott asked if there had been contact with Warm Springs and offered to reach out accordingly with a refresher from Jessica.

Steve Kramer asked if others had heard discussion on credit scores as discriminatory. He said he has heard rumblings and is unsure of the ramifications. AJ noted there has been conversation about this for years. He said credit scores are based on algorithms, credit usage and payment history and does not believe they are discriminatory.

ADJOURNMENT: The meeting was adjourned at 8:35 a.m.

Respectfully submitted by Ami Beaver, Administrative Assistant

Memorandum

To: MCEDD Loan Administration Board
From: Jessica Metta, Executive Director
Date: July 28, 2020
Re: EDA Revolving Loan Fund Plan Amendments

EDA is providing certain flexibilities to recipients of EDA-funded Revolving Loan Fund (RLF) awards in light of the impact of COVID-19 on small businesses, the increasing demand for RLF loans, and the need for RLFs to provide credit quickly and efficiently to their communities. These flexibilities include waiving for one year, from May 7, 2020 to May 6, 2021, the RLF regulations that:

1. Establish a minimum interest rate for RLF loans (13 CFR 307.15.b.1);
2. Require RLF loans to leverage additional capital (13 CFR 307.15.c);
3. Require evidence demonstrating credit is not otherwise available (13 CFR 307.11.a.1.ii.H)

We have received the contract for our new EDA RLF funded with CARES Act dollars and request the Loan Administration Board discuss whether our current RLF Plan should be amended. If amendments are recommended, we would bring the item to the MCEDD Board for approval.

1. Waiving a minimum interest rate for RLF loans.

Our current plan lists the minimum interest rate at no less than 4 percentage points or 75% below the lesser of the current money center prime interest rate quoted in the Wall Street Journal (WSJ Prime Rate) or maximum interest rate allowed under state law. With the WSJ Prime Rate at 3.25%, the minimum interest rate is 2.44%.

Staff believes our current plan provides enough flexibility for our needs and does not recommend a lower minimum interest rate.

2. Waiving the requirement for RLF loans to leverage additional capital.

Our current plan requires leverage of at least two dollars of additional capital from private lenders or private investment for each one dollar loaned as applied to the portfolio as a whole. The current plan allows flexibility on individual loans as circumstances warrant.

Staff suggests an amendment to this requirement in our current plan and seeks Board feedback on the rate that is appropriate. Options could include 1:1 private to public dollars, 1:2 private to public dollars, or requiring no private dollars.

3. Waiving the requirement for evidence demonstrating credit is not otherwise available.

Our current plan requires demonstration that the funds are not otherwise available or are not taking the place of private financing. Applicants are required to provide a turn-down letter or email from a primary lender or bank or other written correspondence indicating that the bank will be unable to provide financing. Alternatively, applicants may provide a letter or email indicating that the bank is unable to provide the full financing requested and gap financing is required.

Staff believes that MCEDD fills an important role in the region as a gap financier that does not compete with private lenders. However, we should consider whether MCEDD's role in the regional lending environment changes as this pandemic evolves and businesses need flexibility. Staff does not feel the need to waive this requirement but requests Board guidance on any adjustments.