



HOOD ECONOMIC ALLIANCE

Clackamas, Hood River, and Wasco Counties

Board Meeting
November 18, 2022
9:00 – 10:00 a.m.

Via Zoom Link: <https://us06web.zoom.us/j/87677983236>
Or call: 253 215 8782, Meeting ID: 876 7798 3236

AGENDA

Topic	Estimated Time	Item
Call to Order, Introductions		
<i>Welcome new member Nate DeVol!</i>		
Minutes Approval	5 minutes	Approval
Financial Report Approval	5 minutes	Acceptance
Funded Loan Updates	10 minutes	Information
<i>Picture This</i>		
<i>Executive Session per ORS 192.660 (f)</i> (Exempt Documents)		
<i>Regular Session Reconvened</i>		
Loan Action	5 minutes	Decision
IGA Update Draft	10 minutes	Discussion
<i>See memo</i>		
Microlending Program	10 minutes	Discussion
<i>See memo</i>		
Business Oregon Partner Opportunities	10 minutes	Discussion
Clackamas County: Board Member Ideas, Outreach Plans	5 minutes	Discussion
Other New Business, 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 MCEDD at (541) 296-2266 at least 48 hours before the meeting so arrangements for appropriate accommodations can be made.

Executive Session Protocol
Mount Hood Economic Alliance (MHEA) Board

After discussion agenda items are presented in open session by MHEA staff, the MHEA Chair will state the following: "Pursuant to ORS 192.660(f), Exempt Documents, I call the Executive session of the Mount Hood Economic Alliance to order"

MHEA Chair asks all non-staff and non MHEA members to leave the meeting, except that representatives of the news media are allowed to attend but cannot disclose any information. 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 MHEA 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. MHEA Chair requests a brief presentation from MHEA staff on a summary of the loan proposal or other discussion item.
2. After presentation of information by staff, the MHEA Chair asks if there are any questions for the loan applicant or MHEA staff.
3. Following questions and discussion by the MHEA, 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. MHEA Chair asks MHEA 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 MHEA members takes place then Steps 1-5 are repeated for each following discussion item for Executive Session.

At the end of discussion, the MHEA chair will close the Executive Session. The MHEA moves back to open session. At this point, the MHEA Chair can ask for a motion of the decision items in open session. Open session is when the MHEA can make decisions on agenda items.

**MOUNT HOOD ECONOMIC ALLIANCE
BOARD MEETING MINUTES
Friday, June 17, 2022
Virtual Only**

ATTENDANCE

MHEA Members: Mike Wells, Ken Bailey, Steve Kramer, David Snider, Matt Lorenzen, Michael Friend,

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

Guests: Michael Held (Business Oregon)

CALL TO ORDER / INTRODUCTIONS / CONFLICT OF INTEREST DISCLOSURES

Chair Mike Wells called the meeting to order at 9:14 am. There was quorum present.

MINUTES APPROVAL

Ken Bailey motioned to approve the May 20, 2022, minutes as presented. Steve Kramer seconded the motion. All voted in favor, and the motion passed unanimously.

FINANCIAL REPORT

Jessica gave the report for May. Mostly business as usual, with the exception the client Wippersnappers has paid off early. David Snider gave an update that Wippersnappers is slated to receive a covered structure for outdoor dining, paid for through the City of Sandy up to 80% of the project cost. Jessica asked for any questions on the financial report in the packet. There were none.

Ken Bailey motioned to approve the financial report as given. Steve seconded the motion. All voted in favor, and the motion passed.

FUNDED LOAN UPDATES: OREGON BRINEWORKS, INDEPENDENT DIESEL, YO TREATS, PICTURE THIS

Ami requested to go into Executive Session to provide updates on these clients.

EXECUTIVE SESSION

Per ORS 192.660 (f) Exempt Documents, the Mt. Hood Economic Alliance moved into Executive Session at 9:20 a.m.

Regular Session was reconvened at 9:24 am.

No action was taken.

MCEDD CONTRACT

Jessica referred the group to the memo in the packet. She gave a brief historic summary, noting that MCEDD has been working with the MHEA since 2020, and that during this past year loans were closed with Grit MMA and Picture This, and Yo Treats approved. The budget has been set

at the same contract rate as last year (\$18,000). Jessica proposed adding language to reduce the contracted amount if there is insufficient activity to cover the full amount. Jessica requested a review of the contract in six months, with hopes that there will be enough activity to increase MCEDD's rate. She explained that the current rate limited MCEDD's services to the MHEA this year.

Discussion: Matt Lorenzen asked Jessica to clarify what services have been limited. Jessica replied that the number of board meetings has been limited. Cleaning up the IGA to reflect the changes in the appointment process for Clackamas County Board members cannot move forward until July 1st. The current rate also did not provide funds for more outreach efforts. Jessica noted that MCEDD did create the RLF Plan this past year, which will not happen again.

Ken gave historical perspective, recalling that four years ago administrative costs for the MHEA were budgeted in the low \$20,000's range. He added that when loans began to be scarce, the admin costs dropped to \$18,000 under Mary McArthur's administration. Ken stated that this trend is going in the wrong direction. Expenses are going up and costs need to be assessed honestly. Matt proposed a formulaic approach that would self-adjust so that the Board would not have to amend the contract over and over. Jessica responded that the contract is historically reviewed and updated on an annual basis with the budget, and her request for a review at six months is new. Mike Wells proposed adding an amendment that states that MCEDD's services shall not cut into the loan fund's capital balance. Jessica agreed to add this language into the contract. There was no further discussion.

FY23 BUDGET DRAFT/ SECOND READING

Jessica stated that there have been no changes to the budget since last month's presentation. Overall, some expenses were lowered based on this year's actuals. MCEDD's contract rate is the same as last year. Jessica asked for any questions, there were none.

Matt Lorenzen motioned to approve the budget as presented. Michael Friend seconded the motion. All voted in favor, and the motion passed unanimously.

ALTERNATE MEMBER

This proposal comes today as a result of the MHEA's recent challenges with meeting quorum. Jessica proposed having Michael Held participate as a voting alternate. Michael is the Regional Development Officer for Business Oregon and his appointment will replace MCEDD as the alternate, which is no longer appropriate since MCEDD is now the contracted administrator for the Board. Ken clarified that Michael is not assigned to represent a specific county. Jessica agreed that alternate seat represents the whole region. Steve Kramer suggested that the appointment be for the organization Business Oregon rather than Michael personally. This would allow for a colleague to step in if Michael himself was unable to attend. Michael Held agreed.

Ken Bailey motioned to appoint Business Oregon as an alternate voting member of the MHEA Loan Board. David Snider seconded the motion. All voted in favor, and the motion passed.

BOARD OFFICER ELECTIONS

Chair Mike Wells was requested to and accepted another year's appointment. Mike stated that his business life is changing, which may affect his ability to serve in future. Ken Bailey was willing to continue as Vice-Chair with Mike Wells serving as the chair. There is no Secretary/Treasurer noted on the current roster.

Steve Kramer motioned to continue with this past year's officers for another year. He further proposed to add Bob Benton from Hood River County to the slate as Secretary/Treasurer, so that each county has one elected officer. Michael Friend seconded the motion. All voted in favor, and the motion passed.

Steve Kramer asked if the Board still needs another Hood River Representative. Jessica replied that both Hood River and Clackamas County have vacant seats. There is a candidate for the Hood River seat, but Jessica has not found anyone for Clackamas County yet. She has been in touch with Cindy Moore to ask for recommendations.

PIPELINE UPDATES

Ami reported that she has been working with a prospective restaurant client in The Dalles and hopes to bring the proposal to the next meeting. This client is Latina-owned and falls under the MHEA's program as the first prospective client with an ITIN.

ADJOURNMENT

Mike Wells adjourned the meeting at 9:41 a.m.

Respectfully submitted by Jill Brandt, MCEDD Administrative Assistant

MHEA Financials
October 2022

Revenues					
	Budget	To Date	Balance	% of Budget	Projected Year End
7/1/22 Relending Fund Balance	567,115	587,415	0		587,415
Loan Principal Payments	103,070	61,470	-41,600	60%	103,070
Loan Relending Revenues	670,185	648,885	-21,300	97%	690,485
Administration Revenues					
Investment Account Interest	2,500	2,010	-490	80%	2,500
Loan Fees	1,500	4,942	3,442	329%	1,500
Loan Interest Payments	29,834	5,320	-24,514	18%	29,834
2022-2023 Admin Revenue	33,834	12,272	-21,562	36%	33,834
Expenditures					
Relending Funds					
New Loans	150,000	300,000	150,000	200%	150,000
Total New Loans	150,000	300,000	150,000	200%	150,000
Administration Expenses					
Audit	2,820	0	-2,820	0%	2,820
Bank Fees	50	44	-6	88%	50
Legal Fees	750	0	-750	0%	750
Loan Expenses	500	380	-120	76%	500
State Ethics Commission	50	0	-50	0%	50
Website	20	0	-20	0%	20
Administration	18,000	5,189	-12,812	29%	18,000
Total Admin Expenses	22,190	5,613	-16,577	25%	22,190
Ending Cash Balance					
	531,829	355,544	-176,285	67%	552,129

Memorandum

To: Mount Hood Economic Alliance Board

From: Jessica Metta, Executive Director

Date: November 10, 2022

Re: IGA Update Draft

Clackamas, Hood River, and Wasco Counties last updated the Intergovernmental Agreement (IGA) creating Mount Hood Economic Alliance (MHEA) in 2005. Clackamas County recently requested changing how representatives for that County are appointed to the MHEA Board, necessitating an update of the IGA by all three counties to approve that change. This provides an opportunity for MHEA to update the IGA to reflect the current actions of the entity versus those outlined in the 2005 document. Attached is a first version for Board discussion.

Request

The Board is asked to provide direction to MCEDD staff on any changes. The Board would then recommend the draft be sent to the three counties for consideration.

INTERGOVERNMENTAL AGREEMENT
Between Clackamas, Hood River and Wasco Counties to establish the
MT HOOD ECONOMIC ALLIANCE
as an ORS 190 entity

THIS AGREEMENT is made and entered into by and between Clackamas, Hood River and Wasco Counties, hereinafter referred to as the "Counties."

WITNESSETH:

1. Pursuant to ORS 285B.230 through 285B.269, the Oregon Economic and Community Development Department has designated Clackamas, Hood River and Wasco Counties as a region with the purpose of developing and implementing a *Regional Strategy* including a *Rural Action Plan*.
2. The Counties previously created the Mt Hood Economic Alliance (the "Alliance") by means of an Intergovernmental Agreement effective January 1, 2004.
3. The Counties ~~previously desire to create~~ another new intergovernmental agreement pursuant to 190.010(5) to replace the informal structure previously created. The intergovernmental entity created in 2005 through an Intergovernmental Agreement shall continued to be known as the Mt Hood Economic Alliance.

~~3.4. The Counties desire to update the 2005 Intergovernmental Agreement to reflect current practices and procedures of the Mt Hood Economic Alliance through a new Intergovernmental Agreement.~~

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NOW, THEREFORE, IT IS HEREBY AGREED by Clackamas, Hood River and Wasco Counties as follows:

I. Mt Hood Economic Alliance

A. ~~In 2005, there was hereby~~ created an intergovernmental entity pursuant to ORS 190.010(5) composed of Clackamas, Hood River and Wasco Counties, to be known as the Mt Hood Economic Alliance (Alliance). The purpose of the Alliance ~~originally was~~ to meet the requirements of the Oregon Regional Investment and Rural Investment Fund programs on behalf of the three counties. ~~The Alliance now focuses exclusively on providing gap financing loans for local businesses that create and retain jobs and leverage additional investment for the three counties. The Alliance shall develop and implement a Regional Strategy as provided by OAR 123-055-0100 through 123-055-0620. In addition, the Alliance shall act as the administrative and fiscal entity for the management of its revolving loan fund Regional Investment and Rural Investment Programs within the region.~~

~~B. The previous structure created by means of the Intergovernmental Agreement in effect since January 1, 2004 and also known as the Mt Hood Economic Alliance is hereby abolished. The intergovernmental entity created in paragraph A shall succeed and replace the prior structure. The new intergovernmental entity shall become the owner of all the property and funds of the prior structure; shall assume all obligations, indebtedness, and legal rights and responsibilities of the prior structure. All of these assets and obligations shall become jointly and severally those of the parties to this Agreement.~~

~~C.~~ The Mt Hood Economic Alliance shall be represented by a Regional Investment Board (RIB).

~~D. Clackamas County shall return all Regional Investment, Rural Investment and Revolving Loan Funds and all other property of the Alliance in its possession to the Alliance, immediately upon adoption~~

~~of this Agreement. In addition, Clackamas County shall cooperate with the Alliance to ensure that all other applicable contracts, debts, and obligations are assigned to the Alliance.~~

II. Regional Investment Board (RIB)

A. The Alliance shall be governed as follows:

1. The RIB shall be composed of twelve members. Hood River and Wasco Counties shall each appoint three (3) people plus one alternate to the RIB. ~~Clackamas County shall authorize the RIB to appoint six (6) people plus one alternate to the RIB on Clackamas County's behalf.~~ Each County, ~~or the RIB for Clackamas County~~ shall undertake their best efforts to select appointees that represent the private business sector, rural interests, and local government. Each member's term shall last two (2) years. In the event of a vacancy on the RIB, the appointing County shall fill the vacancy within sixty (60) days. Alternate appointees shall serve a two-year term on the RIB. Any board representation by the Confederated Tribes of Warm Springs required by law shall be from Wasco County.
2. Members of the RIB shall meet and elect a chair, vice-chair and secretary-treasurer each from a different county. The chair, vice-chair and secretary-treasurer shall serve for one (1) year and are eligible for re-election. The chair shall have the authority to call and preside over RIB meetings. The vice-chair may preside over such meetings in the absence of the chair.
3. Decisions of the RIB shall be made only at meeting of which all members are provided proper notice as provided by Public Meeting Law. Each member shall have one vote. Alternates shall vote in the absence of a voting member. A majority of the entire RIB ~~including at least one member from each county~~ is required for any decision to be effective.
4. The RIB may adopt bylaws for its operations. The bylaws shall only be amended by a vote of at least five members of the RIB. At least one vote from each County is required for an amendment to be effective.
5. The RIB shall be subject to the requirements of Oregon laws, including, without limitation, the Public Meetings Law, Public Records Law, Local Budget Law, public contracting laws, the Oregon Government Ethics laws, and workers' compensation laws of the State of Oregon.
6. The Alliance shall meet regularly as determined by the RIB. Special and emergency meetings and executive sessions may be called, upon notice as provided in the Public Meetings laws, by the chair or by any three members.

B. The RIB shall perform the following services for the Alliance:

- ~~1. Develop and implement the region's Regional Strategy and Rural Action Plan approved by the Governor.~~
- ~~2.1~~ Determine the policies for awarding ~~Regional Investment and Rural Investment Funds~~ revolving loan funds to individual projects and activities ~~based on State Statutes and Administrative Rules.~~
- ~~3.2~~ Approve funding for projects and activities and approve any amendments to contracts.
- ~~4.3~~ Serve as the administrative and fiscal entity for the Alliance's ~~Regional Investment, Rural Investment and~~ Revolving Loan Fund programs.

Commented [JM1]: Or remove the specific county Alternates and say something like: "The RIB shall have one Alternate as the Regional Development Officer for Business Oregon"

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~~5.4.~~ Serve as the public relations contact for the Alliance and RIB and market the ~~Regional Investment and Rural Investment Programs~~ revolving loan funds in the region.

5. Ensure these following actions are completed by the RIB or a contractor as is appropriate:

- A. Draft application forms and review applications from potential recipients of ~~Regional Investment and Rural Investment Funds~~ revolving loan funds.
- B. Draft appropriate documents to evidence awards from ~~Regional Investment and Rural Investment Funds~~ revolving loan funds. Provide for legal review of documents.
- C. Monitor recipients of ~~Regional Investment and Rural Investment Funds~~ revolving loan funds for compliance with contract terms.
- D. File and record documents as required.
- E. Disburse Regional Investment and Rural Investment Funds to recipients in accordance with the contracts.
- F. Prepare reports for the Alliance as requested.

6. Determine what action to take if a recipient of ~~Regional Investment or Rural Investment Funds~~ revolving loan funds defaults in its obligations. Pursue such actions.

~~7. Account for all Regional Investment and Rural Investment Funds in accordance with the contract between the RIB and the Oregon Economic and Community Development Department.~~

~~8. Prepare reports for the Oregon Economic and Community Development Department in accordance with the contract between the RIB and the Oregon Economic and Community Development Department. Share reports with participating Counties.~~

C. The RIB shall have the following powers and responsibilities in the performance of its duties as administrative and fiscal entity for the Alliance:

1. Enter into contracts for fiscal, professional and other services necessary to carry out this Agreement.
2. Adopt budgets for utilizing ~~Regional Investment and Rural Investment Funds~~ revolving loan funds.
3. Apply for, receive, distribute and expend monies in accordance with Oregon law.
4. Create an Executive Committee and other sub-committees to assist it in carrying out its duties under this Agreement. However, sub-committees cannot reverse decisions made by the full RIB or bind the full RIB without prior approval regarding a specific action, and must report all of their actions to the next meeting of the RIB.

~~5. Enter in contracts with the Oregon Economic and Community Development Department.~~

~~6.5.~~ Comply with applicable Oregon law.

D. Debts, liabilities and obligations of the Alliance shall be, jointly and severally, the debts, liabilities and obligations of the Counties and shall be divided upon termination in accordance with Part IV below of this Agreement.

III. Dispute Resolution

A. Any dispute between the parties arising from the terms or implementation of this Agreement, or any claim by any party for breach or enforcement of this Agreement, shall be submitted first to mediation and then, if unresolved, to binding arbitration.

B. In the event of a demand for arbitration, the parties shall agree upon an arbitrator or, if no agreement is reached within ten (10) days of the demand, each party shall select an arbitrator. Each party shall be responsible for the costs of its arbitrator. Arbitrators, by majority vote, shall have full authority to establish procedures, rule on evidence and objections and render an enforceable decision.

IV. Termination

A. The Agreement shall continue until all parties mutually agree in writing to terminate it, or Wasco County, Hood River County, or Clackamas County provides sixty-days written notice to the other two counties requesting withdrawal from the Agreement.

B. If any county terminates their participation in this agreement, the other two counties agree to make a good faith effort to accomplish the goals and purposes of providing gap financing loans for local businesses that create and retain jobs and leverage additional investment for the remaining counties ~~ORS Chapter 285B which establishes the legal authority for the Alliance.~~

C. Upon termination, the Alliance shall return all funds and all assets purchased with ~~Regional and Rural Investment Funds~~ revolving loan funds to the Counties. Each County shall be entitled to a share of the Funds based on the pro-rated share of its contribution to the revolving loan funds ~~Regional and Rural Investment Funds~~. Any assets purchased with revolving loan funds ~~Regional Investment or Rural Investment Funds~~ shall be valued at their fair market value upon termination and divided per pro-rated share among the Counties. In the event of a dispute between the Counties as to the division of the assets of the RIB, they shall be sold, and the net proceeds, after subtracting the cost of sale, shall be divided per pro-rated share among the Counties. Any sale or disposition of the RIB assets shall be in accordance with Oregon laws. ~~In the event the contract between the Board and the Oregon Economic and Community Development Department provides for the disposition of unobligated funds and assets purchased with Regional Investment or Rural Investment Funds, the contract shall prevail over this provision.~~

D. Upon termination, the outstanding indebtedness, liabilities or continuing contractual obligations shall be divided per pro-rated share among the Counties.

V. Miscellaneous

A. No Third Party Beneficiaries. The counties are the only parties to this agreement and are the only parties entitled to enforce its terms. Nothing in this Agreement gives, is intended to give, or shall be construed to give or provide any benefit or right, whether directly, indirectly or otherwise, to third persons unless such third persons are individually identified by name herein and expressly described as intended beneficiaries of the terms of this agreement.

B. Records Maintenance and Access. The RIB shall maintain all records relating to this Agreement as to clearly document its performance hereunder. The counties and their duly authorized representatives shall have access to such records for the purpose of performing examinations and audits, and making excerpts and transcripts. All such records shall be retained by the RIB and kept accessible for a minimum of 3 years, except as required longer by law, following termination of this agreement, or until the

conclusion of any audit, controversy or litigation arising out of or related to this agreement, whichever date is later.

C. Notices. All notices to the respective parties shall either be personally delivered or sent certified mail to the following addresses:

Clackamas County: 2051 Kaen Rd Oregon City, OR 97045	Hood River County: 601 State Street Hood River, OR 97031	Wasco County: 511 Washington St Rm 302 The Dalles, OR 97058-2237
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D. All parties shall comply with all applicable federal, state and local laws; and rules and regulations on non-discrimination in employment because of race, color, ancestry, national origin, religion, sex, marital status, age, medical condition or handicap.

E. To the extent applicable, the provisions of ORS 279.312, 279.313, 279.314, 279.316, 279.320 and 279.334 are incorporated by this reference as though fully set forth.

F. Subject to the limitations of liability for public bodies set forth in the Oregon Tort Claims Act, ORS 30.260 to 30.300, and the Oregon Constitution, each party agrees to hold harmless, defend, and indemnify each other, including its officers, agents, and employees, against all claims, demands, actions and suits (including all attorney fees and costs) arising from the indemnitor's performance of this Agreement where the loss or claim is attributable to the negligent acts or omissions of that party.

G. Each party agrees to maintain insurance levels, or self-insurance in accordance with ORS 30.282, for the duration of this Agreement at levels necessary to protect against public body liability as specified in ORS 30.270.

H. This Agreement shall be subject to the constitutional debt limitation of Oregon Counties set forth in Article XI, Section 10 of the Oregon Constitution, and is contingent on funds being appropriated therefore.

I. This Agreement may be amended from time to time by agreement in writing, signed by all parties.

J. ENTIRE AGREEMENT. THIS AGREEMENT CONSTITUTES THE ENTIRE AGREEMENT BETWEEN THE PARTIES. NO WAIVER, CONSENT, MODIFICATION OR CHANGE OF TERMS OF THIS AGREEMENT SHALL BIND ANY PARTY UNLESS IN WRITING AND SIGNED BY ALL THREE PARTIES. SUCH WAIVER, CONSENT MODIFICATION OR CHANGE, IF MADE, SHALL BE EFFECTIVE ONLY IN THE SPECIFIC INSTANCE AND FOR THE SPECIFIC PURPOSE GIVEN. THERE ARE NO UNDERSTANDINGS, AGREEMENT, OR REPRESENTATIONS, ORAL OR WRITTEN, NOT SPECIFIED HEREIN REGARDING THIS AGREEMENT. EACH PARTY, BY THE SIGNATURE OF ITS AUTHORIZED REPRESENTATIVE(S) BELOW, HEREBY ACKNOWLEDGES READING THIS AGREEMENT, UNDERSTANDING IT, AND AGREEING TO BE BOUND BY ITS TERMS AND CONDITIONS.

Hood River County
Board of Commissioners

Wasco County
Board of Commissioners

Clackamas County
Board of Commissioners

Michael Oates, Chair

Scott Hege, Chair

Tootie Smith, Chair

Robert Benton, Commissioner

Steven Kramer, Commissioner

Sonya Fischer, Commissioner

Les Perkins, Commissioner

Kathy Schwartz, Commissioner

Paul Savas, Commissioner

Karen Joplin, Commissioner

Martha Schrader, Commissioner

Arthur Babtiz, Commissioner

Mark Shull, Commissioner

APPROVED AS TO FORM:

APPROVED AS TO FORM:

APPROVED AS TO FORM

Hood River County Counsel

Wasco County Counsel

Clackamas County Counsel

Date:

Date:

Date:

Memorandum

To: Mount Hood Economic Alliance Board

From: Jessica Metta, Executive Director

Date: November 10, 2022

Re: Microlending Program

In 2021, the MCEDD Loan Administration Board and Oregon Investment Board approved different terms for loans of \$40,000 or less that allowed lower collateralization. These Microlending Programs also allow for a somewhat streamlined application process. MCEDD staff is interested in seeing if MHEA would also be interested in trying a Microlending Program. Below are the MCEDD Loan Administration Board terms and documentation/ interest rate matrix based on client credit scores that could be considered for MHEA use.

Fund Summary:

- Maximum Loan Amount: \$40,000
- Eligible Applicant Types: Entrepreneurs, new business start-ups, expanding businesses, existing businesses for debt refinancing, and most legal business ventures. Women and minority-owned businesses are encouraged to apply.
- Term: For loans of \$5,000-\$20,000, one-to-three-year term maximum. For loans of \$20,001-\$40,000, one-to-five-year term maximum. Fully amortized.
- Interest Rate: Dependent on risk criteria, generally 8-12% with performance incentives to lower the interest rate during the loan term.
- Collateral: Personal guarantee required. A token piece of collateral is required but not full collateralization.
- Flexibility in Loan Requirements: Minimum 5% applicant funds, with up to 95% MCEDD loan.
- Minimal Documentation: Simple application, credit report, references and minimal supporting documentation dependent on credit score. No minimum credit score required.
- Minimal Insurance Requirements: Basic insurance on collateral and business required.
- Business Counseling: Requirement to meet with the Small Business Development Center or SCORE prior to or as part of the application process.
- Decision within two weeks of receiving all completed documentation.

Documentation and Interest Rate Matrix:

- **Tier 1 -780 and above:** Simple application, credit report, references, bank denial, business experience and management information. Interest rates 1-2% above WSJ Prime.
- **Tier 2 - 779-740:** Simple application, credit report, references, bank denial, business experience and management information. Interest rates 2.25-3.25% above WSJ Prime.
- **Tier 3 - 739-700:** Simple application, credit report, references, bank denial, business plan, business experience and management information. Interest rates 3.5-4.5% above WSJ Prime.
- **Tier 4 - 670-699:** Simple application, credit report, references, bank denial, tax returns, financial statements, cash flow projections, business plan, business experience and management information. Interest rates 4.75-5.75% above WSJ Prime.

- **Tier 5 – 669 and below:** Simple application, credit report, references, bank denial, tax returns, financial statements, cash flow projections, business plan, business experience and management information. Interest rates 6-7.5% above WSJ Prime.

Request

Discuss interest in creating a Microlending Program that provides different guidance for smaller loans. Provide direction to MCEDD staff on any next steps.