

COLUMBIA RIVER GORGE NATIONAL SCENIC AREA
OREGON INVESTMENT BOARD
Tuesday, April 19, 2017
Hood River Library Meeting Room
501 State Street, Hood River, OR
10:00 a.m.

ATTENDANCE:

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

Absent: John Southgate

Staff: Jessica Metta, Sherry Wickert, Sherry Bohn, and Eric Nerdin

Guests: Carolyn Meece (Business Oregon), Victor VanKoten (Annala, Carey, Thompson, VanKoten & Cleaveland), Aaron and Kelley Lee (Defiance Brewing Company, Inc.), Sherry and Kevin Perry (Celilo Paddle Company, LLC)

CALL TO ORDER:

Rick Leibowitz called the meeting to order at 10:00 a.m. A quorum was present.

HOOD RIVER LEARNING CENTER UPDATE:

Eric Nerdin presented an update on the status of the Hood River Learning Center, LLC loans.

EXECUTIVE SESSION:

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

Carolyn Meece joined the meeting at 10:10 a.m.

Regular session was reconvened at 10:21 a.m.

HOOD RIVER LEARNING CENTER LOAN ACTION:

John Kasberger moved to grant Victor VanKoten full authority to negotiate. Jack Miller seconded the motion. Motion passed unanimously.

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 Inc. because they have reengaged with the Small Business Development Center and Celilo Paddle Company, LLC because they are a Small Business Development Center client. A round table of introductions took place.

LOAN REQUEST: CELILO PADDLE COMPANY, LLC:

Eric Nerdin presented a loan request from Celilo Paddle Company, LLC for a \$24,500 loan to start-up a paddle sport rental and lessons business in The Dalles.

EXECUTIVE SESSION:

Per ORS 192.660 (f) (Exempt Documents), the Oregon Investment Board moved into Executive Session at 10:25 a.m.

Tammy Miller joined the meeting at 10:30 a.m.

Regular session was reconvened at 10:41 a.m.

LOAN REQUEST ACTION: CELILO PADDLE COMPANY, LLC:

John Kasberger moved to approve the loan request from Celilo Paddle Company, LLC as presented. Jack Miller seconded the motion. Motion passed with one abstention (Leibowitz).

Terms:

- Loan amount: \$24,500.00
- Interest Rate: 9.75% (Fixed interest rate)
- Loan Term: 36 months
- Loan Payment: \$787.67 principal and accrued interest monthly (due on the 15th of each month). This is a fully amortized loan.
- Loan Fee: \$375.00
- Collateral and Conditions as presented in the staff report

FUNDED LOANS REPORT AND UPDATES:

Eric Nerdin presented a request from Defiance Brewing Company, LLC for the OIB to modify its approval authorizing the release of the personal residence located at 400 E 8th Street, The Dalles as collateral for OIB loan #159-01-01 without requiring replacement collateral of the commercial real estate located at 208 Laughlin Street, The Dalles and consider other options that will allow the release of the personal residence as collateral, so they can complete the sale of the personal residence.

EXECUTIVE SESSION:

Per ORS 192.660 (f) (Exempt Documents), the Oregon Investment Board moved into Executive Session at 10:44 a.m.

Regular session was reconvened at 11:05 a.m.

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

Jack Miller moved to approve the loan modification request from Defiance Brewing Company, Inc. dba Sediton Brewery as recommended by staff except removing condition 2 noted in the staff report. Jack Kasberger seconded the motion. Motion passed with one abstention (Amery).

MARCH 21, 2017 MINUTES:

Jack Miller moved to approve the minutes from March 21, 2017. Rick Leibowitz seconded the motion. Motion passed with one abstention (Miller).

FINANCIAL REPORT:

Sherry Wicket presented the financial report for the period ending March 2017. Sherry reported Total Income of \$9,745.55. She also reported that Professional Services expenses were \$8,103.75 and included \$420.00 in legal expenses. Sherry reported that the Available to Grant/Loan Balance was \$1,371,159.31 and Loan Receivable balance was \$1,506,353.41. Sherry reported that the MCEDD Budget Committee recommended approval of the FY18 budget which included the OIB budget.

Rick Leibowitz moved to approve the financials from March 2017 as presented. John Kasberger seconded the motion. Motion passed unanimously.

GRANT PROPOSAL: PORT OF THE DALLES:

Eric Nerdin presented a grant proposal from the Port of The Dalles for \$10,000 to help fund and contract the completion of a \$65,000 feasibility study for a value-added agriculture incubator.

Discussion: Jessica Metta noted the limited OIB grant funds available and the number of grants given to the Port of The Dalles. Rick Leibowitz stated that he did not support the use of grant funds for a feasibility study. Kristine Mier asked if staff knew which consultant would be contracted for the work. Rick Leibowitz expressed his concerns with incubators and stated that in his opinion it is difficult to make them work successfully. Jack Miller expressed his preference for funding a startup rather than a feasibility study. Kristine Miller questioned if the Oregon Investment Board has ever granted for a feasibility study. She also asked if the Port of The Dalles knows if there is a market demand. It was discussed that the incubator facility in Hood River is struggling and that they are closing their facility. Kristine Mier also asked whether the Port of The Dalles staff could do the feasibility study on their own. John Kasberger asked if there were grant funds unspent in the current Fiscal Year. The grant budget is \$25,000 in FY17 and Fresh Start was awarded \$10,000 in FY17. John Kasberger asked if the project would be important for stimulating business in Wasco County. Carolyn Meece reported that there are some good incubator models around Oregon noting that some work and some don't. John Kasberger noted that the USDA has a number of value-added grant opportunities available and that he might be more willing to fund the grant if there were other grants in hand. Jack Miller asked what IFA and OCF mean in the staff report. Staff noted Infrastructure Finance Authority and Oregon Community Foundation.

GRANT PROPOSAL ACTION: PORT OF THE DALLES:

Rick Leibowitz moved to deny the grant request to the Port of The Dalles. Jack Miller seconded the motion. Motion passed unanimously.

LOAN MODIFICATION REQUEST: VAN KESSEL, INC:

Eric Nerdin presented a loan modification request that in lieu of subordinating OIB loan #87-03-01 collateral of Dorothy Van Kessel's and Dennis Ervin's personal residence to a new 1st position mortgage by a "to be determined" lender to allow for a cash out refinance to fund a major remodel of this residence, to allow for the full reconveyance of trust deed and recording of a new trust deed after the 1st mortgage trust deed is recorded.

SAGE CREEK INC. DBA MUIRHEAD CANNING UPDATE:

Eric Nerdin reported on the status of Sage Creek, Inc. dba Muirhead Canning.

Carolyn Meece left the meeting at 11:20 a.m.

EXECUTIVE SESSION:

Per ORS 192.660 (f) (Exempt Documents), the Oregon Investment Board moved into Executive Session at 11:23 a.m.

Regular session was reconvened at 12:04 p.m.

LOAN MODIFICATION REQUEST ACTION: VAN KESSEL, INC:

Rick Leibowitz moved to approve the loan modification request Van Kessel, Inc. as recommended by staff. Kristine Mier seconded the motion. Motion passed unanimously.

SAGE CREEK INC. DBA MUIRHEAD CANNING LOAN ACTION:

John Kasberger moved to direct staff to provide loan client with leeway until May 31, 2017 to continue working with the SBDC on financial documents to review at the June board meeting and require accrued interest to be paid current through May 31, 2017. Jack Miller seconded the motion. Motion passed with one abstention (Leibowitz).

PILOT PROJECT CONCEPT PROPOSAL:

Discussion tabled until next meeting.

ADJOURNMENT: The meeting was adjourned at 12:10 p.m.