

**COLUMBIA RIVER GORGE NATIONAL SCENIC AREA
OREGON INVESTMENT BOARD**

Wednesday, January 21, 2015

Hood River County Library, 502 State Street, Hood River, OR

10:00 AM

ATTENDANCE:

OIB Members: Ken Farner, Ken Bailey, Jack Miller, Judith Perry, Karen Fairchild and Bob McFadden

Staff: Amanda Hoey, Eric Nerdin, and Sherry Bohn

CALL TO ORDER:

Chair Ken Bailey called the meeting to order at 10:00 a.m. A quorum was present.

CONFLICT OF INTEREST POLICY AND INTRODUCTIONS:

Ken Bailey asked the Board to disclose any conflict of interests for any of the applications to be reviewed today. None were presented.

MINUTES:

Judith Perry moved to approve the minutes from December 17, 2014. Ken Farner seconded the motion. Motion passed unanimously.

Bob McFadden arrived at 10:04 a.m.

FINANCIAL REPORT:

Amanda Hoey presented the financial report for the period ending December 31, 2014. She reported that, as per the presented report, the December Principal Repayments Including Refinance were \$35,998.91 and total disbursements for December were \$7,546.72. Amanda reported that the Approved Grants not yet Disbursed were \$20,000.00 which was for the Port of the Dalles Marketing Grant and Port of the Dalles Wetlands grant. The Approved Loans not yet Disbursed were \$20,000.00 which were for A Home Sweet Home. She reported that the funds available to grant/loan were \$1,062,628.84 and the loans receivable balance was \$1,700,239.28.

Amanda reported that future financial reports will show the forgivable loan for the Mosier Community School that became effective December 31st. She also reported that staff was working on setting up the accounting process, in accordance to GAAP, for showing the deferral of accumulated interest for Full Circle, LLC and Hood River Learning Center.

Amanda presented the MCEDD audit explaining that it was an unqualified report that had no findings. Ken Bailey clarified that it was a MCEDD audit and that OIB funds are part of that audit.

Ken Farner moved to accept the financials as presented. Judith Perry seconded the motion. Motion passed unanimously.

Discussion: Ken Farner asked about the Erland Properties loan payoff scheduled in May 2015. Ken Bailey asked if staff had spoken to the client in regards to their payoff plans. Eric Nerdin stated that the client was looking into conventional financing. Ken Farner asked if OIB were to extend the current loan what the interest rate would be. Eric Nerdin stated that it likely

would be 6.75 percent. It was discussed if OIB could renegotiate the balloon payment or if it would need to be a new loan. Ken Bailey stated that this was a policy question. A discussion on the opportunity to extend the loan will be on a future agenda.

LOAN MODIFICATION REQUEST: FULL CIRCLE, LLC

Eric Nerdin presented a loan modification request from Full Circle, LLC to release specific unused collateral assets of Full Circle, LLC for OIB loans #94-02-01 and #94-03-02 to allow for the sale of these assets.

EXECUTIVE SESSION:

Per ORS 192.660 (f) Exempt Documents, the Oregon Investment Board moved into Executive Session at 10:22 a.m.

Regular session was reconvened at 10:42 a.m.

LOAN MODIFICATION DECISION: FULL CIRCLE, LLC

Jack Miller moved to approve the request to release unused collateral assets of Full Circle, LLC's Hood River Rivertap location to facilitate the sale of these assets, with the net sale monies, following payment of invoices directly associated with those assets, being applied to the outstanding loan balances of OIB and MCEDD. The exact dollar amounts applied to these loan balances will be allocated according to the percentage of each original loan amount to the combined total. This recommendation is contingent upon inclusion of the conditions as listed in the staff report. Judith Perry seconded the motion. Motion passed unanimously.

OIB RLF POLICY

Amanda Hoey explained that the OIB board members had received a copy of the draft revised OIB Revolving Loan Fund policies at the December meeting and were asked to provide responses on potential changes to staff. She reported that three board members had provided comments and recommendations. Amanda reported that the revised policy, including a summary of these recommendations, had been included in the meeting packet. She also reported that attached to the revised policy was a discussion from Ken Farner providing further information regarding his recommendations on changing language related to collateral. She requested the OIB board members review and discuss the draft policy, the noted recommended changes proposed by individual board members and if acceptable to adopt an updated OIB RLF Policy.

Discussion: Introduction (page 5 Administration) there was consensus to add (RLF) after "Revolving Loan Fund Plan."

Financing Policies (page 7 number 2) consensus was to add Judith Perry's recommendation to add an option for a performance based interest rate reduction which allows for reduction in the interest rate over time as the loan is paid down and all requirements for the loan are met. It was also agreed that this could be used as an incentive mechanism.

Equity Policy (page 8 number 3) there was consensus to leave, as written, the standard guidelines for new equity or cash infusions at a minimum of 10 percent.

Collateral Policy (page 8) consensus was to add Ken Farnner's recommendation to change the language to read "require 100% collateralization excepting only in cases determined by the Oregon Investment Board to warrant the greater risk of loss inherent in less collateral protection." There was also consensus to add the statement "taking the best lien obtainable in any equity the borrower has, might have or might later gain in all such assets."

Collateral Policy (page 9) the consensus was that the statement related to cash flow would become a new section. There was also consensus that the statement "If a lead lender obtains an appraisal, MCEDD/OIB may accept valuation from such appraisal rather than requiring another" would be changed to "If a lead lender obtains an appraisal, MCEDD/OIB may accept valuation from a valid or true appraisal rather than requiring another."

Eligible Applicants (page 11) There was consensus to edit the statement "These types of debts and liens are allowed" to "may be allowed" as recommended by Ken Bailey.

Loan Selection Criteria (section 1 page 11) the consensus was to keep the language on debts and liens without inserting a maximum percentage.

Eligible Projects (section 2 page 11) the consensus was to divide the eligible sections with a new list for Industry.

Ineligible Loan Activities and Purposes (section 3 page 12) There was a discussion on the issue of relocation of jobs and issues of tracking direct and indirect impacts. Consensus was that the statement "Loans which have the effect of relocating jobs..." would be clarified to state "Loan which have a direct effect of relocating jobs...."

After discussion on the statement "Projects that would adversely (without mitigation impact..." there was majority consensus to leave the statement as written, but with dissenting opinions to look at modified language.

There was a discussion on the eligibility or ineligibility of marijuana related business. These fall under the listing of illegal activities as it relates to federally originating funding.

There was a discussion on the statement "Loans to ...insurance companies." Staff provided clarification and will add that insurance agents are eligible.

Judith Perry left the meeting at 11:10 a.m.

Bob McFadden left the meeting at 11:19 a.m.

Staff was directed to make the noted changes and to bring the revised document back for review at the next meeting.

OTHER NEW BUSINESS

Amanda Hoey introduced the Gorge Economic Symposium which is proposed to be half day event focusing on economic and employment trends in the regional economy. She explained that it was designed for economists, employers, workforce development experts, education professionals and those who use data to make informed economic decisions. The concept was proposed by Scott Bailey

and Dalles Fridley to be modeled after similar state symposiums, but with a regional target in the Mid-Columbia. Both Scott and Dallas are excited to plan for the event as they last co-presented in 2012 at our Stronger Economies Together series. Amanda stated that MCEDD is soliciting interest for individuals to participate in planning the event, determining logistics and setting the final agenda.

Amanda reported that there has been no response to the OIB's letter to the Gorge Commission, so staff or board will follow up.

Ken Farner opened a discussion on methods for new economic potential outreach and requested the topic be added to a future agenda. Eric Nerdin stated that he currently visits branch managers on an ongoing basis and recently attended a SBDC advisory discussion on developing a lenders forum. Ken Farner suggested presentations to bank boards and managers by Ken Bailey and Amanda Hoey. He also suggested that he and Eric Nerdin make presentation to branch managers. It was also discussed that board member contact relators and other community members. The topic will be added to a future meeting for further discussion.

ADJOURNMENT: The meeting was adjourned at 11:40 a.m.