



MCEDD Loan Administration Board Meeting
Thursday, April 20, 2023
9:00am

MCEDD Office, 802 Chenoweth Loop Road, The Dalles, OR 97058
Or Via Zoom: <https://us06web.zoom.us/j/85749987333>
Or call 669-900-6833, Meeting ID: 857 499 87333

AGENDA

Topic	Estimated Time	Item
Call to Order, Introductions		
Loan Administration Board Minutes <i>March 21, 2023</i>	5 minutes	Approval
Loan Portfolio Update <i>Available to Loan, Delinquency Report</i>	15 minutes	Information
<i>Executive Session per ORS 192.660 (f) (Exempt Documents)</i>		
Regular Session Reconvened		
Loan Actions	5 minutes	Approval
Pipeline and Marketing/ Outreach Discussion	10 minutes	Discussion
Interest Rate Policy, 2 nd Draft	10 minutes	Recommendation
Member Updates/ Good of the Order		
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, March 21, 2023 at 8:00am

Virtual Only

ATTENDANCE

BOARD: Scott Clements, Dillon Borton, Joe Dabulskis, AJ Tarnasky , Tom Lannen

STAFF: Carrie Pipinich (Deputy Director), Ami Beaver (Loan Fund Manager), Jill Brandt (Administrative Assistant)

CALL TO ORDER

Scott Clements deferred to AJ, who called the meeting to order at 8:17a.m. A quorum was present.

MINUTES

Joe Dabulskis motioned to approve the minutes from February 21, 2023, as presented. Dillon Borton seconded the motion. All voted in favor, and the motion passed.

LOAN MODIFICATION REQUEST: EDESKE PATISSERIE

Ami asked to present client's request for a six-month extension for interest only payments. This is due to delays getting their shop open.

EXECUTIVE SESSION:

Per ORS 192.660 (f) Exempt Documents, the MCEDD Loan Administration Board moved into Executive Session at 8:17 am.

Regular session resumed at 8:20 am.

LOAN ACTION: EDESKE PATISSERIE

Change in Terms:

- Loan Payment: \$889.24 (*twelve months of interest only payments followed by 47 monthly payments of \$889.24 with the remaining balance due the 60th month.*)

Scott Clements motioned to approve the request to extend interest only payments for 6 months. Tom Lannen seconded the motion. All voted in favor, and the motion passed.

FUNDED LOAN UPDATES: LDB Beverage Company

Ami announced that LDB Beverage has paid off their loan.

INTEREST RATE POLICY

The Interest Rate Policy table in the packet was developed as a result of the February 21st meeting discussion and is presented here today for discussion and approval. The proposed structure puts into policy the practice that staff has been using to inform proposed rates for loan clients and leverages the approach for other loan funds supported by MCEDD staffing as a starting point.

Discussion: Scott requested more information. Dillon expressed concern with the numbers on the excellent tier, commenting that 2.0 to 4.5% over prime was much too generous for MCEDD to offer. Commercial banks offer a maximum interest rate of prime + 2.75% for excellent credit. MCEDD loans are for startups or folks who are denied at the bank. MCEDD should not be competing with the commercial banks' interest rate minimally equal to the bank, but preferably higher. He suggested that the entry point be at the middle tier of prime +4-6% for the applicants with excellent credit. AJ agreed.

AJ was also concerned that these rates are fixed over the term of the loan and do not account for interest rate increases over time. He noted that the approach uses an interest rate that is variable to fix an interest rate for an extended period and so does not account for any increases in rates over the life of the loan. There should be some way to address how long we commit to that rate or take into account the term of the loan when setting the rate.

AJ requested tabling this discussion until he and Dillon can meet with Jessica to discuss these concerns. All were in favor. AJ asked Ami to relay the meeting request to Jessica. Ami agreed.

ADJOURN

AJ Tarnasky adjourned the meeting at 8:26 a.m.

Respectfully submitted by Jill Brandt, Administrative Assistant

**AVAILABLE TO LOAN
MCEDD FUNDS**

AS OF: 03/31/23														
	320 IRP	IRP - SH	IRP - WA	EDA RLFs	EDA Cares	Reg Strat	RBEG-OR	RBEG-WA	RBEG-KL/SK	CDBG - KL	ATTAINABLE	MCEDD Micro	USDA NSA	
LOAN FUND	320	321	322	336	337	345	350	355	357	370	371	372	373	Total
Beginning Cash Balance (Less Unrestricted & Reserve, Int Payable, & Interfund Receivables) - 7/01/22	1,587,530	147,608	52,337	676,669	146,053	150,577	269,077	91,201	125,836	106,563	2,074,252	11,083	1,900,000	7,338,785
336 - Profit for 07/01/22 - 12/31/22 - Converted to Principal														-
336 - Profit for 01/01/23 - 06/30/23 - Converted to Principal New Grant Funds Avail.					218,450									218,450
Princ. Repayments (7/01/22 - 06/30/23)	220,968	2,443	6,992	63,111	39,200	1,454	29,404	-	-	-	-	6,390	-	369,963
<i>Subtotal Before New Loans</i>	<i>1,808,498</i>	<i>150,051</i>	<i>59,329</i>	<i>739,780</i>	<i>403,702</i>	<i>152,032</i>	<i>298,481</i>	<i>91,201</i>	<i>125,836</i>	<i>106,563</i>	<i>2,074,252</i>	<i>17,473</i>	<i>1,900,000</i>	<i>7,927,198</i>
Less New Loans Made	184,473			180,569	247,527						750,000	-	137,045	1,499,614
Total After New Loans Made	1,624,025	150,051	59,329	559,211	156,175	152,032	298,481	91,201	125,836	106,563	1,324,252	17,473	1,762,955	6,427,584
Less Approved But Not Yet Disbursed	-	-	-	-	-	-	-	-	-	-	-	-	120,000	-
														-
														-
														-
														-
Available Now	1,624,025	150,051	59,329	559,211	156,175	152,032	298,481	91,201	125,836	106,563	1,324,252	17,473	1,642,955	6,307,584
Potential Available	1,624,025	150,051	59,329	559,211	156,175	152,032	298,481	91,201	125,836	106,563	1,324,252	17,473	1,642,955	6,307,584

Memorandum

To: MCEDD Loan Administration Board
From: Jessica Metta, MCEDD Executive Director
Re: Interest Rate Review, 2nd Draft
Date: April 13, 2023

Overview

At the February 21, 2023 Loan Administration Board meeting, there was some discussion of interest rates that MCEDD charges. While the Revolving Loan Fund plans for Oregon Investment Board and Mount Hood Economic Alliance have a rate table, the Revolving Loan Fund plans for MCEDD loan funds do not. Staff feel like adoption of a table as part of an Interest Rate Policy would be helpful for staff and brings the suggestion below for LAB consideration.

The Board discussed a draft on March 22, which staff has since updated with the help of Board Members AJ Tarnasky and Dillon Borton.

SECOND DRAFT MCEDD Interest Rate Policy

Interest rates will be set based on staff analysis of cash flow and risk. Interest rates will generally be fixed for the term of the loan. MCEDD does not provide a variable or floating interest rate. Rates may vary between individual loans or be stepped to allow for specific circumstances.

MCEDD Staff Risk Category	Margin	Index – US Treasury*	MCEDD Interest Rate*
Low	4.0-5.5%	3.5	7.5 to 9.0%
Medium	5.5 to 6.5%	3.5	9.0 to 10.0%
High	6.5 to 8.5%	3.5	10.0 to 12.0%

*The US Treasury rate would be set based on the term of the loan and is subject to change. When the US Treasury rates changes, so do MCEDD interest rates.

Default Interest Rate: Upon default, including failure to pay upon final maturity, the interest rate on a loan agreement may increase by up to five (5) percentage points per annum based upon a year of 365 days.

Performance Interest Rate: As a performance incentive, MCEDD may authorize a reduction in the interest rate over the course of the loan, provided all loan payments are made on time, as agreed and all other loan requirements are met. This rate reduction option will generally be used with loans that are scheduled at a higher interest rate due to their risk rating since regular loan payments, communication with MCEDD staff and the lending relationship with MCEDD may mitigate factors initially contributing to a higher risk rating and higher initial interest rate.