

COLUMBIA RIVER GORGE NATIONAL SCENIC AREA  
OREGON INVESTMENT BOARD  
Tuesday, March 21, 2017  
Hood River Library Meeting Room, 501 State Street, Hood River, OR  
11:00 a.m.

**ATTENDANCE:**

OIB Members: Jack Miller, Rick Leibowitz, Jill Amery, Kristine Mier and John Southgate (teleconference), John Kasberger (teleconference)

Absent: Tammy Miller

Staff: Amanda Hoey, Jessica Metta, Sherry Wickert, Sherry Bohn, and Eric Nerdin.

**CALL TO ORDER:**

Rick Leibowitz called the meeting to order at 11:06 a.m. A quorum was present.

**CONFLICT OF INTEREST POLICY AND INTRODUCTIONS:**

Rick Leibowitz requested that any Board member disclose any conflict of interests for any of the topics to be reviewed today. Jill Amery noted a potential conflict of interest with Defiance Brewing Company, Inc. dba Sediton Brewery and stated she will abstain from any decision. Rick Leibowitz noted a potential conflict of interest with Sage Creek because they have reengaged with the Small Business Development Center. A round table of introductions took place.

**FEBRUARY 15, 2017 MINUTES:**

Jack Miller moved to approve the minutes from February 15, 2017. Kristine Mier noted a correction that she was present at the meeting. Motion died for lack of a second. Jack Miller moved to approve the minutes from February 15, 2017 as corrected. Jill Amery seconded the motion. Motion passed unanimously.

**FINANCIAL REPORT:**

Sherry Wicket presented the financial report for the period ending February 2017. Sherry reported Total Income of \$8,963.72, Principal Repayments of \$10,775.43 and \$19,739.15 for Revenue Before Disbursements. She also reported that Professional Services expenses were \$7,683.75. Sherry reported that the Available to Grant/Loan Balance was \$1,349,353.08. She also highlighted the payables, noting that they consisted of two months on this report. Amanda Hoey reported that the Available to Grant/Loan Balance shows that the loan to Big Jims has been de-obligated. Sherry also reported that Accounts Receivable balance was due to a bank deposit error that has been corrected.

John Southgate moved to accept the financials as presented. Jack Miller seconded the motion. Motion passed unanimously.

**LOAN MODIFICATION REQUEST: DEFIANCE BREWING COMPANY, INC dba  
SEDITION BREWERY**

Eric Nerdin presented a loan modification request from Defiance Brewing Company, Inc. dba Sediton Brewery to modify OIB loan #159-01-01 to add an additional six (6) months of interest

only payments, extend the loan maturity date by six (6) months and exchange residential real estate collateral with commercial real estate.

**FUNDED LOAN UPDATE:**

Eric Nerdin reported on the status of Sage Creek, Inc. dba Muirhead Canning, Brigham Fish and Hood River Learning Center, LLC.

**EXECUTIVE SESSION:**

Per ORS 192.660 (f) (Exempt Documents), the Oregon Investment Board moved into Executive Session at 11:15 a.m.

John Kasberger joined the meeting at 11:25 a.m.

Regular session was reconvened at 11:46 a.m.

**LOAN MODIFICATION REQUEST ACTION: DEFIANCE BREWING COMPANY, INC dba SEDITION BREWERY**

Rick Leibowitz moved to approve the loan modification request from Defiance Brewing Company, Inc. dba Sediton Brewery as recommended by staff. Kristine Mier seconded the motion. Motion passed with one abstention (Amery).

**REGIONAL STRATEGY: OPPORTUNITIES FOR THE OIB:**

Amanda Hoey reported that MCEDD, in partnership with agencies and stakeholders throughout the five-county region, was in process of the major rework of the Comprehensive Economic Development Strategy (CEDS). Amanda noted that the CEDS connects directly into updates for the Investment Board's Economic Vitality Strategy. She reported that, with the final outreach session for the CEDS taking place in March, MCEDD has a working draft that provides the overall framework of the plan. Amanda requested the Board review and discuss the opportunities and provide input on opportunities for the OIB in the regional economic development strategy plan.

*Discussion: Amanda noted the increase in poverty and lack of income in the region and asked if the OIB should consider taking these factors into consideration when evaluating projects. Rick Leibowitz noted that job numbers can be skewed. Jack Miller noted that tips in the food industry can skew numbers as well. Rick Leibowitz stated that there is more of a paper trail with food service tips now due to the prevalence of people using credit cards. This causes more tip income to be reported.*

*Amanda Hoey reported that the number one priority in strategies is housing. She noted that this is not typically a focus of the OIB but it could complement the Attainable Housing fund. Rick Leibowitz asked if there was a restriction on real estate speculation with OIB funds. He stated he was reluctant to break with policy. Jill Amery asked for the definition of Attainable Housing. Amanda Hoey reported that it was 60 to 120 percent of the area median income. Jack Miller expressed a*

*reluctance to have OIB funds involved with real estate. Jill Amery expressed an interest in further discussion of the concept.*

*Amanda Hoey reported that the number two priority was to support industry development and asked if this was viewed as an opportunity for the OIB. It was discussed that there was need to renew the letters of support for additional OIB funds and the need to better leverage interest. Amanda also asked about hosting an annual lenders conference. Jack Miller stated that he thought most people do not know the OIB exists. John Southgate stated that he agreed. He asked if anyone had sought input and or feedback from bank loan officers.*

*Amanda reported that the number four priority was infrastructure and noted that the region's top ten listed projects and Agora. Rick Leibowitz suggested more research on the ability to finance system development charges. John Southgate stated that he thought system development charges could be financed over ten years.*

*Amanda reported that the number five priority was regulatory action. She noted the need to streamline the process and provided an overview of the Columbia River Gorge Management Plan.*

### **OIB BUDGET RECOMMENDATION**

Amanda Hoey reported that OIB's funds are included as part of MCEDD's overall budget each fiscal year (annually from July 1 through June 30). She requested the Board's input to appropriately reflect anticipated revenues and expenditures in the agency and operational funds.

Sherry Wickert reported that amounts included in revenue categories are forecasted based upon analysis of prior years' budgets and actual revenues, combined with an informed estimation for future revenues. She also noted that projected loans are estimated based on a three year average of lending and that loan fees are included with the standard 1.5% fee on the total amount of the estimated new loans. Sherry reported that there are several payoffs included in the projected principal repayments.

Sherry reported that generally grants are budgeted based upon a review of the projected revenue from interest/fees that may be available in excess of other expenses, and setting aside some of the revenue to grow the principle base of the fund. This process is intended to ensure the maintenance of a healthy fund to support the region. Sherry reported that given the low level of lending in the past year and the current projected revenue, no grants are included in the initial budget proposal attached.

Amanda Hoey reported that MCEDD staffing, provided under a contract with the State of Oregon, utilizes interest and fees from the OIB programs to cover costs. Amanda reported that the contract is developed on a biennium with the State, based on the recommendation of the OIB. She reported that staff projected a level contract with no increase this year and proposed a 2% increase for the following year to keep pace with increasing costs provisional upon lending levels increasing at a level to exceed that proposed increase.

Amanda reported that, in the past, the Board has included a small amount of resource for marketing but those costs are not currently included and that new Loans are projected at \$220,000.

Rick Leibowitz moved to approve the budget as presented with the addition of \$15,000 in Grants and to recommend a new contract with MCEDD through the State of Oregon. Jack Miller seconded the motion. Motion passed unanimously.

### **PILOT PROJECT CONCEPT PROPOSAL**

Amanda Hoey reported that noting the challenges of fully utilizing OIB funds and the desire to see OIB funds out and working in the community, staff had developed a pilot project proposal to allow more prospective loan applicants to be eligible for OIB loans and generate some additional excitement about OIB's program.

Eric Nerdin explained that the concept was to allocate \$250,000 of OIB funds for a pilot program with a streamlined application process, ingrained small business counseling and a participation incentive that included a small portion of the loan as a forgivable loan. Eric explained that the basic terms were a maximum loan amount of \$60,000, included a streamlined application with an advertised "no application fee" and 10% of the total loan would be forgivable if performance criteria was met within 3 – 5 years. Eric noted that this program would require small business counseling, include increased flexibility in loan requirements and loans within this program could begin with higher interest rates and pre-payment penalties to offset the increased risk, but interest rates may be lowered and pre-payment penalties could be phased out based on individual loan performance. Eric noted that the program could enhance an online information and application portal website for this pilot project specifically and, more broadly, for the OIB's loan program. He also noted that a way to create excitement and set a deadline for application would be to frame the pilot program as a competition. All qualified applicants could receive access to OIB's traditional loan funds. The OIB would approve finalists, however, to receive funding through the pilot with the added incentive of a forgivable loan and access to resources or other benefits as arranged with OIB partners. Eric also reported that traditional and online advertising would be utilized to increase awareness of, and exposure for, the OIB loan program.

*Discussion: Rick Leibowitz stated his appreciation for the proposal and that he also wanted to see a pilot that could be used to refinance a revolving loan. Jack Miller stated that many businesses use a credit card to enhance cash flow. Rick Leibowitz stated that he did not like the forgivable loan aspect but did like the lower application fee, low number of documents at closing and incentive for lowering interest rates. Jack Miller supported those ideas as well. Jack Miller asked how OIB becomes the first entity that someone see when searching online. Rick Leibowitz and Jill Amery offered to help Eric Nerdin to continue development of the pilot project.*

**ADJOURNMENT:** The meeting was adjourned at 11:24 a.m.