

# Mayor steps back from vote on forgivable loan

By Sue Stafford  
Correspondent

Last week, in a letter to the other four city councilors and City Manager Rick Allen, Mayor Chuck Ryan declared a conflict of interest regarding a planned vote by the council having to do with the City's proposed forgivable loan of \$51,000 to Laird Superfood.

The letter stated: "One of the agenda items for tonight was to review and approve the draft forgivable loan agreement with Laird Superfood that the attorneys had prepared for submittal to Laird. Regardless of my absence (Ryan was ill), I had planned to abstain from voting on the Laird loan as I have been in contact with Laird over the last week-and-a-half and potentially will help them with some financial consulting, as you know I do on a part-time basis. I've not formally agreed to or signed anything at this point but I'm in active discussions to provide such support. Therefore, I'm declaring a conflict of interest in regard to the Laird loan agreement and will abstain from any future decisions or voting in that regard."

Allen provided some background on the situation for the council. He reported that after the ethics training provided for council on January 18, Ryan voluntarily came to Allen and said he might have a conflict of interest. He wanted Allen to know he

might go to work for Laird but he hadn't done so yet.

Exercising caution on behalf of the City, Allen held a conference call with Ryan and Jeremy Greene, City attorney, to address what was best for the City. It was determined that, because in a special meeting last December the council had already held the discussion regarding the Laird loan, and Ryan was part of the review (both as a councilor and as a member of the EDCO Due Diligence Committee that vetted Laird), that the issue would be brought back to the council to discuss the loan again and get approval with Ryan's conflict on the record. Had he been at the January 26 meeting, Ryan would not have voted. The council basically duplicated what they had already done, this time without Ryan's involvement.

Ryan told *The Nugget*, "Laird approached me mid-January relative to their desire for local financial analysis support. This is what I do for a living on a part-time basis and am engaged with one other local client currently. I am very proud and excited about helping local emerging businesses succeed."

He went on to say, "Frankly, there is a lack of this type of expertise in Central Oregon and I really enjoy being able to lend that knowledge so they may become key contributors to local employment and the economy."

"Being a volunteer councilman is a demanding position, but what it doesn't demand is that I cannot continue in my chosen profession. Otherwise, I would not have run for council. Laird is also happy that they can potentially get this support locally and efficiently," Ryan concluded.

Ryan indicated that his position would be that of a temporary consultant, with his compensation not yet fully determined. At this time, there is no signed agreement between Ryan and Laird.

The City attorney does not represent Ryan as an individual. According to Alan Dale of Greene's firm, "The best interests of the City are represented by the City attorney."

As far as the State Ethics Commission, it is Ryan's personal responsibility for this conflict of interest, so the City attorney has no role in advising Ryan on what to do as an individual. In the conference call, Greene simply identified the issues and laid it out for the City.

Allen concurred, "The City attorney's job is to protect the City and the councilors by being sure we're meeting all the laws and rules."

Wanting to err on the side of caution, the Laird issue was brought back before the council last Thursday to make sure the City is doing things

right in making the loan.

At this point in time, Ryan reports that he has not consulted with his own legal counsel or the State Ethics Commission.

"But I have used the recent ethics training to guide me to be totally transparent and fully declare any potential conflicts of interest," Ryan said.

**"I'm declaring a conflict of interest in regard to the Laird loan agreement and will abstain from any future decisions or voting in that regard."  
— Mayor Chuck Ryan**

At last Thursday's council meeting, from which Ryan was absent due to illness, the four councilors voted unanimously to approve a City of Sisters forgivable loan application for Laird Superfood.

Sisters EDCO representative, Caprielle Foote-Lewis, indicated Laird initially plans for 17 employees, with the possibility of eventually employing 40-50 employees locally. Their plan is to make Sisters their corporate headquarters with some small amount of manufacturing

done here. The majority of their manufacturing is done in larger plants in other parts of the country.

The local EDCO Due Diligence Committee, comprised of Bill Kuhn, vice president of Bank of the Cascades, Sisters resident and retired corporate quality assurance and process engineer Bill Hall, and City mayor and retired corporate CFO Ryan, vetted Laird and determined that the loan could amount to \$51,000 based on \$3,000 per employee, assuming 17 employees. The committee determined that the projected return on investment to the City and the taxpayers warranted approving the loan.

To qualify for the loan program, the Laird jobs must offer a salary of at least \$40,707, which is the median wage in Deschutes County.

The loan will be forgiven if those original 17 jobs are retained for three years. If not, the loan plus interest must be repaid to the City. The loan funds will come from the Forgivable Loan Reserve Fund set aside for such purposes.

Ryan stated that no conversations or negotiations regarding his being retained by Laird for financial consulting had taken place during the time the Due Diligence Committee was performing its duties.



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