

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

**\*\*\*\*\*Wednesday, July 19, 2017 \*\*\*\*\***

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

Hood River Library Meeting Room  
501 State Street  
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
June 21, 2017 Minutes	5 minutes	Approval
Officer Elections	5 minutes	Decision
Financial Report	5 minutes	Acceptance
Loan Request Proposal Bent River, LLC	5 minutes	Information
Loan Modification Request: Sage Creek Inc. dba Muirhead Canning	5 minutes	Information
<b><i>Executive Session per ORS 192.660 (f) (Exempt Documents)</i></b> <b><i>Regular Session Reconvened</i></b>		
Loan Actions	10 minutes	Decision
Funded Loans Report and Updates	5 minutes	Information
Pilot Program Proposal	10 minutes	Discussion
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**

Wednesday, June 21, 2017  
MCEDD Office  
515 East 2<sup>nd</sup> Street, The Dalles  
1:00 p.m.

**ATTENDANCE:**

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

Absent: Tammy Miller and John Kasberger

Staff: Amanda Hoey (teleconference), Sherry Bohn and Eric Nerdin.

Guests: Martin Schwarzbach (Bent River, Inc.) and Russell Loughmiller (Sage Creek, Inc. dba Muirhead Canning Company)

**CALL TO ORDER:**

Rick Leibowitz called the meeting to order at 1:00 p.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. Rick Leibowitz noted a conflict of interest regarding Bent River and Muirhead Canning Company. A round table of introductions took place.

**MAY 17, 2017 MINUTES**

Jack Miller moved to approve the minutes from May 17, 2017 as presented. Jill Amery seconded the motion. Motion passed with one abstention (Southgate).

**FINANCIAL REPORT:**

Amanda Hoey provided the financial report for the period ending May 31, 2017. She reported that the loan to Celilo Paddle Company in the amount of \$24,500 had been funded. She also reported that there was one approved loan to Root & Cane Vineyard Services in the amount of \$63,000 outstanding at this time. Amanda reported that the amount Available to Grant/Loan was \$1,321,610.44.

*Rick Leibowitz asked if the loan to Root and Cane Vineyard Services was expected to be funded soon. Eric Nerdin stated that it was.*

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

**LOAN REQUEST: BENT RIVER, INC:**

Eric Nerdin presented a loan request a \$55,000 from Bent River, Inc. to obtain working capital for a start-up restaurant business in the Dalles, OR.

**EXECUTIVE SESSION:**

Per ORS 192.660 (f) (Exempt Documents), the Oregon Investment Board moved into Executive Session at 1:10 p.m.

Regular session reconvened at 1:34 p.m.

**LOAN REQUEST DECISION: BENT RIVER, INC:**

Jack Miller moved to deny the loan. Motion died for lack of a second.

*Kristine Meir stated that she was uncomfortable with the collateralization percentage.*

**EXECUTIVE SESSION:**

Per ORS 192.660 (f) (Exempt Documents), the Oregon Investment Board moved into Executive Session at 1:36 p.m.

Regular session reconvened at 1:52 p.m.

**LOAN REQUEST DECISION: BENT RIVER, INC:**

Jack Miller moved to table the loan until the next OIB meeting in order to allow the client to produce more information on sales. Kristine Miller seconded the motion. Motion passed with one abstention (Leibowitz).

Jill Amery left the meeting at 1:54 p.m.

**LOAN DEFAULT ACTION: SAGE CREEK, INC. dba MUIRHEAD CANNING COMPANY:**

Eric Nerdin presented a loan update on Sage Creek, Inc. dba Muirhead Canning Company and requested the OIB provide direction on next steps regarding Sage Creek, Inc.'s defaulted OIB loan.

**EXECUTIVE SESSION:**

Per ORS 192.660 (f) (Exempt Documents), the Oregon Investment Board moved into Executive Session at 1:55 p.m.

Regular session reconvened at 2:07 p.m.

**LOAN DEFAULT ACTION DECISION: SAGE CREEK, INC. dba MUIRHEAD CANNING COMPANY:**

Jack Miller moved to provide the client another month of leeway working with the SBDC on financial documents to review at the next board meeting. During any period of leeway, the loan

client is required to make at least accrued interest only payments on 15th of each month during an approved leeway period. Kristine Meir seconded the motion. Motion passed with one abstention (Leibowitz).

**HOOD RIVER LEARNING CENTER UPDATE**

Amanda presented an update on the status of the Hood River Learning Center.

**EXECUTIVE SESSION:**

Per ORS 192.660 (h) (Litigation), the Oregon Investment Board moved into Executive Session at 2:10 p.m.

Regular session reconvened at 2:15 p.m.

**OTHER NEW BUSINESS:**

Rick Leibowitz asked about further development of the Pilot Program concept. Eric Nerdin stated that he had held conversations with both Rick and Jill about the program and presentation to the board is pending further conversation with these board members.

**ADJOURNMENT:** The meeting was adjourned at 2:17 p.m.

**OIB FINANCIAL SUMMARY**

REPORT PERIOD: JUNE 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	113,023.91	104,315.37	8,708.54
Loan Processing & Fees	5,054.27	5,054.27	-
Loan Late Fees	3,766.89	3,364.90	401.99
Misc Income			-
Invested Interest	638.62	581.08	57.54
<b>TOTAL INCOME</b>	<u>122,483.69</u>	<u>113,315.62</u>	<u>9,168.07</u>
<b>PRINCIPAL REPAYMENTS</b>	<u>342,698.75</u>	<u>331,751.60</u>	<u>10,947.15</u>
<b>REVENUE BEFORE DISBURSEMENTS</b>	465,182.44	445,067.22	20,115.22
<b>EXPENSES AND PAYMENTS</b>			
Grants Disbursed FY17	10,000.00	10,000.00	-
Loans Disbursed	24,500.00	24,500.00	-
Miscellaneous Expenses			-
Professional Services	96,395.39	88,518.14	7,877.25
<b>TOTAL EXPENSES AND PAYMENTS</b>	<u>130,895.39</u>	<u>123,018.14</u>	<u>7,877.25</u>
<b>ADJUSTED CASH BALANCE</b>	<u>1,411,775.12</u>	<u>322,049.08</u>	<u>12,237.97</u>
<b>LESS:</b>			
Approved Grants not Disbursed			
Approved Loans not yet Disbursed	(63,000.00)		
Interest Receivable at Period End	(7,206.16)		
<b>AVAILABLE TO GRANT/LOAN</b>	<u>1,341,568.96</u>		
<b>STRUCTURED ACCRUED LOAN INTEREST</b>			
Current Period	2,757.01		
Prior Year Balance	3,520.14		
<b>TOTAL STRUCTURED ACCRUED LOAN INTEREST</b>	<u>6,277.15</u>		
<b>LOANS RECEIVABLE BALANCE</b>	<u>1,470,074.11</u>		
<b>PROOF:</b>			
Cash Balance After Reconciliations	1,412,446.21		
Less Payables	(7,877.25)		
Plus Interest Receivable (Includes Structured Accr'd Int)	7,206.16		
<b>ADJUSTED CASH BALANCE</b>	<u>1,411,775.12</u>		

REPORT GENERATED BY: Sherry Wickert

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

	May 31, 2017	June 30, 2017
<b>ASSETS</b>		
<b>Current Assets</b>		
<b>Checking/Savings</b>		
1000 · Bank Demand Deposits		
1070 · National Scenic Fund	1,392,733.33	1,412,446.21
<b>Total 1000 · Bank Demand Deposits</b>	1,392,733.33	1,412,446.21
<b>Total Checking/Savings</b>	1,392,733.33	1,412,446.21
<b>Other Current Assets</b>		
1200 · Receivables & Accruals		
1202 · Accounts Receivable	0.00	0.00
1227 · Accrued Loan Interest	11,506.38	3,686.02
1229 · Structured Accts Accr'd Int		
1231 · Unrecorded Structured Accrd Int	-2,591.11	-2,757.01
1229 · Structured Accts Accr'd Int - Other	6,011.44	6,277.15
<b>Total 1229 · Structured Accts Accr'd Int</b>	3,420.33	3,520.14
<b>Total 1200 · Receivables &amp; Accruals</b>	14,926.71	7,206.16
1300 · Loans Receivable		
1370 · OIB Loans Receivable	1,481,021.26	1,470,074.11
<b>Total 1300 · Loans Receivable</b>	1,481,021.26	1,470,074.11
1500 · Allowance for Doubtful Loans		
1575 · OIB Allowance	-45,000.00	-45,000.00
<b>Total 1500 · Allowance for Doubtful Loans</b>	-45,000.00	-45,000.00
<b>Total Other Current Assets</b>	1,450,947.97	1,432,280.27
<b>Total Current Assets</b>	2,843,681.30	2,844,726.48
<b>TOTAL ASSETS</b>	2,843,681.30	2,844,726.48
<b>LIABILITIES &amp; EQUITY</b>		
<b>Liabilities</b>		
<b>Current Liabilities</b>		
<b>Accounts Payable</b>		
2010 · A/P General	8,122.89	7,877.25
<b>Total Accounts Payable</b>	8,122.89	7,877.25
<b>Total Current Liabilities</b>	8,122.89	7,877.25
<b>Total Liabilities</b>	8,122.89	7,877.25
<b>Equity</b>		
3100 · Fund Balances	2,820,760.93	2,820,760.93
Net Income	14,797.48	16,088.30
<b>Total Equity</b>	2,835,558.41	2,836,849.23
<b>TOTAL LIABILITIES &amp; EQUITY</b>	2,843,681.30	2,844,726.48

OREGON INVESTMENT BOARD  
DISTRIBUTIONS OF GRANTS & LOANS APPROVED

Report Period: JUNE 2017

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

Loans Approved/Funded	Date Approved	Expiration	Original Loan	Previous Distribution	Current Distribution	Expired/Not Utilized	Amount Remaining
Root & Cane Vineyard Services	5/12/2017		63,000.00				63,000.00
Total			63,000.00	-	-	-	63,000.00





## Concept | Revolving Loan Funds for Small Business

### Concept

Allocate \$250,000 of OIB funds for a pilot program with a streamlined application process, low documentation, minimal insurance requirements, ingrained small business counseling and performance incentives.

### Basic Terms

- **Maximum Loan Amount:** \$60,000<sup>1</sup>
- **Eligible Applicant Types:** Entrepreneurs, new business start-ups, expanding businesses and most legal business ventures.
- **Small Business Counseling Support:** Loan applicants required to obtain counseling through SCORE or SBDC.
- **Increased Flexibility in Loan Requirements:** Minimum 5% applicant funds, with up to 95% OIB loan. Other criteria as determined by the Board.
- **Interest Rate:** Loans within in this pilot program may begin with higher interest rates and pre-payment penalties to offset the increased risk, but interest rates may be lowered and pre-payment penalties phased out based on individual loan performance.
- **Low Documentation:** Only requires basic application, credit report, references and other required application forms. Minimal supporting documentation, such as tax returns, financial statements and P & L forecasting.
- **Minimal Insurance Requirements:** Basic insurance on collateral and business required; life insurance assignments may be waived.

### Online Presence

With rapidly increasing market share, online lenders provide about 20% of small business lending<sup>2</sup>. To benefit from this trend, this pilot project could be highlighted on OIB and MCEDD websites and have a small budget for social media and other online advertising.

### Promotion

Brochures for this program could be circulated through MCEDD/OIB referral network and economic development partners. There could be increased and ongoing utilization of public service announcements (PSAs).

### Topics for Discussion

- Additional marketing ideas.
- Expedited decision process.
- Lower collateralization.

1- Studies show that approximately 44% of all small business lending is through loans of \$50,000 or less.  
2- According to Harvard Business School's State of Small Business Lending Report, Working Paper 17-042 from 2016.