

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

**\*\*\*\*\*Wednesday, May 17, 2017 \*\*\*\*\***

**\*\*\*\* 10:00 A.M. \*\*\*\***

Port of Hood River Meeting Room  
1000 E. Port Marina Drive  
Hood River, Oregon

<b><u>Topic</u></b>	<b><u>Time</u></b>	<b><u>Item</u></b>
Call to Order, Conflict of Interest Disclosures		
Introductions	5 minutes	Information
April 19, 2017 Minutes	5 minutes	Approval
Financial Report	5 minutes	Acceptance
Loan Request Proposal Root and Cane Vineyard Services, LLC	5 minutes	Information
<b><i>Executive Session per ORS 192.660 (f) (Exempt Documents)</i></b> <i>Regular Session Reconvened</i>		
Loan Actions	10 minutes	Decision
Funded Loans Report and Updates	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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## **Executive Session Protocol Oregon Investment Board**

After discussion agenda items are presented in open session by OIB staff, the OIB Chair will state the following: "Pursuant to ORS 192.660(f), Exempt Documents, I call the Executive session of the Oregon Investment Board to order"

OIB Chair asks all non-staff and non OIB members to leave the meeting. Staff will explain to visitors where they can wait and that they will be invited into Executive Session when their agenda item will be discussed.

For each discussion item on the agenda for Executive Session, the OIB Chair will follow the following procedural steps:

1. Invite the loan applicant (or their representative) into the Executive Session for the presentation of their loan request. OIB Chair requests a brief presentation from OIB staff on a summary of the loan proposal or other discussion item.
2. After presentation of information by staff, the OIB Chair asks if there are any questions for the loan applicant or OIB staff.
3. Following questions and discussion by the OIB, the loan applicant (and/or their representative) is asked to leave Executive Session with instruction that they will be invited into the Open session when Executive Session is adjourned.
4. OIB Chair asks OIB members if there is any discussion related to loan request that needs to take place before inviting the next loan applicant or other persons in to Executive Session for the next discussion item.
5. Additional discussion between the OIB members takes place then Steps 1-5 are repeated for each following discussion item for Executive Session.

At the end of discussion, the OIB chair will close the Executive Session. The OIB moves back to open session. At this point, the OIB Chair can ask for a motion of the decision items in open session. Open session is when the OIB can make decisions on agenda items.

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 15<sup>th</sup> 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 8<sup>th</sup> 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 1<sup>st</sup> 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 1<sup>st</sup> 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.

**Mid-Columbia Economic Development District**  
**Balance Sheet**  
As of April 30, 2017

	<u>Mar 31, 2017</u>	<u>Apr 30, 2017</u>
<b>ASSETS</b>		
<b>Current Assets</b>		
<b>Checking/Savings</b>		
1000 · Bank Demand Deposits		
1070 · National Scenic Fund	1,367,462.55	1,377,732.12
<b>Total 1000 · Bank Demand Deposits</b>	<u>1,367,462.55</u>	<u>1,377,732.12</u>
<b>Total Checking/Savings</b>	1,367,462.55	1,377,732.12
<b>Other Current Assets</b>		
1200 · Receivables & Accruals		
1202 · Accounts Receivable	0.00	283.09
1227 · Accrued Loan Interest	8,585.28	8,060.65
1229 · Structured Accts Accr'd Int		
1231 · Unrecorded Structured Accrd Int	-2,253.78	-2,419.68
1229 · Structured Accts Accr'd Int - Other	5,469.01	5,735.72
<b>Total 1229 · Structured Accts Accr'd Int</b>	<u>3,215.23</u>	<u>3,316.04</u>
<b>Total 1200 · Receivables &amp; Accruals</b>	11,800.51	11,659.78
1300 · Loans Receivable		
1370 · OIB Loans Receivable	1,506,353.41	1,497,101.15
<b>Total 1300 · Loans Receivable</b>	<u>1,506,353.41</u>	<u>1,497,101.15</u>
1500 · Allowance for Doubtful Loans		
1575 · OIB Allowance	-45,000.00	-45,000.00
<b>Total 1500 · Allowance for Doubtful Loans</b>	<u>-45,000.00</u>	<u>-45,000.00</u>
<b>Total Other Current Assets</b>	<u>1,473,153.92</u>	<u>1,463,760.93</u>
<b>Total Current Assets</b>	<u>2,840,616.47</u>	<u>2,841,493.05</u>
<b>TOTAL ASSETS</b>	<u><u>2,840,616.47</u></u>	<u><u>2,841,493.05</u></u>
<b>LIABILITIES &amp; EQUITY</b>		
<b>Liabilities</b>		
<b>Current Liabilities</b>		
<b>Accounts Payable</b>		
2010 · A/P General	8,103.75	7,683.75
<b>Total Accounts Payable</b>	<u>8,103.75</u>	<u>7,683.75</u>
<b>Total Current Liabilities</b>	<u>8,103.75</u>	<u>7,683.75</u>
<b>Total Liabilities</b>	8,103.75	7,683.75
<b>Equity</b>		
3100 · Fund Balances	2,820,760.93	2,820,760.93
Net Income	11,751.79	13,048.37
<b>Total Equity</b>	<u>2,832,512.72</u>	<u>2,833,809.30</u>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<u><u>2,840,616.47</u></u>	<u><u>2,841,493.05</u></u>

**OIB FINANCIAL SUMMARY**

REPORT PERIOD: April 2017

	TOTAL YEAR TO DATE	PREVIOUS REPORT	CURRENT ACTIVITY
<b>CASH BALANCE AS OF 06/30/16</b>	1,075,074.41		-
Less Payables	(8,736.69)		-
Plus Accounts Receivable	518.13		-
Plus Interest Receivable (Less Unrecorded Accr'd Int)	10,632.22		-
<b>ADJUSTED CASH BALANCE 06/30/16</b>	<u>1,077,488.07</u>	-	-
<b>INCOME</b>			
Interest	95,184.32	86,386.74	8,797.58
Loan Processing & Fees	5,445.45	5,445.45	-
Loan Late Fees	3,318.49	3,191.93	126.56
Misc Income			-
Invested Interest	522.86	466.67	56.19
<b>TOTAL INCOME</b>	<u>104,471.12</u>	<u>95,490.79</u>	<u>8,980.33</u>
<b>PRINCIPAL REPAYMENTS</b>	<u>291,171.71</u>	<u>281,919.45</u>	<u>9,252.26</u>
<b>REVENUE BEFORE DISBURSEMENTS</b>	395,642.83	377,410.24	18,232.59
<b>EXPENSES AND PAYMENTS</b>			
Grants Disbursed FY17	10,000.00	10,000.00	-
Loans Disbursed			-
Miscellaneous Expenses			-
Professional Services	81,422.75	73,739.00	7,683.75
<b>TOTAL EXPENSES AND PAYMENTS</b>	<u>91,422.75</u>	<u>83,739.00</u>	<u>7,683.75</u>
<b>ADJUSTED CASH BALANCE</b>	<u>1,381,708.15</u>	<u>293,671.24</u>	<u>10,548.84</u>
<b>LESS:</b>			
Approved Grants not Disbursed			
Approved Loans not yet Disbursed	(24,500.00)		
Interest Receivable at Period End			
<b>AVAILABLE TO GRANT/LOAN</b>	<u>1,357,208.15</u>		
<b>STRUCTURED ACCRUED LOAN INTEREST</b>			
Current Period	2,521.52		
Prior Year Balance	2,947.49		
<b>TOTAL STRUCTURED ACCRUED LOAN INTEREST</b>	<u>5,469.01</u>		
<b>LOANS RECEIVABLE BALANCE</b>	<u>1,497,101.15</u>		
<b>PROOF:</b>			
Cash Balance After Reconciliations	1,377,732.12		
Plus A/R (Deposit Error)	283.09		
Less Payables	(7,683.75)		
Plus Interest Receivable (Includes Structured Accr'd Int)	11,376.69		
<b>ADJUSTED CASH BALANCE</b>	<u>1,381,708.15</u>		

REPORT GENERATED BY: Sherry Wickert

OREGON INVESTMENT BOARD  
DISTRIBUTIONS OF GRANTS & LOANS APPROVED

Report Period: APRIL 2017

Grants	Date Approved	Expiration Date	Grant	Previous Distribution	Current Distribution	Expired/Not Utilized	Amount Remaining
			-	-	-	-	-
<b>Total</b>			-	-	-	-	-

Loans Approved/Funded	Date Approved	Expiration	Original Loan	Previous Distribution	Current Distribution	Expired/Not Utilized	Amount Remaining
Celilo Paddle Co	4/19/2017		24,500.00				24,500.00
							-
<b>Total</b>			24,500.00	-	-	-	24,500.00

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05/05/17

Accrual Basis

**Mid-Columbia Economic Development District**  
**Profit & Loss by Class**  
**July 2016 through April 2017**

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	<u>E975 NSA</u>	<u>TOTAL</u>
<b>Ordinary Income/Expense</b>		
<b>Income</b>		
4600 · Loan Interest	95,184.32	95,184.32
4700 · Loan Processing Fees	5,445.45	5,445.45
4710 · Loan Late Fee	3,318.49	3,318.49
4750 · Investment Interest	522.86	522.86
<b>Total Income</b>	<u>104,471.12</u>	<u>104,471.12</u>
<b>Gross Profit</b>	104,471.12	104,471.12
<b>Expense</b>		
6400 · Professional Services	81,422.75	81,422.75
6950 · Grants Disbursed	10,000.00	10,000.00
<b>Total Expense</b>	<u>91,422.75</u>	<u>91,422.75</u>
<b>Net Ordinary Income</b>	<u>13,048.37</u>	<u>13,048.37</u>
<b>Net Income</b>	<u><u>13,048.37</u></u>	<u><u>13,048.37</u></u>