



Mid-Columbia Economic Development District

MCEDD Loan Administration Board Meeting
Tuesday, July 6, 2021
8:00am

Remote only

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

AGENDA

<u>Topic</u>	<u>Estimated Time</u>	<u>Item</u>
Call to Order, Introductions		
Loan Administration Board Minutes <i>June 15, 2021</i>	5 minutes	Approval
Loan Requests <i>Harper's Unicorn</i>	20 minutes	Approval
<i>Executive Session per ORS 192.660 (f) (Exempt Documents)</i> <i>Regular Session Reconvened</i>		
Loan Actions	5 minutes	Decision
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 into 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 requests 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, June 15, 2021
Virtual Only

ATTENDANCE

BOARD: Scott Clements, Steve Kramer, Joe Dabulskis, Dave Sauter, AJ Tarnasky, Bob Hamlin, Dillon Borton

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

CALL TO ORDER

Scott Clements called the meeting to order at 8:04 a.m. A quorum was present. A round of introductions took place. Scott Clements requested declaration of any conflicts of interest. None were expressed.

MINUTES

Bob Hamlin motioned to approve the minutes from April 20, 2021. Dave Sauter seconded the motion. All voted in favor, and the motion passed unanimously.

LOAN REQUEST:

Israel Ayala Guevara introduced the client and gave a brief overview and background of Café Genevieve's and their loan request. This is a new business opening in Goldendale.

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 reconvened at 8:26 a.m.

LOAN ACTION: CAFÉ GENEVIEVE'S.

Dave Sauter motioned to approve the loan application for Café Genevieve's with the following terms and conditions as presented in staff report:

Terms:

- Loan amount: up to \$125,000
- Interest Rate: 8%
- Loan Term: 60 months (interest only payments for six (6) months followed by 53 monthly payments of \$2,000 and the balance due 60th month) (Amortized over 10 years)Amortized over 10 years
- Loan Payment: \$1500

AJ Tarnasky seconded the motion. All voted in favor, and the motion passed unanimously.

FUNDED LOANS UPDATES

No updates at this time.

STAFF UPDATES

Jessica Metta reported that MCEDD did get defederalization of EDA funds with lesser reporting requirements. She also reported that staff are pursuing the idea of creating micro loans for minority-owned businesses with the idea still in the formative stages at this point. Jessica also briefed the LAB on the status of the grant application for the USDA Rural Development revolving loan fund for \$2 million. Jessica explained that these funds would be in MCEDD's account, but the understanding is that the Oregon and Washington Investment Boards would approve loans rather than the LAB because these are specifically scenic area funds.

Israel Ayala Guevara reported on staff outreach activity. With the service area expansion into Clackamas County under the purview of the MHEA, Israel has been following up on contacts in Sandy, where he met with the Clackamas Federal Credit Union rep and two of the MHEA Board members. Israel reported that inquiries are increasing, and these are being referred to the MHEA and OIB. Israel also attended a gathering in Skamania County for outreach.

Steve Kramer asked if the Rural Development application will hinder us in any future applications with USDA. Jessica responded that she did not believe so, and recommended that Steve continue to speak with our legislators to advocate for funding.

Scott Clements reported on the joint meeting held by the loan board chairs. He explained that his reason for requesting this meeting was prompted by the noticeable differences in risk tolerance that each board has displayed in their lending decisions over the past year. He wanted to hear what each board's motivations are in order to compare to the LAB's motivations. He reported that his big takeaway from the discussion was an understanding that the other boards' focus is more towards being promoters of community economic development through their lending, rather than acting in a support role to the applicant in terms of meeting their individual business' funding needs. Scott does not see the LAB as directly and actively promoting economic development through their funding activities. Jessica stated that all three boards do promote economic development within their missions. She then added that LAB has more reporting requirements and a loan payment as well. She pointed out that these are good reasons why there is lower risk tolerance on this board compared to the others. Israel commented that the LAB is fortunate to have members who are professional bankers, and he appreciates their financial expertise. Working with the Board members has shown him that a high level of due diligence is key to making successful loans. In contrast, the MHEA does not have any active bankers on its board. This group leans towards making lending decisions based on what is best for the community, and they are not as strict and conservative as this board. Israel likes all of these elements that the different boards express and proposed to keep a high level of due diligence, but also stay true to our mission to promote community economic development through business lending. Israel proposed to have staff review the

loan program's defaults and setting guide for loss. He pointed out that since COVID-19 the economy is totally changed since the last evaluation of these parameters, so it is time to reevaluate.

Scott pointed out that the LAB sets its lending guidelines at 75% of the tax assessed value of property. This is well under the market value of what a house would sell at on the open market. Scott requested the board and staff to come up with alternative valuation methods for real property that would keep the LAB in strong territory, but not as repressive as 75% of the tax assessed value. Dillon Borton recommended using vendor management companies, pointing out that this how professional banking values property. Dillon explained that there are tier grades of appraisal types, and that appraisals are all completed by licensed appraisers and certified. He noted that the cost of a drive by appraisal is \$129, not too much for a client to pay to receive an increase in their loan amount. Dillon encouraged staff to use these types of resources to help us "get across the line" for valuation. Jessica asked Dillon to send this information to Israel for staff to follow up and begin to use. AJ Tarnasky endorsed the proposal, adding that this is the same process used at his bank. AJ added that the LAB's valuation has been ultraconservative, and that using appraised values is both traditional and accurate for lending. AJ felt that with an appraisal staff could make a better valuation, and the cost of the appraisal would be well worth it. Scott asked if the board would support a recommendation that staff use appraisals in the property valuation for applicants. AJ added that property valuation companies are more accurate because they are using sales value.

ADJOURN

Scott Clements adjourned the meeting at 8:45 a.m.

Respectfully submitted by Jill Brandt, Administrative Assistant