

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

Wednesday, December 20, 2017
Hood River Library Meeting Room
501 State Street, Hood River, Oregon

ATTENDANCE:

OIB Members: Jack Miller, John Kasberger, Kristine Mier, Rick Leibowitz, Tammy Miller
Staff: Amanda Hoey, Eric Nerdin, Siri Olson

Absent: Jill Amery, John Southgate

Guests: Tom Wood, Full Circle, LLC

CALL TO ORDER:

Jack Miller called the meeting to order at 10:04 am. A quorum was present.

CONFLICT OF INTEREST POLICY AND INTRODUCTIONS:

Jack Miller requested that any Board member disclose any conflict of interests for any of the topics to be reviewed today. None were noted.

A round table of introductions took place.

MINUTES

John Kasberger moved approve the minutes from November 15, 2017 as presented. Rick Leibowitz seconded the motion. Motion passed unanimously.

FINANCIAL REPORT:

Siri Olson presented the financial report for the period ending November 2017 highlighting that loans disbursed in November was for \$30,499.80 which included a restructured loan with a principle conversion and the loan to 15 Mile Ventures. She noted the reduction this month of principal repayments (\$4,888.01). Siri also noted the reduction of encumbered pilot program funds due to the recent loan approvals and noted the approved loans, not yet disbursed, is \$71,500 and these loans are expected to close in December. She stated that there is \$1,105,925.37 available to grant/loan. Siri noted the copy of the MCEDD audit included in the meeting packet.

Motion to accept the November financials was made by Rick Leibowitz. John Kasberger seconded the motion. Motion carried unanimously.

Discussion: John Kasberger noted his appreciation for the presentation of the financials and noted that the professional services amount was on target with budget.

LOAN MODIFICATION REQUEST: FULL CIRCLE, LLC

Eric Nerdin presented a loan modification request for Full Circle, LLC dba RiverTap Pub and Restaurant to extend and modify repayment terms for their two OIB loans.

EXECUTIVE SESSION:

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

Regular Session reconvened at 10:29 a.m.

LOAN ACTION: FULL CIRCLE, LLC dba RIVER TAP PUB AND RESTUARANT

Rick Leibowitz moved approve the staff recommendation to extend the loans to Full Circle, LLC. John Kasberger seconded the motion. Motion passed unanimously.

- Loan amount at the time of extension: Approximately \$59,970 and \$107,070
- Interest Rate: 6.75% and 7.25% respectively (Fixed interest rate)
- Loan Term: 69 months
- Loan Payments, collateral and conditions as listed in the staff report.

FUNDED LOAN REPORT AND UPDATES:

Eric Nerdin provided an update on OIB loans and directed the board to the loan delinquency report.

EXECUTIVE SESSION:

Per ORS 192.660 (f) (Exempt Documents), the Oregon Investment Board moved into Executive Session at 10:32 a.m.

Regular Session reconvened at 10:45 a.m.

PILOT AND DISASTER PROGRAM

Rick Leibowitz moved to extend eligibility for businesses to access the disaster program through September 30, 2018. Tammy Miller seconded the motion. Motion passed unanimously.

Discussion: Rick Leibowitz noted that the date for extension is intended to reflect a year from the date of the event.

RLF POLICY REVIEW

Amanda Hoey provided context for the RLF policy, noting that this is a board-adopted document. The Board discussed potential modifications to the policy.

Rick Leibowitz stated that he thought the interest rate policy (section 2, page 7) needed to be adjusted. He stated a preference for providing a range of rates and lowering the introductory rate. He also asked if the WSJ Prime was the most appropriate index to use. John Kasberger asked if there was a risk of disparate treatment with a range. Rick Leibowitz noted that no two deals are ever the same and that staff reviews applications holistically to analyze risk factors.

Motion. Rick Leibowitz moved to revise section 2, Interest Rate Policy, to a) include a sentence at the end of the first paragraph that interest rates will generally be set by the OIB; b) change the title of the column “Risk Rating” to “OIB staff Risk Category” and c) revise the table to include low 2-4.5% margin, medium 4-6% margin, high 5.5-7.5% margin. Tammy Miller seconded the motion. Motion passed unanimously.

Discussion: John Kasberger noted that prime plus 2% is bank financing and questioned if OIB would get into territory of competing with commercial lending. Board members responded that it did not and referenced the requirements for a client to be unable to obtain full or partial commercial financing. Tammy Miller noted that the revisions provide staff leeway for analysis and recommendations.

Rick Leibowitz noted confusion with the equity policy as to when an applicant’s equity can be credited and how to evaluate “sweat equity.” John Kasberger noted the difficulty with quantifying and valuing sweat equity. Jack Miller noted that each loan is reviewed on a case by case basis in regards to equity contribution. Tammy Miller noted the flexibility already provided within the policy as written. John Kasberger requested clarification on the last bullet point related to the current 12 months. Eric Nerdin noted it was related to the prior 12 months before application. The board discussed the method of valuation and the basis used.

Motion. Rick Leibowitz moved to modify section 3, equity policy, to a) remove all references to “new” equity or cash; b) remove the last bullet point; c) change “standard” to “general” in both areas stated in the equity policy section and d) add a bullet point that assets may be adjusted to reflect Fair Market Value. John Kasberger seconded the motion. Motion passed unanimously.

John Kasberger discussed the Standard Repayment Terms. He asked if clients need to exceed the 12 months limitation on principle payment deferral. The board noted that if that situation arose, it would be presented as a need for a loan modification.

Rick Leibowitz stated concerns with language for section 5, Collateral, and his preference to remove the 100% collateralization language. Jack Miller noted that it can be arbitrary and a preference for language of securing each loan to the maximum extent possible in the judgment of the board. John Kasberger stated that if the client has equity, they have collateral, and his intent to have valuation based on Fair Market Value. Some discussion ensued as to the manner in which collateral security position and valuation is presented in staff reports. Amanda Hoey noted that the loan write-ups are procedural and can change, but that the board needed to address if there are policy modifications necessary.

Motion. Rick Leibowitz moved to strike “100%” from the first sentence in the collateral policy. John Kasberger seconded the motion. Motion passed unanimously.

Discussion: Jack Miller noted that the wording in the first sentence was a little odd, including the language of “excepting only in cases [...]” with the removal of the term “100%.”

Staff will update the policy per the board’s direction. The policy will be brought back to the Board at the next meeting for consideration of any additional modifications past section 5, collateral.

OTHER NEW BUSINESS:

No new business was reported.

ADJOURNMENT: The meeting was adjourned at 11:47 a.m.

Respectfully submitted by Amanda Hoey, Executive Director