



HOOD ECONOMIC ALLIANCE

Clackamas, Hood River, and Wasco Counties

Board Meeting
December 16, 2022
9:00 – 10:00 a.m.

Via Zoom Link: <https://us06web.zoom.us/j/89797088285>
Or call: 253 215 8782, Meeting ID: 897 9708 8285

AGENDA

Topic	Estimated Time	Item
Call to Order, Introductions		
Minutes Approval	5 minutes	Approval
Financial Report Approval	5 minutes	Acceptance
New Loan Proposal	20 minutes	Information
<i>Frutas Locas y Mas, LLC</i>		
<i>Executive Session per ORS 192.660 (f)</i> (Exempt Documents)		
<i>Regular Session Reconvened</i>		
Loan Action	5 minutes	Decision
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	2 minutes	Decision
Marketing and Logo Discussion	10 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, November 18, 2022 at 9:00am
Virtual Only**

ATTENDANCE

MHEA Members: Mike Wells, Ken Bailey, David Snyder, Matt Lorenzen, Michael Friend, Renate Mengelberg, Bob Benton, Nate DeVol, Michael Held (Business Oregon)-voting alternate,

Staff: Jessica Metta (Executive Director), Ami Beaver (Loan Fund Manager), Keli Lafrenz (Office Administrator), Dana Woods (Finance/Operations Manager)

CALL TO ORDER / INTRODUCTIONS

Chair Mike Wells called the meeting to order at 9:01am. There was quorum present. A round of introductions took place to welcome the new member Nate DeVol.

MINUTES APPROVAL

Ken motioned to approve the June 17, 2022, minutes as presented. Renate seconded the motion. All voted in favor, and the motion passed unanimously.

FINANCIAL REPORT

Dana Woods gave the report for financials through October 31, 2022. Independent Diesel and Whippersnapper paid off. Jessica also reported Rivertap is making their own line of liquor.

Renate motioned to approve the financial report as given. Michael Friend seconded the motion. All voted in favor, and the motion passed.

Dana talked about the audit. She received an email from Katherine at the prior audit firm, that she was leaving in July 2022 and to introduce a new auditor. Dana reached out to them in October 2022 when she hadn't heard anything. MHEA had fallen through the cracks in the staff transition and now they will not have time to include us in their 2022 schedule. Dana reached out to MCEDD's auditor as a possible replacement, and they said they would have time in March 2023. Since this would be past the Dec 31st audit deadline, she requested and was granted an extension for the end of June 2023.

Discussion: Michael Friend asked if the original auditing firm would take back over after that. Dana will reach out to both companies. There seems to be a shortage in the auditor pool. Renate said with lack of communication from the original auditors, she doesn't feel comfortable using them in the future. Ken said this is becoming typical with a lot of auditors. MCEDD had a hard time finding a good one. Mike Wells asked Dana to rate the relationship with MCEDD's auditor. Dana said it is really good. Recent audit went smooth. MHEA's process is technically called a review, not an audit. Mike Wells asked Jessica if the board could make a motion to select an auditor and she agreed.

Ken motioned to approve Pauly Rogers and Co. as auditors for the FY22 audit. Bob Benton seconded the motion. All voted in favor, and the motion passed.

FUNDED LOAN UPDATES: Picture This

Jessica requested to enter Executive Session to discuss status for Picture This.

EXECUTIVE SESSION

Per ORS 192.660 (f) Exempt Documents, the Mt. Hood Economic Alliance moved into Executive Session at 9:16 a.m.

Regular Session was reconvened at 9:31 am.

LOAN ACTION

Mike Wells noted that the Board would take no action at this time.

IGA UPDATE DRAFT

Jessica summarized her memo related to this item and requested feedback on the draft presented.

Discussion: Renate suggested that each member's term shall last until resignation or replacement, with no time limit. Bob Benton suggested to reach out to other boards, for an example to use, to create an updated document. Bob does not support the change for Clackamas County to not appoint their members. Jessica agrees that reaching out to other boards, for help, could be very helpful. Bob suggested another option would be to start from scratch, or it could just be in the bylaws. Bob said the regional investment boards may have laws to use. Nate asked who puts IGAs together for Hood River and suggested utilizing legal counsel from Hood River or Wasco Counties, to create a better document. Jessica will look for an example document. Renate suggested COIC for a starting template. SEDCOR was suggested by Matt, for an example. Several boards around the state would probably have a good template. Ken agrees with Bob, that we should start from scratch. A lot of current information can probably go away and/or be simplified. Bob suggested that maybe Clackamas can delegate this to the cities in Clackamas County and doesn't think it is appropriate for positions selected by Hood River and Wasco Counties to approve the Clackamas County reps. Mike seconded the idea to check with other boards in the state. Jessica will check with EDD partners for examples and bring back to a future meeting.

Michael Friend left the meeting.

MICROLENDING PROGRAM

Jessica summarized her memo related to this item and requested feedback on the draft presented.

The memo is based on MCEDD's program and MHEA's doesn't need to be as structured. She could bring back an example of draft language to a future meeting.

Discussion: Renate approves of having a microlending program. It targets a need, with more flexibility. Higher interest rates make it a solid business proposal. Matt supports the program but hates to deemphasize the need to fund larger impactful loans. Nate states that it's important to rate how much community employment would be created with these loans. Jobs created for 4-10 people would be great. He supports the larger impactful offerings as well and would like to see the future of these small loans becoming larger loans in the future. Renate wants to know if there should be a percentage of microloans, compared to larger loans. Mike Wells wants staff to let the board know how its going in the next 6 months. Ken

thinks the microloans have been going well. The Board could put a cap on how many microloans can happen. We can find the right balance down the road. Matt asks if it is possible to discuss the requirement to include a bank denial letter, which would increase credit worthiness in the number of applicants. Mike Wells encourages the banks to be our allies. If a borrower wants \$250,000, we want banks to give \$200,000 and we can give \$50,000. Matt asked if our interest rates are competitive with banks. Mike says it changes daily. Jessica states that we charge higher rates because these are loans banks won't fund with more risk. Ken states we don't want to compete with banks and lose them as an ally. We want to fill the void. Jessica agreed to bring draft language back to a future meeting.

BUSINESS OREGON PARTNER OPPORTUNITIES

Jessica said there are two new programs with Business Oregon that MHEA could apply for that might benefit the loan fund. Jessica needs approval for applying to the loan loss reserve account program and the community re-lender program. For the relender program, MHEA would partner with Business Oregon (BO) on a loan to increase the amount of capital we have to lend. The loan loss reserve will create an account to hold funds for loans that are under collateralized. This would also increase the relationship with BO. We would need to submit a proposal to be part of the program by Monday 11/21. We would not actually be in contract, until it is in approval.

Discussion: Renate likes the loss reserve program, to cushion the microlending program. Nate likes the additional connection with loss reserve, to get attention from clients, for lending. This is a good idea for putting MHEA's name out there. Ken says there is money on the shelf to get out there. Loss reserve would be a tool to utilize the dollars. He doesn't see any downside to being part of the program. We are not required to use it, but it's an option. There was Board consensus to have Jessica work on the proposals.

CLACKAMAS COUNTY: BOARD MEMBER IDEAS/OUTREACH PLANS

Jessica said she is still looking for ideas for a Clackamas County board member. David asked if it needs to be a business owner vs governmental person. Jessica stated that the outreach should be for someone with business experience, lending or finance background, and/or be interested in business success for Clackamas County. Ami is working on a Clackamas outreach day.

OTHER NEW BUSINESS/ GOOD OF THE ORDER

We are closer to a complete Frutas Locas loan proposal and have a new proposal for a health and wellness center in Hood River. Jessica asked if a sooner meeting could be scheduled if needed. Mike Wells said not the week of Thanksgiving. Jessica said it should be week after at the earliest.

ADJOURNMENT

Mike Wells adjourned the meeting at 10:04 a.m.

Respectfully submitted by Keli Lafrenz, MCEDD Office Administrator

**MHEA Financials
November 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	65,318	-37,752	63%	103,070	
Loan Relending Revenues	670,185	652,733	-17,452	97%	690,485	
Administration Revenues						
Investment Account Interest	2,500	2,596	96	104%	2,500	
Loan Fees	1,500	4,965	3,465	331%	1,500	
Loan Interest Payments	29,834	7,237	-22,597	24%	29,834	
2022-2023 Admin Revenue	33,834	14,798	-19,036	44%	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	361,919	-169,910	68%	552,129	

LET US BE YOUR BUSINESS BOOSTER



WHO WE ARE?

Mount Hood Economic Alliance provides gap financing loans for businesses in Clackamas, Hood River and Wasco Counties. We are there to help when a business can't find funding, or enough funding, from a traditional bank.

WHAT WE DO?

Mount Hood Economic Alliance provides loans to invest in projects that create jobs and leverage additional investment. Applicants may be U.S. citizens, those with an Individual Taxpayer Identification Number (ITIN), Deferred Action for Childhood Arrivals (DACA), or a Visa.

FOR MORE INFO

 541-296-2266

 loanapplication@mcedd.org

 mhoodea.org



SUCCESS STORY: GRIT MMA

GRIT (an acronym that stands for Grueling Resolve and Innovative Techniques) is a mixed martial arts studio in Milwaukie, OR for MMA competitors and fitness enthusiasts at all levels. Owners Carson and Haili Frei envisioned a business that would be more than just a gym offering workout space and that would allow them to share their passion for martial arts with the community. Mount Hood Economic Alliance stepped in to support their dream with financing to cover the purchase cost of the gym's equipment.

Guided by Carson's 14 years of coaching and professional fighting experience, GRIT is developing athletes with goals that range from fitness fulfillment to fight competitions. Carson offers group martial arts classes as well as one on one mentoring, and Haili rounds out the gym's programming with cardio kickboxing classes. Learn more about the business at gritmallc.com.



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BASIC LOAN REQUIREMENTS

- Applicant participation: 10% to 25% of funds needed for the project.
- Collateral generally needs to equal 100% of loan amount.
- Business net profit must provide debt coverage of at least 110% of the loan amount.
- Assignments of insurance policies as appropriate.
- Review of personal credit history and personal financial situation.
- Business performance/forecasting of profit and loss analyzed.
- One job created or retained per \$25,000 in loan funds is the loan portfolio goal.
- Leverages a minimum of \$1 for every \$1 of loan funding received.
- Personal guarantees of principals with 20% ownership .
- Project is located in and benefits residents living in Clackamas, Hood River or Wasco Counties.



BASIC TERMS

- Interest Rate and Fees: Interest rates range currently between 7.5% and 11%. Loan fee of 1.5%. Competitive loan costs. Currently no application fee!
- Loan Amount: Loans generally range from \$5,000 to \$200,000. Larger loans are possible.
- Eligible Businesses: Almost any legal business including sole proprietorship, LLCs, Corporations, and partnerships can apply. We support start-ups, established businesses, and businesses from most sectors.
- Other: MHEA is a gap funder, working in partnership with financial institutions or when they are unable to provide financing. We can accept a wide variety of collateral and can be in a secondary position as a lien holder.

Our staff is here to help you be successful!
Contact us today: 541-296-2266, loanapplication@mcedd.org.