

**COLUMBIA RIVER GORGE NATIONAL SCENIC AREA
OREGON INVESTMENT BOARD
Wednesday, January 15, 2014
Hood River County Library
502 State Street, Hood River, OR 97031
10:00 A.M.**

ATTENDANCE:

OIB members: Ken Bailey, Ken Farner, Jack Miller, Andrea Klaas, Karen Fairchild, Peg Caliendo, and Bob McFadden

Judith Perry (Requested to be excused via e-mail)

Staff: Eric Nerdin, Sherry Bohn, Scott Turnoy, Sherry Wickert, and Amanda Hoey

Guests: Jennifer Kaden (Gorge Commission), Lorena Lowell (Hood River Learning Center)

CALL TO ORDER:

Chair Ken Bailey called the meeting to order at 10:05 am. A quorum was present.

CONFLICT OF INTEREST POLICY AND INTRODUCTIONS:

Ken Bailey reminded the Board to disclose conflict of interests for any of the applications to be reviewed today and a round table of introductions was held. Ken Bailey stated that he has done business with Sage Creek and that they have an account payable to his company but felt he did not have a conflict of interest.

APPROVAL OF NOVEMBER 20, 2013 MINUTES

Ken Farner moved to approve the November 20, 2013. Peg Caliendo seconded the motion. Motion passed unanimously.

Bob McFadden joins the meeting.

FINANCIAL REPORT:

Sherry Wickert presented the financial report for the period ending December 31, 2013. She reported that, as per the presented report, the OIB funds available to grant/loan totaled \$912,815.20 and the loans receivable balance was \$1,570,904.48. Sherry also reported that the presented December Financial Summary included the YTD Misc Expenses figure of \$1200.00 was primarily for the website development and that the YTD Principal Repayment figure included a loan payoff from Lupin Construction of \$10,000.00 and a semi-annual payment of \$32,000.00 from the City of The Dalles.

Discussion: Amanda Hoey reported that Judith Perry had corresponded with staff and asked for her comments to be shared with the board. Judith's message stated that she felt that the loan fund delinquency rate was not acceptable and she felt that as a board they should look into the assets of those who have had this situation for an extended period of time or who are repeatedly coming back for extensions. As many of these clients are on the agenda for action, there was no further discussion at this time. Ken reminded the board to take caution in electronic communication related to board matters and directed the board to always send questions and comments to staff

Ken Farner moved to accept the financials as presented. Bob McFadden seconded. Motion passed unanimously.

FUNDED LOANS REPORT AND UPDATE:

Eric Nerdin presented the Loan Fund Delinquency Report for the period ending January 8, 2014, highlighting Full Circle and Hood River Learning Center as follows:

OIB Loans #94-02-01 and #92-03-02 to Full Circle, LLC. These loans have a combined balance of approximately \$161,575.

OIB Loans #92-01-01 and #92-02-01 to Hood River Learning Center, LLC. These loans have a balance of approximately \$61,000.

EXECUTIVE SESSION:

Per ORS 192.660 (f) (Exempt Documents), the Oregon Investment Board moved into an Executive Session at 10:09 a.m.

Peg Caliendo left the meeting at 11:25 am

Regular session was reconvened at 11:33 a.m.

DELINQUENT LOAN DECISION: HOOD RIVER LEARNING CENTER, LLC:

Ken Farner moved to direct staff to negotiate additional security and collateral on the White Salmon property in exchange for beginning formal forbearance proceedings with Hood River Learning Center, LLC with concurrence by Thomas Lowell. Jack Miller seconded the motion. Motion passed unanimously.

DELINQUENT LOAN: FULL CIRCLE, LLC:

Ken Farner directed staff to assist the client in determining if any liquidation of assets would be appropriate to support debt reduction. Staff is also following up on requests for updated financial statements, monthly payments and potential restructure options.

LOAN MODIFICATION REQUEST: SAGE CREEK, INC:

Eric Nerdin presented a loan modification request for Sage Creek, Inc. to authorize interest only payment on OIB loan #52-03-01 for seven months effective November 15, 2013 through May 15, 2014.

LOAN MODIFICATION REQUEST: LUPIN CONSTRUCTION, INC:

Eric Nerdin presented a loan modification request for Lupin Construction, Inc. to extend the loan repayment terms of OIB loan #74-02-02 after the principal reduction payments due to the sale of equipment.

LOAN MODIFICATION REQUEST: BRINGHAM FISH PRODUCTS, INC:

Eric Nerdin presented a loan modification request for Brigham Fish Products, Inc. to extend the initial interest only monthly loan payment for additional six months,

EXECUTIVE SESSION:

Per ORS 192.660 (f) (Exempt Documents), the Oregon Investment Board moved into an Executive Session at 11:36 a.m.

Regular session was reconvened at 11:51 a.m.

LOAN MODIFICATION REQUEST DECISION: SAGE CREEK, INC:

Karen Fairchild moved to approve a loan modification and extension, which included interest only monthly payment for seven months, followed by seven monthly payments of approximately \$1,775 or the monthly payment amount to fully amortize the loan balance in seven month effective November 15, 2013 and a loan fee of \$75. This will extend the loan approximately seven months. All other terms and conditions of the loan remain in place. Ken Farner seconded the motion. Motion passed unanimously.

LOAN MODIFICATION REQUEST DECISION: LUPIN CONSTRUCTION, INC:

Jack Miller moved to approve an extension of the loan repayment period for 72 months, with the first 12 months payments of \$300.00 and the remaining 60 months payments of approximately \$515 - \$525, or the dollar amount required to fully amortize the loan with 60 monthly payments; effective January 15, 2014. No loan fee to be charged because the previous loan term was only 6 months and it was known at that time the loan would likely be extended. Bob McFadden seconded the motion. Motion passed unanimously.

Discussion: Amanda Hoey reported that Judith Perry had stated in communication with staff that she was concerned that there were no monthly reports submitted in November and December and that she did not favor extending the loan for six additional years. She also felt that the client should sell the vehicles which are not used absolutely for the gutter and insulation business. Ken Farner asked if the loan should be shorter with a balloon. Ken Bailey stated that it seemed that the client was just able to hang on and make the payments needed. Ken Farner stated that he understood that to be the case as well. The board asked about the status of the gutter business activity, which Eric reported was going well.

LOAN MODIFICATION REQUEST DECISION: BRIGHAM FISH PRODUCTS, INC:

Ken Farner moved to approve an extension of the initial interest only monthly loan payment period for an additional six months effective January 15, 2014 and to charge a loan modification fee of \$150. Jack Miller seconded the motion. Motion passed unanimously.

Discussion: The board discussed the loan fee as delays in opening were due to factors out of the control of the loan client. The board noted that staff time and therefore expense is involved in working through the modification, however, so the board elected to charge the loan modification fee.

RESOURCE DEVELOPMENT COMMITTEE REPORT:

Scott Turnoy thanked Karen Fairchild, Bob McFadden and Judith Perry for the participation at the recent Resource Development Committee meeting. He highlighted the website map discussion and stated that it was in final form and ready to begin distribution. He also reported that the committee had discussed additional marketing material in order to promote the new website.

OTHER NEW BUSINESS

Amanda Hoey highlighted the early loan payoff by Kleiner Spatz.
Meeting adjourned at 12:05 a.m.

*Respectfully submitted,
Sherry Bohn, OIB Staff*