

WORKSHOP MEETING MINUTES  
SISTERS CITY COUNCIL  
520 E. CASCADE AVENUE  
MAY 05, 2016

**MEMBERS PRESENT:**

Chris Frye                    Mayor  
Nancy Connolly            Councilor  
Amy Burgstahler          Councilor  
Andrea Blum                Councilor

**ABSENT:**

David Asson                Councilor

**STAFF PRESENT:**

Paul Bertagna              PW Director  
Patrick Davenport        CD Director  
Joe O'Neill                Finance Officer  
Kathy Nelson              City Recorder

**GUESTS:**

Chuck Ryan                Due Diligence Cm.  
Bill Hall                    Due Diligence Cm.  
Bill Kuhn                   Due Diligence Cm.  
Benny Benson              President, ESI

The meeting was called to order by Mayor Frye at 8:03 a.m.

1. Forgivable Loan Agreement between the City of Sisters and Energyneering Solutions, Inc.

**Due Diligence Committee Member Chuck Ryan** stated the latest draft of the forgivable loan agreement for Energyneering Solutions Inc., (ESI) had been reviewed in detail by himself and the other two members of the Due Diligence Committee. He stated the Committee had written recommendations based on what they saw as potential issues. He stated there appeared to be some disjointed communication with regard to the agreement, the changes to be made and the Committee was uncertain where some of the edits had originated.

**Mr. Ryan** stated the first issue of concern regarding the agreement was that all mention of job retention had been removed from the agreement. **Due Diligence Committee Member Bill Hall** stated he had spoken with Sisters Economic Development Manager Caprielle Lewis and she had indicated that was due to some concerns from City Attorney Bryant about the original intent of the program relating to job creation. He stated he had also been told that Mayor Frye had been supportive of that change. **Mayor Frye** stated he did not feel it was fitting to have the loan based on job creation based on the guidelines of the program. **Due Diligence Committee Member Bill Kuhn** stated it had always been the committee's recommendation the loan be based on job retention and that had been a focus of the committee's documents supporting the loan. **Mr. Ryan** stated the committee had always understood this loan would be an exception to the normal guidelines but the committee felt the job retention piece was a critical component of the loan. He stated with the current language the loan was strictly based on infrastructure and the only way ESI could default on the loan would be if the business relocated outside of Sisters. He stated the building of infrastructure was not the issue, as in any forgivable loan the money would be spent on something; the issue was whether the City still wanted the loan program to be based on job retention. **Mayor Frye** replied he believed the jobs retention piece had been stripped from the agreement because of concerns by City Attorney Bryant that loans with the same parameters would need to be available to future applicants also. The **Council** discussed the matter and determined they would need to discuss the terms with City Attorney Bryant to determine next steps.

WORKSHOP MEETING MINUTES  
SISTERS CITY COUNCIL  
520 E. CASCADE AVENUE  
MAY 05, 2016

**ESI President Benny Benson** stated the agreement had gone in a variety of directions. He stated initially it had been focused on job retention but there had been a concern that would include desks and software. He stated if the loan focused on infrastructure, infrastructure was more about the creation of job rather than retention. He stated he felt the program should include both job creation and retention. He explained that ESI was the primary applicant but ESI was looking for job creation of any kind for the property and in that case, infrastructure would be necessary. **Councilor Burgstahler** stated if the loan was based on job creation coming to the property, then that business would be at a disadvantage since that company would not be able to apply for a forgivable loan if ESI had used the option already.

**Councilor Blum** stated she would like to see the email exchange between the parties to see the reasoning on why some of the edits had been made. **Mayor Frye** stated he felt the best option would be to hold an executive session where Economic Development Manager Lewis, City Attorney Bryant, the Due Diligence Committee, Mr. Benson and the Council were all together so they could discuss everything.

**Mr. Ryan** reminded the Council the Due Diligence Committee was just trying to provide what was best for the City. **Councilor Burgstahler** suggested the City check to see if there were other enterprise development tools Economic Development of Central Oregon (EDCO) could offer.

**Mr. Benson** stated perhaps the City should offer the same opportunity to every business. He suggested stepping back to reconsider the loan amount and go back to the original \$50,000 maximum loan amount that could only be used towards employment. **Mayor Frye** noted the City's resources were limited and the City needed to come up with a plan on how to replenish the strategic reserve in order to stay financially sound. He stated the City needed to prioritize whether job retention, new jobs or infrastructure was more important and how to balance the funding of them all.

The **Council** directed staff to schedule an Executive Session on the Forgivable Loan for ESI when all parties would be available.

2. Preview May 12, 2016 Workshop and Regular Meeting Agenda

Due to a lack of time the agenda was not reviewed.

3. Other Business

Due to a lack of time there was no other business.

The meeting was adjourned at 8:30 a.m.

  
Kathy Nelson, City Recorder

  
Chris Frye, Mayor