

General Discussion: June 2, 2016

3:00 p.m. – BCC Conference Room

Commissioners Cheryl Walker, Keith Heck, and Simon G. Hare; Wendy Watkins, Recorder

Chair Cheryl Walker called the meeting to order at 3:00 p.m.

1. Update from SBDC & IVCDO

Ron Goss, RCC Small Business Development Center Director, and Kenny Houck, Illinois Valley Community Development Organization Business Development Manager, reviewed **RCC – Small Business Development Center 2015 Review of Performances (Exhibit 1)**.

Wally Hicks, County Legal Counsel, spoke about an **Economic Development Grant Agreement with Rogue Community College Small Business Development Center (SBDC) and Illinois Valley 2010 Community Response Team dba Illinois Valley Community Development Organization (IVCDO) (Exhibit 2)**. *Staff was directed to place the item under Administrative Actions on next week's Weekly Business Session Agenda.*

2. Other (*ORS 192.640(1) “. . . notice shall include a list of the principal subjects anticipated to be considered at the meeting, but this requirement shall not limit the ability of a governing body to consider additional subjects”.*)

None reported.

The meeting adjourned at 3:55 p.m.

EXHIBITS

Exhibit 1 – RCC – Small Business Development Center 2015 Review of Performances

Exhibit 2 – 2016-17 IVCDO Contract



RCC – Small Business Development Center

2015 Review of Performance

The 2015 performance figures for all 19 Small Business Development Centers (SBDC) in Oregon were recently finalized and I wanted to take this opportunity to share with all of our clients, economic development partners, financial supporters, and host institution what the RCC SBDC center and staff accomplished last year.

Our statewide ranking highlights for 2015 were:

- 1) **The RCC SBDC ranked third (3rd) in the state in Jobs Created, with the creation of 97.5 jobs a 23% increase over last year** (2014 - 79)
- 2) **We ranked fourth (4th) in the state for Capital Formation, assisting businesses in acquiring new loans and/or capital investments in the amount of \$3,378,689** (2014 - \$3,318,765)
- 3) **We also ranked second (2nd) in the state for business starts with 23 new businesses again exceeding our 2014 performance** (2014 - 20)
- 4) **The Center provided 2034 advising hours to 381 individual business owners, managers, and entrepreneurs a significant increase over last year.** (2014 – 1735 hrs / 335 clients)

We would like to acknowledge all of the financial support and assistance that the SBDC receives from local communities in Southern Oregon, regional organizations, federal/state/ local government entities, economic development partners, and most importantly our host institution Rogue Community College.

In particular the financial resources from Rogue Community College, the State of Oregon, and the SBA along with additional annual funding from Josephine County, the City of Grants Pass, and Avista are critical for the support of our operations and for the value added services that we provide to the regional business community.

Other Highlights / Accomplishments

- Established a new relationship with Josephine County and the IVCDO to potentially add over \$200,000 to the IVCDO Revolving Loan fund over the next two years that will provide essential capital to startup /entrepreneurial and existing businesses in Josephine County.
- Continued to expand our training services conducting 100 individual training events for a total of 598 attendees. (2014 - 74 events / 496 attendees)
- We are also launching a new strategy this year to develop and provide entrepreneurial assistance to local high school FBLA program / foundations to cooperate in the development of Entrepreneurial workshops for high school students this summer.
- In 2015 we made significant improvements to our center including a new high bandwidth fiber network connection to RCC, new content for our business library, and upgraded projection and media equipment for our training room.

Please feel free to contact me or our office if you have any questions or comments regarding this report.

Ron Goss
Director - RCC Small Business Development Center
Phone (541) 956-7494

Exhibit 1
General Discussion
6/2/16



IVCDO Revolving Loan Fund FY2015 - 2016

Report to Josephine County

5/26/2016

Women Owned	Ethnicity	Veteran	Senior	Loan Amt.	Location	Jobs Retained	Jobs Created	Type of Business	Traded Sector
	W		X	\$ 22,345	IV	1F	1PT	Log Trucking	
50%	W			\$ 18,017	GP	2F	1PT	Beer Retailing	
	W			\$ 25,000	GP		1F/2PT	Retail Dessert	
	W			\$ 25,340	AV		1F/1PT	Orchard / Cider	X
	W			\$ 25,390	GP		1F/1PT	Bicycle Mfr. / Retail	
	W			\$ 25,300	IV		4F	Gravel Production	
	W	X		\$ 5,100	IV		1PT	Wild Fire Tanker	X
	W	X	X	\$ 17,220	IV		1PT	Storage Rental	
100%	W			\$ 25,475	NV		2F/1PT	Vintage Auto Parts	X
9 Loans	2	2	2	\$ 189,187		3 FT	9 FT / 10 PT		3

Kenny Houck, Business Development Mgr.
 Illinois Valley Community Development Organization



Economic Impact

Through our work with clients around the state, we help create new jobs and improve the economic vitality of Oregon. Here are the economic impact numbers for 2015.



1,254 new jobs were created
1,254 new jobs were retained
1,254 new jobs were retained

2,654 new businesses and 2,654 existing businesses were counseled

7,629 people attended our 840 training events

OPEN



231 new jobs were created with our help

231 new businesses started

231 new jobs were retained with our help

Every \$1 Invested → \$2.53 Federal Revenue → \$2.47 State Revenue

\$62,405,016

Learn more about the Oregon SBDC Network at BizCenter.org



ECONOMIC DEVELOPMENT GRANT AGREEMENT
Josephine County

This Grant Agreement for Economic Development Funds is hereby established by and between Josephine County, a political subdivision of the State of Oregon ("County"), The Rogue Community College Small Business Development Center (SBDC), and the Illinois Valley 2010 Community Response Team DBA Illinois Valley Community Development Organization ("Grantee").

WHEREAS, SBDC and Grantee provided County with an Economic Development Project Application, and;

WHEREAS, on April 7, 2015, the County Board of Commissioners approved the Project application request for funds, and;

WHEREAS, the Illinois Valley Community Development Organization, hereafter referred to as IVCDO, is a registered 501(c)3 nonprofit organization with a 20 year history of community engagement, economic development, and business projects throughout Josephine County, and;

WHEREAS, the IVCDO's RLF Loan Fund is used exclusively to provide financing to micro entrepreneurs and small businesses for startup or expansion projects, and;

WHEREAS, the existing RLF loan fund holds approximately \$344,200.00, with 90% of the useable fund reserved for use by Josephine County businesses or residents, and;

WHEREAS, the Rogue Community College Small Business Development Center, hereafter referred to as SBDC, will assist IVCDO and the businesses to which IVCDO lends the subject funds by providing technical assistance, including loan application review and RLF Loan Fund client management;

NOW, THEREFORE, in consideration of the terms and conditions contained herein, the parties mutually agree as follows:

1. **TERM:**
 - 1.1 Term of Grant Allocation to Grantee: This Grant Agreement shall commence on the date of the first award payment and shall continue until June 30, 2017 unless earlier terminated or extended as required herein.
 - 1.2 Term of Grant Services by Grantee: This Grant Agreement shall commence on the date of the first award payment and shall continue through the life of the RLF Loan Fund, unless earlier terminated or extended as required herein.
2. **CONTRACT ADMINISTRATOR:** The Josephine County Finance Director shall be the Contract Administrator and shall have the authority to request, oversee, and approve the release of Grant Funds.
3. **USE OF FUNDS:** Grantee shall use the economic development grant funds solely for those purposes outlined in the Grant Application attached hereto as "Exhibit A" and incorporated herein.
 - 3.1 **Licenses:** Grantee and its subcontractors and agents shall hold all licenses, certificates, authorizations, and other approvals required by applicable law to provide work and services under this Agreement, and shall maintain such licenses and certificates in good standing for the duration of this Agreement.

Exhibit 2
General Discussion
6/2/16

3.2 **Ownership of Documents:** All documents produced by Grantee and SBDC pursuant to the administration and legal compliance with this Agreement shall be the shared property of County, SBDC and Grantee.

4. **INDEPENDENT CONTRACTOR:** Grantee and SBDC shall use the grant funds and provide the services under this Agreement as an independent contractor, and not as an employee of Josephine County. Grantee and SBDC shall not be deemed an employee of County and shall not be entitled to any benefits from County that generally are granted by County to its employees. Grantee shall be responsible for all federal or state taxes applicable to any compensation or payments paid to Grantee under this Agreement.

5. **GRANT AWARD:**

5.1 County shall pay Grantee as follows:

\$ 25,000.00 (or 25 %) upon July 1, 2016;

\$ 25,000.00 (or 25 %) upon October 1, 2016;

\$ 25,000.00 (or 25 %) upon January 1, 2017;

\$ 25,000.00 (or 25 %) upon April 1, 2017.

5.2 Prior to the second, third and fourth payments, Grantee shall submit to County a request for payment with a report or other documentation of work performed or services provided. County may require Grantee to provide supplementary information if Grantee's report is inadequate for evaluating a request for payment.

5.3 Grantee shall submit annual reports to County two weeks prior to the close of the fiscal year (June 30), regarding how the grant funds awarded pursuant to this Grant Agreement were expended. Such report shall include, at a minimum, a summary of the loans made and of the performance of the RLF fund. Grantee shall provide midpoint reports upon request by County.

5.4 Total payments to Grantee under this Agreement shall not exceed the amount of \$100,000.00.

5.5 County may suspend or withhold payment if Grantee fails to comply with requirements of this Agreement. Upon written request from County, Grantee shall return to County all funds awarded by County pursuant to this Grant Agreement. In such an event, the 0.25% loan origination fee payments will cease and the Grantee shall have 18 months from the time of the request to repay County.

A. If Grantee or the RLF Loan Fund is dissolved or disbanded, then Josephine County shall have priority claim against all remaining assets.

5.6 County will place its financial contribution into a specified numbered account to allow individual loan tracking and financial reporting, separate from other RLF loan funds. Such funds will be subject to, and comply with, the established procedures for application, approval, and management by the RLF loan fund and its independent Board of Directors. One hundred percent (100%) of County contributions are reserved for use by Josephine County businesses or residents.

- A. In addition to general contributions by County to Grantee's RLF Loan Fund, Special Project loan allocations may also be provided. In this case, County can provide dedicated funds for specific loan projects that exceed the usual RLF Loan Fund limit of \$25,000.00. Application, collateral, and approval requirements will be the same. Funds provided for these Special Project loans will not be comingled with the RLF Loan Fund, but will be returned to the County Economic Development Fund on a quarterly basis. Loan fees, interest rates, and their distribution between Josephine County and Grantee will be set on a case-by-case basis.
- 5.7 Beginning on July 1, 2016, Grantee will authorize contributions to the Josephine County Economic Development Fund of 0.25% from each subsequent loan funded from the County's specified numbered account. These funds will be paid from the origination fee collected at the beginning of each loan. These funds will be paid to the County annually at the time of the annual report referenced in section 5.3 of this Grant Agreement.
- 5.8 **Local Budget Law:** The County shall not be required to make any expenditure under this Agreement if funds have not been appropriated pursuant to ORS 294.305 et seq. (Local Budget Law). The County shall not be indebted or liable for any obligation created by this Agreement in violation of the debt limitation provisions of Article XI, Section 10 of the Oregon Constitution.
- 5.9 Grantee shall coordinate with and include SBDC for technical assistance with loan application review and RLF Loan Fund client management. SBDC shall provide technical assistance to Grantee with loan application review and RLF Loan Fund client management.
6. **RECORDS MAINTENANCE:** Grantee and SBDC shall retain and keep accessible all books, documents, papers, and records that are directly related to this Agreement, the funds paid to Grantee, or any Service delivered under this Agreement for a minimum of six (6) years following the termination of this Agreement. If there are unresolved audit or other questions at the end of the seven-year period, Grantee and SBDC shall retain the records until the questions are resolved.
7. **INDEMNIFICATION:**
- 7.1 County has relied upon the professional ability, qualifications and training of Grantee and SBDC as a material inducement to enter into this Agreement. Grantee and SBDC warrant that all of the services will be performed in accordance with generally accepted professional practices and standards and according to the requirements of applicable federal, state and local laws. The acceptance of Grantee's and SBDC's services by County shall not operate as a waiver or release of any claim.
- 7.2 County shall defend, indemnify and hold harmless Grantee and SBDC, their officers, agents and employees, from any and all claims, liabilities, demands, damages, actions or proceedings arising from or relating to the negligence, wrongful acts, or omissions of County in connection with the performance of any services under this Agreement.
- 7.3 Grantee and SBDC shall defend, indemnify and hold harmless County and its officers, agents and employees from any and all claims, liabilities, demands, damages, suits, actions or proceedings arising from or relating to the negligence, wrongful acts, or omissions of Grantee in connection with the performance of any services under this Agreement.

7.4 Grantee and SBDC shall not be deemed agents of County under the Oregon Tort Claims Act.

8. TERMINATION:

8.1 **For Cause:** Any party may terminate this Agreement, effective upon delivery of written notice to the other parties at such later date as may be established, upon the occurrence of any of the following:

- A. If funding to the County is not obtained or is not continued at levels sufficient to pay for the Services authorized by this Agreement;
- B. If changes in federal or state law or regulations abrogate or disallow procurement of Grantee's or SBDC's services under this Agreement;
- C. If any letter of approval, license, or certificate required by law or regulation to be held by Grantee or SBDC in order to provide services under this Agreement is denied, revoked, suspended, or not renewed; or
- D. If a party fails to provide the services required under this Agreement, and after receipt of written notice from the other party, fails to correct such failure within thirty (30) calendar days or such other period as may be required. Written notice shall specify the nature of the breach with reasonable particularity. If the breach specified in the notice cannot be completely cured within the thirty-day period, but curative action is undertaken with reasonable diligence, in good faith, to cure the breach as soon as practicable, then such breach shall not constitute a default.

If practicable, the parties shall endeavor to give notice of termination under this section thirty (30) days prior to the termination date, but failure to give notice within that time frame shall not invalidate the legal termination of this Agreement.

8.2 **Major Breach:** Any party may declare a default immediately upon the occurrence of a material breach by the other party. A material breach is one that substantially impairs the contractual relationship of the parties to implement the Program or provide services in accordance with this Agreement. Material breaches include, but are not limited to: A) Acts or omissions that jeopardize the health, safety or security of any person; B) Misuse of funds; C) Intentional falsification of records; D) Malfeasance by either party's officers, agents, or employees; E) Intentional refusal to comply with the provisions of this Agreement; and F) A pattern of repeated non-material breaches.

8.3 In the event of a default, the party injured by the default may terminate this Agreement and pursue any remedies available under Oregon law. Any litigation must be conducted in Circuit Court of the State of Oregon for Josephine County.

8.4 The rights and remedies of the parties provided herein are not exclusive and are in addition to any other rights and remedies provided by law.

9. **FORCE MAJEURE:** Neither County nor Grantee nor SBDC shall be held responsible for delay or default caused by fires, riot, civil disobedience, acts of God, or war where such cause was beyond the control of either party. All parties shall, however, make all reasonable efforts to remove or eliminate such a cause of delay or default and shall, upon the cessation of the cause, diligently pursue performance of its obligations under this Agreement.

10. **THIRD PARTY BENEFICIARY:** The County, Grantee and SBDC 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.
11. **GOVERNING LAW:** This Agreement shall be governed by and construed in accordance with the laws of the State of Oregon. Grantee and SBDC agree that no person shall be denied Services or be discriminated against in the provision of Services on the basis of race, color, national origin, sex, religion, handicap or age.
12. **COMPLIANCE WITH LAW:** County, SBDC and Grantee shall comply with all applicable federal, state, and local laws, statutes, ordinances, rules, and regulations.
 - 12.1 Grantee and SBDC shall immediately inform County if Grantee, SBDC, or any of their principals are or become excluded, debarred, or suspended from entering into covered transactions with the federal government or State of Oregon. This applies whether the exclusion, debarment, or suspension is voluntary or involuntary.
13. **ASSIGNMENT:** Grantee and SBDC shall not enter into any subcontracts or assign or transfer any interest in this Agreement without the prior written consent of County.
14. **WAIVER:** No waiver of any provision of this Agreement shall bind either party unless in writing and signed by all parties. Such waiver, if made, shall be effective only in the specific instance and for the specific purpose given. The failure of the County to enforce any provision of this Agreement shall not constitute a waiver by the County of that or any other provision.
15. **SEVERABILITY:** If any term or provision of this Agreement is declared by a court of competent jurisdiction to be illegal or in conflict with any law, the validity of the remaining terms and provisions shall not be affected, and the rights and obligations of the parties shall be construed and enforced as if the Agreement did not contain the particular term or provision held to be invalid.
16. **FURTHER ASSURANCES:** The parties agree to promptly execute and deliver any such further instruments and to perform any such further acts as may be required to carry out the intent and purpose of this Agreement.
17. **NOTICES:** Any notice required by this Agreement must be given in writing by personal delivery or by certified mail return receipt requested to the following addresses. Any notice so mailed shall be deemed to be given three (3) days after mailing. Any notice by personal delivery shall be deemed to be given when actually delivered.
 - 17.1 County's address for notices is: Josephine County Finance Director, 500 NW 6th Street, Dept. 4, Grants Pass, OR 97526
 - 17.2 Grantee's address for notices is: Business Development Coordinator, P. O. Box 1824, Cave Junction, OR 97523
 - 17.3 SBDC's address for notices is: Rogue Community College Small Business Development Center, 214 SW 4th St, Grants Pass, OR 97526
18. **AMENDMENT:** This Agreement may be amended or modified at any time upon the written agreement of all parties, signed and executed in the same manner as below.

19. ENTIRE AGREEMENT: This Agreement and the attached Exhibit "A" constitutes the entire agreement between the parties. There are no promises, agreements, conditions or understandings, either oral or written, between the parties other than those set forth in this Agreement. This Agreement supersedes and cancels any prior written or verbal agreement between the parties for similar services.

GRANTEE:
Illinois Valley Community Development
Organization

COUNTY:
JOSEPHINE COUNTY
BOARD OF COMMISSIONERS

Kenny Houck
IVCDO Business Development Manager

Cherryl Walker, Chair

Roger Brandt, IVCDO Board Chair

Keith Heck, Vice Chair

Menno Kraai, IVCDO Executive Director

Simon G. Hare, Commissioner

Ron Gosss, SBDC Director

Date: _____

Date: _____

Approved as to Form: _____
County Legal Counsel



Josephine County Oregon
Board of County Commissioners

Keith Heck, Chair

Cherryl Walker, Vice-Chair

Simon G. Hare, Commissioner

Economic Development Project Application 2014-2015

1. Project Name: IVCDO Revolving Loan Fund

Description: (Attach a detailed budget and project description that will assist the reviewers in their review process)

2. Amount Requested \$ 25,000

3. Applicant: Kenny Houck via BCC

4. Contact Person for Applicant Kenny Houck

By submitting this Application, the Applicant certifies that:

1. All information provided in this application is true, accurate, and complete to the best of the Applicant's knowledge and belief;
2. If awarded economic development funds, the Applicant will comply with all applicable state, federal, and local laws in the performance of the project.
3. Submission of this Application does not create a contract with the County, and that if selected to be awarded economic development funds, the County and the Applicant will attempt to negotiate in good faith a contract between the County and the Applicant; and
4. The Applicant understands and acknowledges that the County reserves all rights to reject, for any reason and without liability therefor, any and all Applications for Economic Development funds and to cancel this application process at any time prior to executing a contract with the Applicant.

Signature of Applicant: N/A

(Dept. or Agency Head)

Date: N/A

Reviewed by:

[Signature] 4/8/2015

Economic Development Coordinator

Date

Comments:

Approved by BCC on 4/7/2015 at General Discussion

OK to Pay [Signature] 4/13/15

16-1820-44020 \$25,000

Summary of this was
submitted to SBDC & there is
no reference to
Admin costs unless
the 5% - 9.5% * closing
\$

Date Approved by Commissioners: 4/7/2015

Amount Approved: \$25000

[Signature]
K. O. Heck, Chair

[Signature]
Cherryl Walker, Vice-Chair

[Signature]
Simon G. Hare, Commissioner

Revised February 2015

Opposed

EXHIBIT A

PAGE 1

IVCDO Revolving Loan Fund (RLF)

The focus of the IVCDO RLF is to provide low interest loans to micro-enterprises and entrepreneurs located in Josephine County. The intent is to provide these loans to individuals who are unable to qualify for financing from conventional sources. To date over 68% of RLF loans have been made to low to moderate income individuals that otherwise would not have obtained access to business investment funds.

The IVCDO RLF has a number of specific goals and policies that has guided its success in the last 14 years.

- 1) Focus on small low interest loans to entrepreneurial and Micro Enterprise clients (< \$25,000)
- 2) Targeted priority to create jobs and sustainable small enterprises
- 3) An independent loan board comprised of local community business and financial members
- 4) A mission driven ,non-profit philosophy and process to manage the loan funds and its clients
- 5) Policies that provide loan restructuring and repayment flexibility and a tactic to avoid the use of increased interest rates and penalties as punitive loan management tools
- 6) A commitment to develop and maintain long term assistive relationships and provide free advising services that actively support the success of every loan client

These last two commitments have been enhanced since 2012 through a further development of the partnership between the IVCDO / IVBEC and the RCC SBDC. This partnership provides at no cost:

- 1) Assistance to individuals seeking access to RLF funds, with support services for business plan development, and assistance with the loan application process
- 2) Ongoing business management advising services to existing loan clients. These services continue through the life of the loan and are designed to assist client businesses with issues that may affect their success or be limiting their growth.

As part of this partnership strategy a number of recent loans from the RLF have required clients to retain SBDC business advising assistance services to aid businesses in successfully managing their financial and operational success. These services include assistance with loan applications, business plans, access to additional capital, employee management, operational planning, and financial management. This unique partnership allows the fund to monitor and assess the need for flexibility in administering the funds loan assets and the relationships with its clients.

Loan Processing and Policies

The IVCDO RLF has a well-established and proven set of policies and objectives that guide the loan approval and management processes. These policies reflect the mission, value, and objectives of the program as noted above. A copy of the IVCDO RLF's Policies and Procedures are provided in Appendix A. In addition a document outlining General Loan Guidelines and Information regarding the Loan Application Process is included in Appendix B.

Loan Board

The current Loan Board is comprised of:

- **Patricia Dees, Asst. Vice President –Umpqua Bank** (since Feb. 2014)

Patricia has over 35 years of banking and community service, most of that time in southern Oregon, focusing on business banking and community services.

- **Barbara Delbol, Business Owner –Althouse Nursery, Inc.** (since June 2010)

Barbara is a 30 year resident of the Illinois Valley and co-owner of a wholesale nursery growing native and ornamental trees and shrubs with sales throughout the Pacific Northwest. She has also worked as a journalist, editor, and freelance writer for regional and national publications for nearly three decades.

- **Kate Dwyer, Education Librarian –Josephine Community Libraries** (since Feb. 2010)

Kate is the Outreach Education Librarian working to increase information literacy in Josephine County. She also serves on the boards of Three Rivers School District Board and the Takilma Community Association. She is the former chef/owner of Kate Dwyer Catering.

- **Greg Walter, Business Owner –Jefferson State Financial Group** (since June 2009)

Greg is an insurance provider specializing in Health Insurance and Medicare sponsored plans. He also serves on the board of the Crater Lake Natural History Association.

- **Jack Walker, Retired, Audit Supervisor –Zurich Insurance Co.** (since June 2008)

During his time in the San Francisco Bay area, Jack worked 32 years as an audit supervisor and was a Board Director for the Tamalpais Community Services District for 25 years. Since moving to the Illinois Valley in 2001 he has committed his efforts to making the area a better place to live.

Past members of Revolving Loan Fund Board have included:

Kathleen Ponder, Branch Manager for Evergreen Federal Bank, Cave Junction

Dar Sams, Loan Officer for Home Valley Bank, Cave Junction

Bob Litak, Tax Accountant

Lana Hill, co-owner of Rogue Truck Body

Louis Levison, Electronic Technician

IVCDO RLF Staff

The current IVCDO RLF Staff consists of:

- **Kenny Houck, Business Devel. Coordinator- Advisor, IVBEC / RCC SBDC** (since Oct. 2008)

With over thirty years' experience as sole proprietor of various small businesses, Kenny has also assisted in community development projects including Siskiyou Community Health Center, the IV Airport Industrial Park, Deer Creek Center for Field Research and Education, and the Kerby Community Drinking Water System.

- **Norah Latzke, Administrative Manager, IVCDO** (since Apr. 2004)

Norah came to the IVCDO with over 19 years of banking and accounting experience. She manages the financial operations, payroll, annual audit, grant reports, RLF Loan Fund, and other IVCDO organizational accounts which generally exceed \$1.7M annually.

IVCDO RLF - Historical Statistics

Since its inception in 2000 the IVCDO program has funded 97 loans totaling \$1,025,914.

The program also assumed 5 loans from SOWAC in 2007 totaling \$49,482

Historical Loan Activity Statistics: (As of May 2014)

- Total Loan Fund = \$344,158 Total Available to Loan = \$65,956
- Current loans principal balance = \$249,552
- 71 loans have been paid in full
- 27 loans are still outstanding
- Number of Loan Defaults as a percentage of Total Number of Loans = 5.9%
- Percentage of Bad Debt (\$) as a Percentage of Total Loans to Date (\$) = 2.8%

For the life of the Fund 68% of RLF loans have been made to Low – Moderate Income Clients (LMI)

The IVCDO RLF maintains an allowance of \$44,364 for defaults, collections, and doubtful accounts

Since inception the RLF has written off 4 loans for a total of \$22,489, of the current 27 outstanding loans, 2 loans are in default and have been referred to collections for a total of \$7,390

Economic Metrics:

Jobs Created = 91 (mostly FT)

Jobs Retained = 41 (FT/PT mixed)

Reported to USDA – Rural Development

Reported to USDA – Rural Development

Loans by Business Type:

Construction/Trades/Trucking	17
Restaurant/Food Service	13
Retail/Gifts/Boutique	10
Farm/Nursery/Agriculture	9
Health Care Providers/Services	6
Arts/Crafts	6
Senior Care	4
Traded Sector Manufacturing	4
Tourism/Recreation	4
Manufacturing/Fabrication	2
Auto Repair/Service/Parts	3
Internet Services	2
Forest Products	2
Child Care	1
Services	19

(Taxi, Bookkeeping/Tax, Insurance, Janitorial, Carpet, Music)

IVCDO Micro Business Revolving Loan Program Policies and Procedures

Revised and Adopted December 2013

Mission Statement

To increase options for self-sufficiency through capitalization of micro ventures.

Method

Make small low interest loans to local entrepreneurs and workers, especially those who are unable to get capital through conventional sources, help those that do qualify to get loans or additional sources of funding, and/or help with selected business training or technical assistance.

Measuring Success

We expect to achieve our mission statement, and specifically, if the program creates the equivalent of one full time job for every ten thousand dollars invested, we will be operating within our basic expectations for a successful project. At the same time, we would like to really have a revolving loan fund, which implies a very limited attrition. Therefore, success will reflect both the ability of applicants to enhance self-sufficiency through the utilization of the loans, and their performance in repaying these loans.

Policies and Procedures Loan Board

The IVCDO Loan Board, hereafter known as the Loan Board, comprises volunteer members nominated by the current Loan Board, and appointed by the IVCDO Board of Directors. The Board members are recruited for their expertise and potential to make a positive contribution to the Loan Board. The Loan board will comprise a minimum of four (4) members and a maximum of eight (8) members. Two of the Loan Board members must also be directors on the board of the IVCDO. The Loan Board appoints its own Chair. In addition, the Loan Board Chair may appoint up to three (3) *ad hoc* members for any particular meeting if, in the Chair's opinion, the *ad hoc* members contribute an area of expertise that will be helpful for that meeting. The Chair may choose whether to endow these members with full voting privileges. The Loan Board reviews all loans, and it alone has the authority to approve them and pledge assets. The Loan Board is responsible for the design, maintenance, and usage of the loan funds. Loan Board members, IVCDO staff, or other volunteers, screen applications for basic eligibility and help ensure they are complete prior to the appointment with the Loan Board, and follow up with clients and provide status reports to the Loan Board.

Reporting from the Loan Board

The Loan Board reports to the IVCDO Board of Directors on the performance of the loans in the portfolio on at least a semi-annual basis. This report may include the number of delinquencies, extensions, and loans that are current, anticipated employment impact and the types of businesses that are pursuing loans. Normally, information about individual clients remains confidential.

Size of Loans/Interest

The maximum loan amount is for twenty-five thousand dollars (\$25,000), not including closing fees. The Loan Board encourages application for much smaller loans too, down to \$200. The annual interest rate is fixed at the time of loan approval and may be adjusted by the Loan Board from time to time to help cover operating costs, from a minimum of 5% up to a maximum of 9.5%. Residents of the Illinois Valley (census tracts 3615 and 3616) doing business in the Illinois Valley will generally be eligible for lower interest rates than applicants outside of the IV.

Approval of Loans

A minimum of four Loan Board Members must be present to review a loan application. A minimum of three Loan Board members, or a simple majority, whichever is more, is necessary to approve any loan. Applicants will be informed of approval or denial within one week of the final interview.

Appeal of Decision

The Loan Board has the authority to review applications and approve loans. There is no appeal of the decisions.

Priority

Potential for a loan to contribute toward local job creation, enhancement, or retention, including self-employment, will be weighed against the apparent risks for the loan's repayment.

Uses, Eligibility

- Loans may be used for business expansion or start up, and applied toward equipment, materials, marketing, certification, repairs, technical assistance, training, etc.
- Loans may be used for a combination of above items and in conjunction with other financing.
- Consideration will be given to avoid undermining businesses already in the loan portfolio.
- Loans for training or certification to help an applicant in a conventional job may be considered.
- Loans will not be made to multi-level marketing businesses.
- Loans will not be made for refinancing of existing debt or for passive investing.
- Loans will not be made for business distress situations.
- Applicants must have a personal credit history acceptable by the Loan Board.
- The focus of the Loan Fund is for applicants who live in or do business in Josephine County, Oregon.
- Some loans funds are available for applicants who live in or do business in Jackson County, Oregon.
- Loans will not be made to Loan board members or their immediate families (spouses, parents or step-parents, siblings or step-siblings, or children or step-children), IVCDO Board of Directors or their immediate families.
Loans will not be made to IVCDO paid staff (not including staff of Oregon Caves Outfitters) or their immediate families, where there is a perception of a conflict of interest.
- Being an IVCDO General Member does not disqualify a loan applicant.
- Loans will not be made to support criminal activity.
- Loans will not be made to applicants less than 18 years of age. Potential applicants under the age of 18 are encouraged to speak with the Loan Fund advisor for possible alternatives.

Ninety Day Commitment

Loan decisions are valid for 90 days from the date of the Loan Board meeting in which the commitment was made. If a business is delayed in implementing its plan, or for any reason, the loan is not disbursed, the Loan Board may revisit the loan decision to renew or decline the commitment.

Use of repayment including Interest

All principal payments received by the Loan Board will only be reused for new loans. Interest, fees, and other income may be used for new loans, operating and administrative expenses, training, or advertising.

Delinquency/Default Policy

Point of Default: IVCDO would assess collateral when either of the following events occurs:

1. Loan is past due 60 days from due date
2. Loan is past due 30 days or more from due date for three consecutive months.
3. When a payment is past due and the Loan Board feels that the loan is at risk.

Definition of Default: Failure of Borrower to comply with or to perform when due any term, obligation, or documentation shall constitute an Event of Default. If an Event of Default shall occur, all commitments and obligations (including any obligation to make loan advances, or disbursements) will terminate. The loans will immediately become due, all without notice of any kind to the Borrower.

Delinquency Policy: The following schedule for responding to delinquent loan payments will be followed:

1. Any loan payment over 15 days in arrears will immediately be charged a late fee of 5% of the past due amount, or \$25, whichever is greater.
2. At 45 days past due, a Loan Board representative will contact the Borrower. A written plan to remedy the delinquency will be prepared by the representative and the Borrower, and placed in the Borrowers file. If the client does not respond and the loan continues to be delinquent, the loan may be declared in default and a demand for full payment of the loan will be sent by registered mail.
3. Loans will be placed in default if payments are more than 60 days late. Loans may be placed in default sooner, based upon the relationship with the borrower and the perceived willingness to repay the loan.
4. After 90 days past due, or 10 days after notice of default is sent (whichever is earlier), legal action will be taken including filing a judgment against the borrower, confiscation of collateral, and/or turning the account over to a collection agency.

Extension Policy

The Loan Board may approve formal extensions or changes of amortization schedule if necessary, based on a detailed written request from the borrower.

Credit History

As part of the package for the Loan Board consideration, the loan applicant must agree to a credit inquiry. The Loan Board may waive a formal credit check as it sees fit in loans under \$1000. Each loan applicant's credit history is considered individually. Previous credit problems do not automatically exclude clients from the loan program. The applicant's pattern of managing their debt is very important.

Special circumstances such as medical crisis and divorce may lessen the impact of poor credit history during a particular time period. It is important that the individual has stabilized and in most cases has not had credit problems in the past two years.

Bankruptcy: An explanation must be given for the bankruptcy. The client must have had two years without credit problems since the bankruptcy.

Current Loan Defaults: The client must have communicated with the lending institution, have made arrangements to pay the debt, and be current with their repayment arrangements.

Bad checks: Must be resolved with creditor prior to receiving a loan.

Tax liens and federal debt: Loans will not be made to individuals with outstanding tax liens or delinquent federal debt, including delinquent child support payments.

In general, the applicant must exhibit no credit problems for at least the past year, with two or more years being highly preferred.

Conflict of Interest

If a member of the Loan Board has a personal financial interest in a loan applicant, or in the success or failure of the applicant's business, the Loan Board member is expected to disqualify themselves from decision-making regarding the applicant's loan. Staff members, contractors, and Loan Board members are expected to communicate possible conflicts of interest, and to bring up questions regarding perceived conflicts of interest involving other staff members, contractors, applicants, and Loan Board members. Conflict or perceived conflict of interest may involve positive or negative effects on those involved.

Changes to Policies and Procedures

Changes in Loan Program policies and procedures may be recommended by the Loan Board to be approved by the IVCD Board of Directors at any regularly scheduled meeting.

IVCDO MICRO LOAN PROGRAM

PO Box 1824

Cave Junction, OR 97523

592-4440

GENERAL INFORMATION ABOUT THE LOAN PROGRAM AND GUIDELINES FOR FILLING OUT THE LOAN APPLICATION

Thank you for considering applying for a micro-business loan. The information supplied below should help you :

- 1) Decide whether to apply for a loan, and;
- 2) Fill out the application.

If you have additional questions, please call the IVCDO Business Development Coordinator at 541-956-7275. The IVCDO office will be glad to help you.

What is a Micro Business?

For our purposes, Micro Businesses include the low end of what we call Small Businesses (such as a Mom and Pop store); self employed worker (such as a house cleaner with several clients); people working at home (such as a craftsman doing leatherwork); and even certain people treating their own earning potential in the job market as a business (such as an experienced auto mechanic seeking a special certification).

Who Can Benefit?

Local entrepreneurs and workers who might find it difficult to get the capital through conventional sources will benefit. If you are not sure whether you qualify for a loan through conventional sources, apply to us anyway. We might be able to point you in the right direction if we find we cannot help you. We also provide some gap funding. If you have a small business that can get some conventional funding but needs additional funds to make the business successful, please talk with us about the situation. We can also help with selected business training or technical assistance.

Size of Loans/Interest

The maximum loan amount is twenty five thousand dollars (\$25,000), not including closing fees. However, the Loan Board encourages applications for smaller loans as well (minimum loan amount is \$200.00). The current annual interest rate is 5 – 9.5%. Loans up to \$5,000 are due in three years. The term of a \$10,000 loan can be extended to five years depending on the collateral and the evaluation of the business. A \$3,000 loan, for example, will require an average payment of \$100 a month (3 years at 5% interest), which includes principal and interest. A \$10,000 loan will require an average payment of \$200 a month (5 years at 5% interest), which includes principal and interest.

Priority

Priority will be given to loans that will contribute to local job creation, enhancement, or retention, including self-employment, and will be weighed against the apparent risks for the loan's repayment.

Uses, Eligibility

Loans may be approved for:

- Business expansion or start up, and applied toward equipment, materials, marketing, certification, repairs, technical assistance, training, etc.
- A combination of above items and in conjunction with other financing.
- Training or certification to help an applicant in a conventional job may be considered.

(NOTE: Consideration will be given to avoid undermining businesses already in the loan portfolio.)

Loans will not be approved for:

- Multi-level marketing businesses.
- Refinancing of existing debt or for real estate financing or passive investing.
- Business distress situations.
- Loan board members or their immediate families, IVCDO Board of Directors or their immediate families, or IVCDO paid staff or their immediate families. (Being an IVCDO General Member does not disqualify a loan applicant).
- A criminal activity.

Applicants **must**:

- Be over 18 years of age. (If under 18, please contact the Loan Fund Advisor).
- Have a personal credit history acceptable by the Loan Board.
- Either live in or do business in Josephine County, OR for at least one year.
- Some loan funds are available for Jackson County, OR
- Supply all required documentation and information needed by the Loan board to make a decision and work closely with the Loan Fund Advisor prior to submittal of the application to the Loan Board

Additional criteria in evaluating a loan request

In addition to the basic eligibility guidelines, applicants should realize that there are other criteria that will influence the Loan Board's decision whether or not to make a loan. This would include, among other things, the Loan Board members' evaluations of the business plan and the applicant's ability to pay back the loan. Each member of the Loan Board must go with his or her best judgment. Once the Board has reached a group decision, it will be final.

Closing costs for a loan

The Micro-Loan Program charges a processing fee of **\$50.00 PLUS 1% of the total loan amount**. If more than one vehicle is to be used for collateral, the additional costs for DMV Title document fees, \$75 or actual cost each will be added. If more than four pieces of equipment are to be used for collateral, the additional costs for UCC Filing document fees, \$15 or actual cost each will be added. These fees cover some of the costs of loan processing such as credit reports and applying for a security interest in vehicles or other collateral. These costs will be added to the amount of the loan.

Use of Repayment including Interest

All loan payments, including fees, received by the Loan Board will only be reused for new loans, training or administrative expenses, and advertising of the loan program.

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Delinquency/ Default Policy

Point of Default: IVCDO will assess collateral when either of the following events occurs:

1. Loan is past due 60 days from due date.
2. Loan is past due 30 days or more from due date for three consecutive months.
3. When a payment is past due and the Loan Board feels that the loan is at risk.

Definition of Default:

Failure of Borrower to comply with or to perform when due any term, obligation, or documentation shall constitute an Event of Default. If an Event of Default shall occur, all commitments and obligations (including any obligation to make loan advances, or disbursements) will terminate. The loans will immediately become due, all without notice of any-kind to the Borrower. Legal action may be taken including filing a judgment against the borrower, confiscation of the collateral, and/or turning the account over to a collection agency.

Delinquency Policy: The following schedule applies for responding to delinquent loan payments:

1. Any loan payment over 15 days in arrears will be considered delinquent and immediately be charged a late fee of 5% of the past due amount, or \$25, whichever is greater. The late fee may be waived at the sole discretion of the Loan Board IF an acceptable arrangement is made IN WRITING, and PRIOR TO the date of the delinquency.
2. At 30 days past due, a Loan Board representative will contact the Borrower. A written plan to remedy the delinquency will be prepared by the representative and the Borrower, and placed in the Borrowers file. If the client does not respond and the loan continues to be delinquent, the loan may be declared in default and a demand for full payment of the loan will be sent by U.S. mail.
3. Loans will be placed in default if payments are more than 60 days late. Loans may be placed in default sooner, based upon the relationship with the borrower and the perceived willingness to repay the loan.

Relationship to the Illinois Valley Community Development Organization Team (IVCDO)

The Micro Loan program functions under the IVCDO, a non-profit organization. However, in decision-making regarding the granting of loans, the Board of the Loan Program functions **independently** of the Board of Directors of the IVCDO. All decisions made the Loan Board are final.

Confidentiality

ALL information received by the Loan Board is kept strictly confidential, unless the applicant waives confidentiality in writing. However, limited information may be shared on an as-needed basis (for example, with your references or with IVCDO staff working with the Loan Board). Applicant information, including the identity of applicants, is not shared with the IVCDO Board of Directors.

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