

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

Wednesday, December 17, 2014

Hood River County Library, 502 State Street, Hood River, OR
10:00 AM

ATTENDANCE:

OIB Members: Ken Farner, Ken Bailey, Jack Miller, Judith Perry, and Bob McFadden
Staff: Amanda Hoey, Eric Nerdin, and Sherry Bohn
Guests: Aaron and Kelly Lee (Defiance Brewing)

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. A round table of introductions was held.

MINUTES:

Judith Perry moved to approve the minutes from October 15, 2014. Ken Farner seconded the motion. Motion passed unanimously.

FINANCIAL REPORT:

Amanda Hoey presented the financial report for the period ending November 30, 2014. She reported that, as per the presented report, the OIB total disbursements for November were \$10,985.42, which included the final City of Mosier grant disbursement. Amanda reported that the funds available to grant/loan was \$1,022,124.21 and the loans receivable balance was \$1,745,738.19.

Jack Miller moved to accept the financials as presented. Bob McFadden seconded the motion. Motion passed unanimously.

Discussion: Ken Farner stated that he had read an article in the Chronical about the railroad and an additional track and was wondering if that will affect the Mosier property. Amanda explained the current situation and stated that there are plans for a presentation from Mosier at the February OIB meeting.

LOAN REQUEST: DEFIANCE BREWING, LLC

Eric Nerdin presented a loan request from Defiance Brewing, LLC as follows:

Project: Open a full scale production brewery and tap room in The Dalles.
Loan Amount: \$125,000 (55% of project amount of \$225,000)

LOAN MODIFICATION REQUEST: ABIDE CRAFT DISTILLERS

Eric Nerdin presented a loan modification request to subordinate OIB's Deed of Trust on 376 SE Wyers St, White Salmon, WA which secures an \$85,000 loan to Abide Craft Distillers, LLC., to Wells Fargo N.A.

EXECUTIVE SESSION:

Per ORS 192.660 (f) Exempt Documents, the Oregon Investment Board moved into Executive Session at 10:05 a.m.

Regular session was reconvened at 11:04 a.m.

LOAN MODIFICATION DECISION: ABIDE CRAFT DISTILLERS

Ken Farner moved to approve the request to subordinate OIB's Deed of Trust on 376 SE Wyers St, White Salmon, WA to Wells Fargo N.A. and to approve the release of the King Cab pick-up, conditional upon the sale amount being acceptable to staff and with the requirement that sale proceeds are applied to the outstanding balance of the loan. Jack Miller seconded the motion. Motion passed unanimously.

LOAN REQUEST DECISION: DEFIANCE BREWING, LLC

Jack Miller moved to approve a loan to Defiance Brewing, LLC with the recommended amount, interest, terms and conditions as listed below. Bob McFadden seconded the motion. Motion passed unanimously.

- Loan amount: \$125,000.00
- Interest Rate: 8.75% Fixed interest rate
- Loan Term: 66 months (with a 6 month draw down period)
- Loan Payment: Interest only payments for six (6) months with a six (6) month drawdown period, then 60 monthly payments of \$2,579.65. This is a fully amortized loan.
- Loan Fee: \$1,875.00
- Collateral:
 1. All business assets of Defiance Brewery.
 2. All business assets of Maison de Glace Winery.
 3. 2002 Jeep Liberty.
 4. Utility trailer.
- Conditions: As listed in the staff report

Ken Farner moved to add the additional requirement directing staff to secure the best available position trust deed on the personal residence real estate of Aaron and Kelley Lee located at 400 E. 8th Street, The Dalles. Judith Perry seconded the motion. Motion passed unanimously.

Discussion: Ken Farner noted that he wanted to include the additional requirement in order to further protect the third party guarantor.

FUNDED LOAN REPORT AND UPDATES

Eric Nerdin provided an update on OIB's loans including Full Circle, LLC. Judith Perry noted that she needed a paper copy of the update on Full Circle. Sherry Bohn will mail a copy to Judith.

OIB RLF POLICY

Amanda Hoey explained the history of the interrelated policies governing the OIB loan program. She explained that the OIB loan committee had directed staff to develop an updated OIB Revolving Loan Fund plan that combined the OIB loan policy with the general RLF policy and MCEDD standard lending practices.

Discussion: Amanda explained the revisions as a result of input from the OIB loan committee with regards to:

- *Late Payment Follow-up Procedures, page 20. Guarantors were included, in addition to borrowers, for notification of late payment.*
- *Process to delegate certain duties to staff to allow release of collateral if the payment goes against the balance of the loan and the value to be received is equivalent to or higher than the valuation stated at the time of the loan. Revisions will be added under operational procedures, page 14.*
- *Process for delegation of certain duties to staff related to subordination if the position for the OIB would remain the same or improve. Revisions will be added under operational procedures, page 14.*

Ken Bailey explained the document's origination and how it related to MCEDD. He also explained that there was no expected decision at this meeting and that the document was being presented for discussion. Ken Farner pointed out that on page 10 bullet number four should read contractor dismissal not dismal. The board consensus was to take additional time for review of the document and review at the January meeting for consideration of adoption. Amanda stated that staff will make the revisions and will send an updated version with the next meeting packet. Staff requested board input and comments by January 10, 2015 in order to prepare final documents for the January OIB meeting.

OIB VITALITY PLAN LETTER

Amanda Hoey presented a draft of the letter to the chair of the Gorge Commission. The draft letter had been requested by members of the OIB loan committee. Bob McFadden noted specific concerns regarding Gorge Commission staff statements regarding how federal funding should be directed as well as a potential "disconnect" between the Gorge Commission and Gorge Commission staff. Amanda reviewed the issues and the proposed requests for actions listed in the letter. She noted that the letter is designed to be actionable for steps that will return to an improved partnership with the Gorge Commission. Ken Bailey stated that the purpose of the letter is to keep communication open and make better use of what we have in place. Judith stated her support of the letter. Ken Bailey stated that all of this is designed to support economic development. He stated that while the OIB is designated just to the National Scenic Area, the OIB considers the whole region in its actions.

Judith Perry moved to send the letter as written to the Columbia River Gorge Commission. Ken Farner seconded the motion. Motion passed unanimously.

OTHER NEW BUSINESS

Amanda Hoey announced the new MCEDD staff member, Michele Spatz. Michele will take over the duties previously held by Scott Turnoy and is the primary contact for OIB grants.

ADJOURNMENT: The meeting was adjourned at 11:35 a.m.