



SISTERS CITY COUNCIL
520 E. Cascade Avenue
Sisters, OR 97759

FEBRUARY 18, 2016

8:00 A.M. WORKSHOP

1. Forgivable Loan Program Parameters – *A. Gorayeb*

9:00 A.M. (approximate) EXECUTIVE SESSION

1. Pursuant to ORS: 192.660(2)(f) Exempt Public Records per ORS 192.502(4)

9:30 A.M. (approximate) RECONVENE WORKSHOP

2. Preview February 18, 2016 Workshop and Regular Meeting – *K. Nelson*
3. Other Business – *Staff/Council*

This agenda is also available via the Internet at www.ci.sisters.or.us

The meeting location is accessible to persons with disabilities. Requests for an interpreter for the hearing impaired or for other accommodations for persons with disabilities should be made at least 48 hours before the meeting by calling Kathy Nelson, City Recorder, at the number below.

520 E. Cascade Ave. – P.O. Box 39, Sisters, OR 97759 – 541-323-5213

Forgivable Loan Parameters: Topics for Discussion

1. Forgivable Loan Commencement Date

What is the date of commencement of the Forgivable Loan Program?

Comment: The Forgivable Loan Committee is currently using the date of the signing of the agreement between the City of Sisters and EDCO, July 10, 2015. Only applications submitted to EDCO past the Forgivable Loan Commencement Date have been thus far considered by the Forgivable Loan Committee.

2. Eligible Jobs for consideration as part of the Forgivable Loan Program

What constitutes an Eligible Job for purposes of the Forgivable Loan Program? Do any of the following potential conditions represent accurately an Eligible Job? If not, what does?

- a. A job created within or transferred to the City of Sisters after the submittal of a Forgivable Loan Application.
- b. A job created within or transferred to the City of Sisters after the commencement of the Forgivable Loan Program, irrespective of the submission date of a Forgivable Loan Application.
- c. Any job created within or transferred to the City of Sisters irrespective of both the date of the commencement of the Forgivable Loan Program and the submission date of a Forgivable Loan Application.

Comment: The alternatives listed in this section are progressively more expansive. One consequence of a more expansive alternative is potentially allowing more firms in Sisters the opportunity to retroactively participate in the Forgivable Loan Program (i.e., seek to obtain credit for jobs already created within or transferred to Sisters).

3. Minimum Number of Eligible Jobs per Application

What is the Minimum Number of Eligible Jobs that can be considered for purposes of the Forgivable Loan Program? No minimum is given in the Memorandum of Understanding (MOU) between the City of Sisters and EDCO or in the Agreement referenced in Attachment A of that MOU. The Application, however, states a minimum requirement of 5 Eligible Jobs.

Comment: A set Minimum Number of Eligible Jobs does help direct the expenditure of EDCO's and the City's time, resources, and loan proceeds to instances of more significant job creation. However, the existing phrasing in the Application may be construed to present a fairness issue. Consider a situation where the minimum is 5 jobs and the funding is set at \$5,000 per Eligible Job. Company A creates 4 jobs and Company B creates 5 jobs. Company B would be eligible for \$25,000 whereas Company A would be ineligible for any funding. A more equitable funding arrangement would dispense funding commencing at the Minimum Number of Eligible Jobs. In the example above, for example, credit would be given to Company B for the 5th job and it

would be eligible for \$5,000. This approach would eliminate any complaint that the 1st through 4th created/transferred jobs did not “count” for those firms that did not surpass those totals while counting for those firms that did since, under this approach, those first four jobs would not count for any firm. (Note: If desired, the amount of funding that is available for each Eligible Job could be adjusted upward to help compensate firms for the loss of funding from the first four jobs.)

4. Maximum Allowable Time Period allowed for the creation or transfer of Eligible Jobs

A. Is there a Maximum Allowable Time Period for the creation/transfer of Eligible Jobs to the City of Sisters?

Comment: Normally it would be in the best interest of all parties if the time period for the creation/transfer of the jobs was as brief as possible. However, there may be circumstances, such as the desire of a firm to include a number of expected future jobs that, applied for separately, would fall below a minimum number of jobs requirement. A Maximum Time Period would establish an end point to what could be covered and approved through one application.

B. If so, does that Maximum Allowable Time Period commence upon receipt of the Application or some other defined date?

5. Amount of funding that is available for each new Eligible Job listed on a Forgivable Loan Application

The MOU and the referenced Agreement do not give a monetary amount for funding per job. The Application states that “The magnitude of funding is dependent on job creation (typically \$1,000 to \$5,000) per job.”

Comment: If there is a range instead of a set number, there should be criteria that stipulate how that range is applied to a particular application, such as was proposed for use by the Deschutes County Forgivable Loan Program.

6. Maximum amount of funding allowed per recipient

The MOU between the City of Sisters and EDCO states “In general, unless otherwise approved by Council, loans and grants shall not exceed an aggregate value of \$50,000 to any single recipient.” This language implies that \$50,000 is a general “rule of thumb” ceiling and not a formal maximum.

Comment 1: Since, per the MOU, “All loans and grants are subject to the prior approval of the Sisters City Council”, the Forgivable Loan Committee has worked under the premise that, for all intents and purposes, the Sisters City Council will determine whether a proposed loan amount was appropriate and therefore has not constrained its recommendations by the \$50,000 general ceiling given in the MOU.

Comment 2: If there is a general ceiling of \$50,000 that could be exceeded on a case-by-case basis by the Sisters City Council, there should be criteria that stipulate when surpassing that ceiling is appropriate.

7. Forgivable Loan Job Retention Period

- A. What is the length of the job retention period (i.e., the length of time past a prescribed starting date that a firm must maintain a position in its Sisters facility for it to count toward the forgiveness of the loan)?

Comment: If the Forgivable Loan Job Retention Period is a range of potential durations and not a fixed duration, there should be criteria that stipulate how that range is applied to a particular application.

- B. When does the retention period begin? Does it commence on the date that the Eligible Job is created or some other date?

8. Forgivable Loan Program Availability

- A. Is the Forgivable Loan Program available to every firm in Sisters (including both those currently in operation and those previously in operation) that meets the criteria defined by the answers to the above questions? If not, what are the restrictions?

Comment: For example, could a qualifying firm which previously operated in Sisters (but currently does not) apply?

- B. What is the deadline, if any, for applying for the loan?

Comment: If only jobs created after the date of the application count, then the need for a deadline is eliminated. However, if it was decided to include jobs created by a firm prior to its submittal of a Forgivable Loan Application, then the need for a deadline becomes apparent. The deadline should be anchored by a key date such as time elapsed since the creation of the first Eligible Job.

Options for Rolling Out Forgivable Loan Program Parameter Clarifications

The following are some potential options for rolling out Forgivable Loan Parameter clarifications:

- A. Require all applications not yet approved to comply with each of the clarified parameters.

Comment: There are currently 2 applications that have been received by the City of Sisters that that not yet been approved. The firms involved have been in discussion with the City and/or EDCO regarding the program. Any deviation from what was discussed may be viewed as a retraction of the program's benefits and a deviation from understandings reached.

- B. Require any new application received after the date the clarifications were agreed upon to comply, but address any applications received before that date on a case-by-case basis.

Comment: This approach would allow the two applications already received to be considered by the Council on a case-by-case basis without any issues or restrictions resulting from the new clarifications. However, this approach might be viewed an unfair to any other firm that would qualify for a forgivable loan under the same circumstances as the two firms with existing applications: The new, possibly more restrictive, clarifications would be put into place without giving those other firms any chance to achieve the same status as the two firms with existing applications.

- C. Require any application received after a specific future date (e.g., March 31, 2016) to comply with each of the clarified parameters. Address any applications received before that date on a case-by-case basis.

Comment (1): This approach would allow (a) the two applications already received and (b) any other applications received by the date chosen (e.g., March 31, 2016) to be considered by the Council on a case-by-case basis without any issues or restrictions resulting from the new clarifications. All firms would have been given ample notice of the new clarifications and time to submit their own applications.

Comment (2): This approach would allow additional firms to submit applications prior to the date the clarifications would go into effect, potentially increasing the number of applications that the Council would need to address on a case-by-case basis.