



Mid-Columbia Economic Development District

MCEDD Loan Administration Board Meeting
Tuesday, May 17, 2022
8:00am

Remote only

<https://us06web.zoom.us/j/89715628579>

Or call 669-900-6833, Meeting ID: 897 1562 8579

AGENDA

<u>Topic</u>	<u>Estimated Time</u>	<u>Item</u>
Call to Order, Introductions		
Loan Administration Board Minutes <i>May 3, 2022</i>	5 minutes	Approval
Loan Requests <i>Maupin Outdoor Store LLC</i> <i>DewarWright LLC</i>	30 minutes	Information
<i>Executive Session per ORS 192.660 (f) (Exempt Documents)</i> <i>Regular Session Reconvened</i>		
Loan Actions	10 minutes	Approval
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.

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.

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

Tuesday, May 3, 2022

Virtual Only

ATTENDANCE

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

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

GUESTS: Victor VanKoten (MCEDD Attorney)

CALL TO ORDER

Scott Clements called the meeting to order at 8:00 a.m. A quorum was present.

MINUTES

Steve Kramer motioned to approve the minutes from March 22, 2022. Dave Sauter seconded the motion. All voted in favor, and the motion passed unanimously.

ATTAINABLE HOUSING PROJECT

Jessica gave a brief summary of the Oregon Attainable Housing RLF's qualifications. She gave an update on the facility in Hood River that the Board approved, and which the developer has not used the MCEDD funds yet. Jessica toured the building; it is complete and on track for full occupancy by August. It is 32 units, with four floors and is designated as Multifamily housing. Jessica noted that this is the first multi-family housing that has been built in Hood River in decades.

Today's discussion is to gather Board feedback around another project that has already been approved by the attainable housing committee. Construction bids have exploded way beyond what was initially planned for. The developer asked if we might consider five years of interest-only payments. In this scenario, MCEDD's expenses will be covered, but the loan fund will not be replenished to pay out again for other projects.

Discussion: Scott asked what would happen if the project does not get completed. Jessica answered that the fund's rules stipulate that if used, the attainable loan funds would not be used until the primary conventional bank loans have been exhausted, so they will only be used at the very end of the project. If the project was to fail, it would be unlikely for the developer to get to the point where they need MCEDD's RLF money. If that point was reached, the bank would take the lead on any recourse measures.

AJ stated that he would approve interest only during construction plus one additional year to allow ramp up for occupancy. He did not support any longer than that. Dillon echoed AJ,

adding that interest only during construction with an additional 90-180 days post-closing is OK. He offered current industry perspective that there are lenders who are approving interest-only long-term loans. Dillon further stated that he did not think that this was good for the purpose of the RLF fund. He asked for a historic overview of the fund, how many times has this fund revolved? Jessica replied that it has never been fully revolved. The last loan in that portfolio was recently paid off and the full fund amount is available.

Dave stated that he would approve interest only during construction with some post-construction time to make sure the housing was fully occupied. Bob felt that the Board members were all thinking along same lines, and Joe agreed.

Scott asked for more clarification on what the Board considered an acceptable period beyond construction – 12 months? 24 months? AJ responded that given rent demand he thought twelve months was more than enough time to reach full occupancy. Dillon agreed, stating that there would have to be something extreme to justify why the developer would want more than 12 months post construction. Steve agreed with AJ and Dillon. He asked if this developer was local, and Jessica affirmed. Dave added that he does not expect that costs will be going down.

Scott asked Jessica if any more guidance was needed. Jessica replied that the discussion has been very helpful to get a sense of where the Board is at.

IRP PAYMENT UPDATE

Jessica summarized the discussion on this topic to date. Since the last discussion, she has researched the scenario to reapply for this money if MCEDD gave it back. The work involved with the application process and the required matching funds that would be needed from our partners put giving the money back into last place as a course of action. Further conversations with USDA have determined that it is possible to re-amortize before MCEDD becomes delinquent. Jessica shared her screen with a chart listing all of the IRP loans. The chart showed when final payment is due, what the balance is on each loan, and the estimated payment after re-amortization. MCEDD's payment would be affordable. Jessica will be proposing re-amortization to the Executive Committee at tomorrow's meeting, so that it can be brought to the full board for approval.

Discussion: Scott agreed that re-amortization was preferable to returning the funds. He stated that the chart showed good savings on the estimated annual payments.

Scott asked about the source of the problem of insufficient loans. Jessica clarified that the Federal programs have offered better lending terms: easy qualification, lower interest rates and longer payment periods. In addition, credit card offers with 0% interest are common and banks are also more flexible because they too have a lot of money to get out the door. All of these factors have contributed to low demand for our loan programs.

Attorney Victor VanKoten joined at 8:19am.

LOAN REQUEST UPDATE: Data Schuss, Inc.

Scott asked Ami to give a brief update on what factors have changed since this was last presented to the Board. Ami replied that the conversation today will focus on how the Board wants to move forward with the cabin that was offered as collateral for the loan. Vic is here to explain the legal language.

EXECUTIVE SESSION

Per ORS 192.660 (f) Exempt Documents, the MCEDD Loan Administration Board moved into Executive Session at 8:20 a.m.

Regular session resumed at 8:35 am.

LOAN ACTION

There were no loan actions taken.

ADJOURN

Scott Clements adjourned the meeting at 8:35 a.m.

Respectfully submitted by Jill Brandt, Administrative Assistant