



MCEDD Loan Administration Board Meeting
Tuesday, January 17, 2023
8:00am

Remote only
<https://us06web.zoom.us/j/86200662473>
Or call 669-900-6833, Meeting ID: 862 0066 2473

AGENDA

Topic	Estimated Time	Item
Call to Order, Introductions		
Loan Administration Board Minutes <i>December 6, 2022</i>	5 minutes	Approval
Loan Modification Requests <i>A Home Sweet Home Elder Care, Inc.</i> <i>Forget Me Not Ventures, LLC</i>	15 minutes	Information
<i>Executive Session per ORS 192.660 (f) (Exempt Documents)</i> Regular Session Reconvened		
Loan Actions	5 minutes	Approval
Funded Loan Updates <i>LDB Beverage Company, Inc</i> <i>Mid-Columbia Backflow</i>	5 minutes	Information
<i>Executive Session per ORS 192.660 (f) (Exempt Documents)</i> Regular Session Reconvened		
Staff and Board Updates	5 minutes	Information
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.
6. 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, December 6, 2022

Virtual Only

ATTENDANCE

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

STAFF: Jessica Metta (Executive Director), Jill Brandt (Administrative Assistant)

Guests: Nate Stice (Regional Solutions), David Ryan (LDB Beverage)

CALL TO ORDER

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

MINUTES

Steve Kramer motioned to approve the minutes from September 20, 2022, as presented. Les Perkins seconded the motion. All voted in favor, and the motion passed unanimously.

Dillon Borton joined the meeting.

LOAN MODIFICATION REQUEST: LDB Beverage Company

AJ recused himself from any vote due to conflict of interest as David Ryan is his client at the bank. Jessica gave a brief overview of the client's history. The last Board action on the loan occurred this past September, but the new terms have not been closed yet. Staff has brought this back to the Board for further discussion today on next steps.

Bob Hamlin joined the meeting.

EXECUTIVE SESSION:

Per ORS 192.660 (f) Exempt Documents, the MCEDD Loan Administration Board moved into Executive Session at 8:04 am.

Regular session reconvened at 8:17 am.

LOAN ACTION: LDB Beverage Company, Inc.

The Loan Board took no action. The status of the loan remains as was voted on in September, when the extension was approved. September's modification request will remain open without changes to the conditions. However, staff will send a documented request for the company's financials and David Ryan's financials as guarantor, to be submitted by the deadline of mid-January. If the paperwork is not

received by the deadline so that the extension can be processed, at that time the loan's default rate will commence.

David Ryan agreed to submit his financials as soon as they are gathered by the accountant. He then explained the difficulties that caused the delay in providing the information.

David Ryan left the meeting at 8:21 am.

FUNDED LOAN UPDATES: Mid-Columbia Backflow & Tibbet's Well Drilling EXECUTIVE SESSION:

Per ORS 192.660 (f) Exempt Documents, the MCEDD Loan Administration Board moved into Executive Session at 8:22 am for updates on Mid-Columbia Backflow and Tibbet's.

Regular session resumed at 8:25 am.

BUSINESS OREGON PROPOSALS

Jessica updated the group with information on the applications that MCEDD has submitted to participate in Business Oregon's lending programs.

- 1) State Small Business Credit Initiative Community Relender Program. This program offers a way to increase the available pool of capital. While MCEDD does not need more capital to lend at this time, if approved into this program, MCEDD will be eligible to utilize these funds for up to ten years into the future.
- 2) Loan Loss Reserve Account Program: MCEDD's allowance for doubtful loans is set aside as backup against loss. This program will allow MCEDD to lend utilizing Business Oregon capital.

Both of these programs would be available for projects and clients on the Oregon side of the district if MCEDD is accepted into these programs.

Discussion: Steve Kramer asked what the specific lower interest rate from Business OR would be. Jessica did not have an exact number, only that it would come in under the prime rate.

ATTAINABLE HOUSING REVOLVING LOAN FUND MODIFICATIONS

Nate Stice from Regional Solutions was present to discuss and clarify the proposed changes to the Attainable Housing Loan Fund that was in the meeting packet memo. The current process is that the Regional Solutions' housing subcommittee determines if all criteria are met, and then recommends that the application be considered. At that point MCEDD staff prepares the loan proposal for the LAB to approve. At the last Regional Solutions Advisory Committee meeting, it was proposed to cut out the housing subcommittee review step because MCEDD staff can determine if an application meets the criteria. Staff will still be able to call on the housing committee in future if needed. The Committee also supported opening up the affordability range to 0-120, and that the LAB retain the ability to keep the interest rate flexible, not tied to prime.

Nate explained that these proposed changes come with the intention that the program remain in operation despite any Regional Solutions staff changes and this will ensure that the LAB will be able to spend the remaining unrevolved \$80,000 that remains in the fund.

Nate discussed some of the strategies possible to make the fund more attractive, such as holding the interest rates down, but still allow MCEDD to cover its expenses? As the economy heads into a time of high interest rates and tighter margins, opportunity increases for this fund to help get housing projects over the line into an acceptable margin with the rising interest rates.

Discussion: Dillon Borton had no feedback regarding lessening the interest rate. He noted that in the spectrum of average costs of home today, that \$2 million equals four houses or less. This is not competition for the commercial banks. He suggested making any adjustments that would get the dollars out.

Jessica reviewed projects that the fund has been used for to date. The Leeward Apartments in Hood River was the last applicant, and the builder requested the maximum allowed amount of \$750,000. A different developer is considering another project in Hood River on Taylor Street, will ask for \$750,000 and any help on interest rate. The Honald building in downtown The Dalles had housing added to upper levels and a single-family dwelling in The Dalles was turned into six units. The single-family dwelling in The Dalles was the only project that used only Attainable Housing funds and not bank financing as well.

Projects in Sherman County were discussed. Nate reported discussion with Ron Mobley for single-family or small multi-family projects in Sherman. Nate added that the Attainable Housing Fund has not been able to fund any projects in Sherman because the County has better funding incentives. He reported that Gilliam, Moro and Sherman Counties have all had healthy housing development with great incentives.

Jessica stated that she will bring a draft with the changes discussed today. She will consult with Dillon and AJ on interest rates. Scott suggested another LAB meeting soon for the LAB to walk through whole housing loan process.

AJ voiced his support for affordable housing but noted the large risk involved in funding housing construction. He suggested a more formalized monitoring of the progress of construction on any loans that the Board approves. Details such as ensuring that all steps are completed up to code are crucial, and he added that banks that are good at funding construction loans have processes in place that small operations like ours do not have.

Scott asked if the LAB can address this issue with our banking partners who would be the primary on any construction loans that the LAB approves.

AJ added that he did not know if First Interstate had a good system for monitoring construction loans. He stated that he was aware that Columbia Bank did not, but that Columbia is in the process of merging with Umpqua Bank, and they are good with construction loans. He was aware that Key Bank has a whole department around construction. AJ further suggested that the LAB consider an inspection program to be done by a third-party engineer who is familiar of construction projects of this magnitude. He noted that banks will often outsource this and any fees are paid by the borrower.

Dillon agreed that MCEDD has no business doing solo fund disbursement for large construction projects. If partnering with reputable banks that have done projects before, the risk is tolerable. If not, then due diligence is crucial. He suggested reaching out to projects that the LAB has seen be successful and tap into their resources. Dillon agreed with outsourcing for areas where the LAB does not have expertise.

AJ added that ensuring that any subcontractors get paid is important because if they do not, then MCEDD will lose all of our lien position. This is a tremendous risk.

Dillon added that there are many risk factors that are extraordinarily high right now, supply chain issues, employment instability and rising interest rates.

Scott thanked AJ for this discussion. He added that Jessica will come back with proposals on how to mitigate risk.

STAFF & BOARD UPDATES

Bob Hamlin offered his farewells as this will be his last meeting with the Board. He commented that his very first meeting on the Loan Administration Board considered the original loan request from LDB Beverage, and now with this final meeting centered on the same client, that his participation has come full circle.

Scott Clements thanked Bob for his service and wished him well.

ADJOURN

Scott Clements adjourned the meeting at 8:55 a.m.

Respectfully submitted by Jill Brandt, Administrative Assistant