

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

**AGENDA**

**Wednesday, May 18, 2016  
10:00 AM**

**Hood River County Library  
502 State Street, Hood River, OR 97031**

<b><u>Topic</u></b>	<b><u>Time</u></b>	<b><u>Item</u></b>
Call to Order, Introductions, Conflict of Interest Disclosures		
May 20, 2016 Minutes	5 minutes	Approval
Financial Report	5 minutes	Acceptance
Loan Modification Request: <b>Seufert Enterprises, LLC</b>	5 minutes	Information
<b><i>Executive Session per ORS 192.660 (f) (Exempt Documents)</i></b> <i>Regular Session Reconvened</i>		
Loan Decision	10 minutes	Decision
Loan Updates	5 minutes	Information
<b><i>Executive Session per ORS 192.660 (f) (Exempt Documents)</i></b> <i>Regular Session Reconvened</i>		
Appointments Update	5 minutes	Information
Other New Business, Good of the Order		
Adjournment		

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*The meeting location is accessible to persons with disabilities. If you have a disability that requires any special materials, services or assistance please contact Sherry Bohn at (541) 296-2266 at least 48 hours before the meeting so arrangements for appropriate accommodations can be made.*

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Next scheduled meeting is Wednesday June 15, 2016

COLUMBIA RIVER GORGE NATIONAL SCENIC AREA  
OREGON INVESTMENT BOARD  
Wednesday, April 20, 2016  
MCEDD Office  
515 East 2<sup>nd</sup> Street, The Dalles  
10:00 a.m.

**ATTENDANCE:**

OIB Members: Ken Bailey, Jack Miller, Rick Leibowitz (teleconference), Carolyn Meece (teleconference) and John Kasberger.

Staff: Amanda Hoey, Sherry Wickert and Sherry Bohn.

Guest: Ronelle Vergeer-Masters and Ron Vergeer

**CALL TO ORDER:**

Chair Ken Bailey called the meeting to order at 10:02 a.m. A quorum was present.

**CONFLICT OF INTEREST POLICY AND INTRODUCTIONS:**

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

**MARCH 16, 2016 MINUTES:**

John Kasberger moved to approve the minutes from March 16, 2016. Jack Miller seconded the motion. Motion passed unanimously.

**LOAN REQUEST: DOWNEY SLEEP CENTER:**

Eric Nerdin presented a loan request from Downey Sleep Center to allow for the purchase of Downey Sleep Center business located in The Dalles.

**EXECUTIVE SESSION:**

Per ORS 192.660 (f) Exempt Documents, the Oregon Investment Board moved into Executive Session at 10:04 a.m.

Regular session was reconvened at 10:18 a.m.

**LOAN REQUEST DECISION:**

Jack Miller moved to approve the loan request as per the staff recommendation. John Kasberger seconded the motion. Motion passed unanimously.

**Terms:**

- Loan amount: \$48,000.00
- Interest Rate: 6.75% (Fixed interest rate)
- Loan Term: 36 months
- Loan Payment: \$ 1487.59 per month. (This is a fully amortized loan)
- Loan Fee: \$720.00
- Collateral and Conditions as presented in the staff report.

*Discussion: Ken Bailey noted the addition of the personal guarantees of Carol and Ron Vergeer made it easier to approve the loan. Jack Miller noted that agreeing to address condition number one also helped make the loan approval easier.*

### **FINANCIAL REPORT:**

Sherry Wickert presented the financial report for the period ending March 2016. She reported Interest Income of \$ 9,522.72 and Grants Disbursed of \$5,900.77. Sherry reported that Miscellaneous Expenses of \$139.88 included legal services for Hood River Learning Center and TGE, LLC and credit report services from One Credit Source. She also reported that the Available to Grant/Loan balance was \$1,025,040.46 and the Loans Receivable Balance was \$1,553,942.96.

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

### **FY17 BUDGET PREPARATION**

Amanda Hoey explained that the OIB's funds are included as part of MCEDD's overall budget each fiscal year. She noted that the amounts included in the proposed OIB FY17 budget in the revenue categories are forecasted based upon analysis of prior year's budgets, actual revenues and combined with an informed estimation for future revenues. Amanda noted that Current Loan Revenue projections are reflective of the loans already in OIB's portfolio, excluding loans in litigation or pending litigation. She also noted that it does not include the Downey Sleep Center loan approved today or those which may be approved prior to the end of the fiscal year. Amanda noted that it does include a potential payoff of one loan in the projected principal repayments. She also noted that Projected New Loans anticipates a three month interest only period at the start of all new loans, a 90 month term and that those loans are initiated throughout the year.

Amanda noted that Loan Interest for current loans excludes those in litigation/pending litigation. She noted that staff used an average interest rate of 6.75% and that Loan Fees are included with the standard 1.5% fee on the total amount of the estimated new loans. Amanda noted that Loan Late Fees revenue is based on past experience of actual revenue.

Amanda noted that Event Services included costs for the annual Columbia Gorge Bi-State Advisory Council and that an allocation of funds to legal costs is included as a placeholder for the board to work with legal counsel, as necessary, on troubled loans for legal action. Amanda noted that Contractual Expenses included the contract with MCEDD which covers staffing, audit and related expenses and that there is a nominal expense included for communications to cover the costs of conference calls for board meetings and other OIB meetings, if needed.

Amanda noted that the OIB is the only granting entity within MCEDD's budget framework. She explained that staff tends to estimate on the higher end of grant expenditures in order to allow flexibility for the board to make decisions on grant approvals throughout the year. She noted that there is little other leeway for a higher level of granting than budgeted. Amanda reported that this year, staff included \$25,000 in the initial budget proposal. This \$25,000 includes the \$10,000 approved grant to Fresh Starts and \$15,000 in new granting expenditures. Amanda noted that if all revenue were to be

realized from projected and current loans, the interest and fees would support this level of granting. She also noted that the \$25,000 amount does not represent a target level of grant making.

*Discussion: John Kasberger asked what the challenges were for being over and/or under budget. Amanda explained the process required to make changes to the OIB budget within MCEDD's framework. John asked if the OIB had a budget committee. Amanda explained that it did not and that it was part of MCEDD's budget. Rick Leibowitz expressed concern about presenting a large Grants Available figure in a public document. He recommended setting a higher goal for new loans vs new grants. Ken Bailey stated that historically there were a larger number of OIB grants made. He stated that the last few years the board has restricted the number due to less revenue projected. He noted the need for grants but stated that he thought \$25,000 looked to be a good number that does not diminish the OIB reserves.*

Amanda noted that the New Loans Made and Carryover figures are estimated based on historical activity, the outstanding balance of funds in the OIB account. She explained that this attempts to balance past history and realistic projections against the opportunity for using available resources but requested board input as the target would be for a higher level of lending even though we budget conservatively.

*Discussion: Rick Leibowitz noted the performance of the revolving loan fund. John Kasberger noted the need for a Loan Loss Fund. Rick Leibowitz stated that he would like to see the estimated New Loans Made figure more towards \$450,000. John Kasberger asked why a higher level of lending was projected last year. Amanda reviewed the historical averages, the anticipated available amount to lend and discussed the theory behind the budget development.*

*The Board consensus was to increase New Loans Made to \$450,000 and adjust the Carry Over figure. Sherry Wickert asked if there was a need to increase the fees figure based on the anticipation of more new loans. John Kasberger recommended proportionally raising the fees figure based on the amount to loan figure. Rick Leibowitz asked why Filing Fees went down in FY17. Amanda explained they will increase based on the \$450,000 New Loans Made figure. It was noted that staff will revise revenue estimations based on changes prior to presentation of the budget in May to the MCEDD Budget committee.*

### **FUNDED LOANS REPORT and UPDATE**

Amanda presented an update on TGE, LLC and Hood River Learning Center.

### **EXECUTIVE SESSION:**

Per ORS 192.660 (f) Exempt Documents, the Oregon Investment Board moved into Executive Session at 10:54 a.m.

Regular session was reconvened at 11:10 a.m.

## **OIB/WIB ECONOMIC DEVELOPMENT PLAN**

Amanda reported that every five years the OIB and WIB Investment Boards are responsible for updating the Economic Vitality Plan. She noted that this process began in 2015 with staff drafting updates to the plan and seeking board input. She noted that following board review of the draft, Oregon and Washington Investment Board staff engaged in consultation with Columbia River Gorge Commission and US Forest Service staff as outlined in the process for the plan update. Amanda reported that the meeting with these entities were held on December 7, 2015 and January 25, 2016 and correspondence throughout February and March 2016. She noted that the final plan presented for the OIB's consideration reflects modifications discussed at the Columbia Gorge Bi-state Advisory Council meeting and those identified through agency consultation.

Amanda requested the Oregon Investment Board adopt the final 2016 update to the Economic Vitality Plan. She noted that the Washington Investment Board will take the same action and following both boards final board approval, the plan will be submitted to the two states via the Bi-State Advisory Council. Amanda noted that they will then seek concurrence from US Forest Service national office staff.

Jack Miller moved to adopt the updated 2016 Economic Vitality Plan. Rick Leibowitz seconded. Motion passed unanimously.

## **OUTREACH DISCUSSION**

Amanda Hoey reported that while staff is seeing an increase in inquiries to the Oregon Investment Board programs, there is currently a sizable balance available for lending. She noted that the available funds balance tends to go in cycles. Amanda noted that staff does not advertise the OIB but engages in a variety of outreach activities. She noted that currently OIB/MCEDD staff conducts the following outreach:

- Meets with commercial lenders
- Meets with the CGCC SBDC
- Maintains the OIB website and posts in the MCEDD newsletter
- Issues press releases on new grant approvals
- Requires placement of OIB signage on new construction projects
- Participates in and speaks at conferences, as appropriate.
- Uses the Agora Investment Platform to solicit grant applications.

Amanda noted that the OIB does not have a cohesive outreach plan to real estate professionals or developers and does not have a set cohesive speaking circuit to chambers and service organizations given limited staff time. Amanda suggested that these may be a way to leverage board members' affiliations in those areas to help with OIB outreach.

*Discussion: Jack Miller stated that he thought a small ad in the business opportunity sections could help. Ken Bailey noted that the OIB loan program has the ability to function as gap financing. John Kasberger noted the huge amount of on-line lending happening, the ease and the speed. Jack committed to outreach to the Port of Hood River commission and John committed to some outreach in Cascade Locks.*

**APPROPRIATION AND APPOINTMENTS UPDATE:**

Amanda Hoey reported that there is one active prospect for Multnomah County representation.

Amanda Hoey reported on the status of the authorized, but unappropriated, federal funds. She noted that, as reported last month, staff from Senator Merkley's office had identified two potential accounts, with one of those through USFS State and Private Forests. She reported that there had been a conversation with the USFS State and Private Forests staff. They requested a summary of past projects and we are pending response.

**ADJOURNMENT:** The meeting was adjourned at 11:32 a.m.

**OIB FINANCIAL SUMMARY**

REPORT PERIOD: APRIL 16

	<b>TOTAL YEAR TO DATE</b>	<b>PREVIOUS REPORT</b>	<b>CURRENT ACTIVITY</b>
<b>CASH BALANCE AS OF 06/30/15</b>	<b>1,292,303.36</b>	<b>1,292,303.36</b>	-
Less Payables	(8,160.71)	(8,160.71)	-
Plus Accounts Receivable	1,100.00	1,100.00	-
Plus Interest Receivable (Less Unrecorded Accr'd Int)	10,594.69	10,594.69	-
<b>ADJUSTED CASH BALANCE 06/30/15</b>	<b>1,295,837.34</b>	<b>1,295,837.34</b>	-
<b>INCOME</b>			
Interest	94,391.69	85,480.16	8,911.53
Loan Processing & Fees	9,670.46	5,771.14	3,899.32
Loan Late Fees	1,889.23	1,761.23	128.00
Misc Income	136.94	136.94	-
Invested Interest	521.34	471.05	50.29
<b>TOTAL INCOME</b>	<b>106,609.66</b>	<b>93,620.52</b>	<b>12,989.14</b>
<b>PRINCIPAL REPAYMENTS</b>	<b>123,548.13</b>	<b>114,176.40</b>	<b>9,371.73</b>
<b>REVENUE BEFORE DISBURSEMENTS</b>	<b>230,157.79</b>	<b>207,796.92</b>	<b>22,360.87</b>
<b>EXPENSES AND PAYMENTS</b>			
Grants Disbursed 15-16	6,900.77	6,900.77	-
Loans Disbursed	383,000.00	125,000.00	258,000.00
Miscellaneous Expenses	4,216.46	2,758.42	1,458.04
Professional Services	75,330.80	67,797.72	7,533.08
<b>TOTAL EXPENSES AND PAYMENTS</b>	<b>469,448.03</b>	<b>202,456.91</b>	<b>266,991.12</b>
<b>ADJUSTED CASH BALANCE</b>	<b>1,056,547.10</b>	<b>1,301,177.35</b>	<b>(244,630.25)</b>
<b>LESS:</b>			
Approved Grants not Disbursed	(10,000.00)		
Approved Loans not yet Disbursed	(48,000.00)		
Interest Receivable at Period End	(9,496.36)		
<b>AVAILABLE TO GRANT/LOAN</b>	<b>989,050.74</b>		
<b>STRUCTURED ACCRUED LOAN INTEREST</b>			
Current Period	401.23		
Prior Year Balance	5,149.90		
<b>TOTAL STRUCTURED ACCRUED LOAN INTEREST</b>	<b>5,551.13</b>		
<b>LOANS RECEIVABLE BALANCE</b>	<b>1,802,571.23</b>		
<b>PROOF:</b>			
Cash Balance After Reconciliations	1,053,101.06		
Less Payables	(8,991.12)		
Plus Receivable (Ck for Loan Fees in MCEDD's cking acct)	3,899.32		
Less Deposit Error (Check deposited into OIB by mistake)	(958.52)		
Plus Interest Receivable (Includes Structured Accr'd Int)	9,496.36		
<b>ADJUSTED CASH BALANCE</b>	<b>1,056,547.10</b>		

REPORT GENERATED BY: Sherry Wickert

**OREGON INVESTMENT BOARD  
DISTRIBUTIONS OF GRANTS & LOANS APPROVED**

**Report Period: APRIL 2016**

<b>Grants</b>	<b>Date Approved</b>	<b>Expiration Date</b>	<b>Grant</b>	<b>Previous Distribution</b>	<b>Current Distribution</b>	<b>Expired/Not Utilized</b>	<b>Amount Remaining</b>
Fresh Start Culinary Arts Program	11/18/2015	12/31/16	10,000.00				10,000.00
<b>Total</b>			<b>10,000.00</b>	-	-	-	<b>10,000.00</b>

<b>Loans Approved/Funded</b>	<b>Date Approved</b>	<b>Expiration</b>	<b>Original Loan</b>	<b>Previous Distribution</b>	<b>Current Distribution</b>	<b>Expired/Not Utilized</b>	<b>Amount Remaining</b>
Beachwood Eatery, LLC	2/17/2016		258,000.00		258,000.00		-
Downey Sleep Center	4/20/2016		48,000.00				48,000.00
							-
<b>Total</b>			<b>306,000.00</b>	-	<b>258,000.00</b>	-	<b>48,000.00</b>