

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

*******Monday, August 14, 2017 *******

****** 5:30 PM ******

Sedition Brewing “Green Room”
208 Laughlin Street, The Dalles, OR

<u>Topic</u>	<u>Time</u>	<u>Item</u>
Call to Order; Introductions	5 minutes	Information
July 19, 2017 Minutes	5 minutes	Approval
Financials	5 minutes	Acceptance
Grant Application: CGCC	15 minutes	Decision
Pilot Program Proposal and Outreach	30 minutes	Decision
Other New Business, Good of the Order	30 minutes	Discussion
Adjournment		

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

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, July 19, 2017

Hood River Library, 501 State Street, Hood River

ATTENDANCE:

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

Absent: Rick Leibowitz

Staff: Amanda Hoey, Eric Nerdin, Sherry Wickert

CALL TO ORDER:

John Kasberger called the meeting to order at 10:00 am. A quorum was present.

CONFLICT OF INTEREST POLICY AND INTRODUCTIONS:

John Kasberger 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

Jill Amery noted corrections to the minutes in relation to Kristine Mier's name as listed under the motion on Bent River and staff noted the corrections to spelling of Kristine's name throughout the minutes. John Southgate moved to approve the minutes from June 21, 2017 with the corrections as noted. Jack Miller seconded the motion. Motion passed with one abstention (Jill Amery).

ELECTION OF OFFICERS

Amanda Hoey stated that this meeting includes the annual election of officers. Positions include chair, vice-chair and secretary/treasurer. She stated that Rick Leibowitz requested to step down as chair given the increasing number of potential conflicts of interest created by joint SBDC-OIB loan clients.

John Kasberger moved to nominate Jack Miller as chair. John Southgate seconded the motion. Motion passed unanimously.

Jill Amery moved to nominate John Kasberger as vice-chair. Jack Miller seconded the motion. Motion passed unanimously.

John Kasberger moved to nominate Kristine Mier as secretary-treasurer. Jack Miller seconded the motion. Motion passed unanimously.

FINANCIAL REPORT:

Sherry Wickert presented the June financial report, highlighting interest received and the available to grant/loan balance of \$1,341,568.96. She stated that these are preliminary

figures and will be adjusted for year-end changes with the audit. She noted that the audit is scheduled for October 9-12, 2017 and noted her anticipated retirement schedule.

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

Jack Miller moved to accept the financials as presented. Kristine Mier seconded the motion. Motion passed unanimously.

LOAN REQUEST: BENT RIVER, INC:

Eric Nerdin presented a loan request from Bent River, Inc to obtain working capital for start-up of a restaurant business in The Dalles, OR.

EXECUTIVE SESSION:

Per ORS 192.660 (f) (Exempt Documents), the Oregon Investment Board moved into Executive Session at 10:11 a.m.

Regular session reconvened at 10:55 a.m.

LOAN REQUEST DECISION: BENT RIVER, INC

Kristine Mier moved to approve a loan to Bent River, Inc at 80% of collateral valuation (per policy) and with a five year term, with payments structured to adjust for seasonality. John Southgate seconded the motion. Motion passed with one abstention (Tammy Miller).

Terms:

- Loan amount: \$ 45,494
- Interest Rate: 9.5%
- Loan Term: 60 months
- Loan Fees: 1.5% of the total loan amount (\$682.41)
- Collateral and Conditions: As presented in the staff report.

LOAN MODIFICATION REQUEST: SAGE CREEK, INC DBA MUIRHEAD CANNING

Eric Nerdin presented a loan modification request from Sage Creek, Inc.

EXECUTIVE SESSION:

Per ORS 192.660 (f) (Exempt Documents), the Oregon Investment Board moved into Executive Session at 10:58 a.m.

Regular session reconvened at 11:12 a.m.

LOAN MODIFICATION REQUEST DECISION: SAGE CREEK INC

Jack Miller moved to approve the loan request as recommended by staff with the inclusion of the additional language on condition #4 that a default interest rate would also be instituted if other

terms and conditions of the loan were not met. Tammy Miller seconded the motion. Motion passed unanimously.

Discussion: The Board noted the history of the client's payments and financial reporting. The board indicated that a collections process would be more aggressively pursued in a default situation in the future.

PILOT CONCEPT PROPOSAL

Eric Nerdin presented a concept for a pilot program for the OIB, highlighting his conversations with Jill Amery and Rick Leibowitz in the creation of draft parameters for the program. Amanda Hoey reviewed the intent of a potential pilot program.

Discussion: Jack Miller questioned if the pilot would increase the presence/exposure of the OIB at a level sufficient to offset the added risk. Jill Amery inquired as to whether or not the program would fill a market need. John Kasberger reviewed a set of other microloan programs, but noted that if Rick has a line of referrals then it could succeed. Tammy Miller questioned the maximum loan amount and discussed consideration of a lower loan amount. She asked if collateral would be required. Eric Nerdin replied that, yes, collateral would be a requirement. John Kasberger stated a preference to remove the pre-payment penalty as it is a barrier to a client achieving the goals of the OIB program, which include graduating to other financing. John Kasberger requested revisiting the RLF plan and, if the pilot program is approved, integrating the pilot program to policy. He asked if it would take away from staff time in other program areas and Amanda Hoey noted that it was not a trade-off as there is a solid base of funds currently available to lend. The Board noted a desire for Rick Leibowitz to attend in order to provide direct input as well before moving forward on a pilot.

The Board agreed to have a special meeting and summer social to discuss the pilot concept in further detail and come to consensus.

ADJOURNMENT: Having no other new business, the meeting was adjourned at 11:38 a.m.

Respectfully submitted by Amanda Hoey, Executive Director

OIB FINANCIAL SUMMARY
REPORT PERIOD: JULY 2017

	TOTAL YEAR TO DATE	PREVIOUS REPORT	CURRENT ACTIVITY
CASH BALANCE AS OF 06/30/17	1,412,446.21		-
Less Payables	(7,877.25)		-
Plus Accounts Receivable	-		-
Plus Interest Receivable (Less Unrecorded Accr'd Int)	7,206.16		-
ADJUSTED CASH BALANCE 06/30/17	1,411,775.12	-	-
INCOME			
Interest	8,925.83		8,925.83
Loan Processing & Fees			-
Loan Late Fees	173.16		173.16
Misc Income			-
Invested Interest	60.25		60.25
TOTAL INCOME	9,159.24	-	9,159.24
PRINCIPAL REPAYMENTS	11,444.36		11,444.36
REVENUE BEFORE DISBURSEMENTS	20,603.60	-	20,603.60
EXPENSES AND PAYMENTS			
Grants Disbursed FY18			-
Loans Disbursed			-
Miscellaneous Expenses			-
Professional Services	7,683.75		7,683.75
TOTAL EXPENSES AND PAYMENTS	7,683.75	-	7,683.75
ADJUSTED CASH BALANCE	1,424,694.97	-	12,919.85
LESS:			
Approved Grants not Disbursed	-		
Approved Loans not yet Disbursed	(108,494.00)		
Interest Receivable at Period End	(8,248.15)		
AVAILABLE TO GRANT/LOAN	1,307,952.82		
STRUCTURED ACCRUED LOAN INTEREST			
Current Period	2,928.44		
Prior Year Balance	3,624.43		
TOTAL STRUCTURED ACCRUED LOAN INTEREST	6,552.87		
LOANS RECEIVABLE BALANCE	1,458,629.75		
PROOF:			
Cash Balance After Reconciliations	1,432,007.82		
Less Payables	(15,561.00)		
Plus Interest Receivable (Includes Structured Accr'd Int)	8,248.15		
ADJUSTED CASH BALANCE	1,424,694.97		

REPORT GENERATED BY: Sherry Wickert

Mid-Columbia Economic Development District
Balance Sheet
As of July 31, 2017

	June 30, 2017	July 31, 2017
ASSETS		
Current Assets		
Checking/Savings		
1000 · Bank Demand Deposits		
1070 · National Scenic Fund	1,412,446.21	1,432,007.82
Total 1000 · Bank Demand Deposits	1,412,446.21	1,432,007.82
Total Checking/Savings	1,412,446.21	1,432,007.82
Other Current Assets		
1200 · Receivables & Accruals		
1202 · Accounts Receivable	0.00	0.00
1227 · Accrued Loan Interest	3,686.02	4,623.72
1229 · Structured Accts Accr'd Int		
1231 · Unrecorded Structured Accrd Int	-2,757.01	-2,928.44
1229 · Structured Accts Accr'd Int - Other	6,277.15	6,552.87
Total 1229 · Structured Accts Accr'd Int	3,520.14	3,624.43
Total 1200 · Receivables & Accruals	7,206.16	8,248.15
1300 · Loans Receivable		
1370 · OiB Loans Receivable	1,470,074.11	1,458,629.75
Total 1300 · Loans Receivable	1,470,074.11	1,458,629.75
1500 · Allowance for Doubtful Loans		
1575 · OIB Allowance	-45,000.00	-45,000.00
Total 1500 · Allowance for Doubtful Loans	-45,000.00	-45,000.00
Total Other Current Assets	1,432,280.27	1,421,877.90
Total Current Assets	2,844,726.48	2,853,885.72
TOTAL ASSETS	2,844,726.48	2,853,885.72
LIABILITIES & EQUITY		
Liabilities		
Current Liabilities		
Accounts Payable		
2010 · A/P General	7,877.25	15,561.00
Total Accounts Payable	7,877.25	15,561.00
Total Current Liabilities	7,877.25	15,561.00
Total Liabilities	7,877.25	15,561.00
Equity		
3100 · Fund Balances	2,820,760.93	2,836,849.23
Net Income	16,088.30	1,475.49
Total Equity	2,836,849.23	2,838,324.72
TOTAL LIABILITIES & EQUITY	2,844,726.48	2,853,885.72

Mid-Columbia Economic Development District
Profit & Loss by Class
July 2017

	<u>E975 NSA</u>	<u>TOTAL</u>
Ordinary Income/Expense		
Income		
4600 · Loan Interest	8,925.83	8,925.83
4700 · Loan Processing Fees	0.00	0.00
4710 · Loan Late Fee	173.16	173.16
4750 · Investment Interest	60.25	60.25
Total Income	<u>9,159.24</u>	<u>9,159.24</u>
Gross Profit	9,159.24	9,159.24
Expense		
6400 · Professional Services		
6410 · Legal Services	0.00	0.00
6450 · Other Professional Service	7,683.75	7,683.75
6500 · Filing Fees	0.00	0.00
Total 6400 · Professional Services	<u>7,683.75</u>	<u>7,683.75</u>
Total Expense	<u>7,683.75</u>	<u>7,683.75</u>
Net Ordinary Income	<u>1,475.49</u>	<u>1,475.49</u>
Net Income	<u><u>1,475.49</u></u>	<u><u>1,475.49</u></u>

OREGON INVESTMENT BOARD
DISTRIBUTIONS OF GRANTS & LOANS APPROVED

Report Period: JULY 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
Bent River LLC	7/19/2017		45,494.00				45,494.00
Total			108,494.00	-	-	-	108,494.00

Staff Report

Date: August 7, 2017

To: Oregon Investment Board

From: Jacque Schei, MCEDD Project Manager

Re: Columbia Gorge Community College Food & Beverage Feasibility Study

Project Description

The Columbia Gorge Community College (CGCC) Food and Beverage Collaboration will explore areas of needed skills that will support expanding industries in the regional economy. They are seeking a \$5,000 grant from the Oregon Investment Board to leverage other funding to conduct a feasibility study that will inform CGCC's academic and facility planning with a focus on the food and beverage industry and its supply chain sectors. CGCC's goals are to explore what is needed in this and other related industries and student demand for programming, such as agricultural sciences, advanced manufacturing, restaurant operations, and fermented foods and beverages, in the College.

Since CGCC has existing assets and facilities, the feasibility planning will use hiring projections and skill sets data to inform academic planning, focusing on the food/beverage sector and manufacturing/distribution supply chain vendors. This information would also be shared with partner high schools to inform dual credit planning.

Project Budget:

Expenses	
Contracted Services: Feasibility Plan Development	\$ 40,000
Travel and Meeting Expenses	\$2,500
Total Expenses	\$42,500
Income	
OIB Grant	\$5,000
EDA Technical Assistance funds (requested)	\$22,500
Columbia Gorge Community College	\$15,000
Total Income	\$42,500

The applicant states that this project will also receive \$7,500 of in-kind support from CGCC.

Funding Priorities and Considerations – Mandatory Criteria:

- Funds will be awarded only to projects that are within the Oregon geographic boundary of the National Scenic Area. *CGCC is within Wasco County and the geographical boundaries of the National Scenic Area (NSA). This project meets the criteria for benefiting the Oregon geographic boundary of the National Scenic Area (NSA).*
- Funds will be awarded on a competitive basis of satisfaction of criteria that emphasize project feasibility and lasting economic benefit to the National Scenic Area.
- Proposed investments must be consistent within the National Scenic Area and the Management Plan and county land use ordinances for the scenic area portion of each county.
- Funds must not be used for moving business from one area to another.

Staff Analysis

CGCC has an opportunity to help food/beverage service businesses and manufacturing/distribution supply chain vendors reduce payroll expenses by lowering costs associated with training due to expenses related to hiring unskilled workers and a high turnover of employees. Having additional academic programs at a local community college will also encourage a larger portion of the region's workforce to stay in the area and be employed. That said, CGCC is looking at a thoughtful preparation of any programming by starting with a feasibility study, based on hiring projections and skill sets data.

Match to OIB Economic Vitality Plan: The project meets the investment criteria set forth within the Board's strategy. The OIB economic vitality strategy highlights fermentation science as an expanding industry with workforce development needs.

Staff recommends **approval of grant funding for the feasibility study for CGCC**. Staff recommends funding of this project be conditional upon the following:

- Confirmation of all matching funds committed must be received in advance of disbursement of OIB funds.
- OIB funds cannot be used for administration or staffing.

Staff further recommends a deadline for project completion of July 31, 2018. As per our usual protocol in writing contracts, we generally recommend providing a buffer in the timeline to allow for full completion of the project.

Attachments: CGCC grant application with attachments

Funding Goals/ Score Sheet:

Please refer to the Goals section of the applicant’s OIB Grant Proposal Form for the Goals and supporting information from the applicant. Goals being met or not as viewed by OIB staff is listed below. Only one of the first nine goals must be clearly met in order to meet funding criteria.

Goal	Yes/No
1) Creates jobs, emphasizing family wage jobs Project increases local employment. Project could increase median income/wages.	No
2) Focuses on workforce training and development Project provides or enhances education and training programs for existing businesses as well as new industries targeted for recruitment. <i>Hiring projections and needed skills sets are used to inform workforce development programs.</i>	Yes
3) Expands the economy Project helps to expand the region’s traditional economic base.	No
4) Diversifies the economy Project helps to diversify the region’s traditional economic base such as tourism, light industrial industries, and projects that are environmentally compatible and consistent with the goals of the NSA.	No
5) Increases the regions tax base Project aids in the construction or purchase of assets that will be added to the property tax base.	No
6) Sells area’s products outside the region Project assists with marketing and promotion of the region’s products and services outside the local market area.	No
7) Adds value to region’s products Project increases the potential for adding value to the region’s traditional resource-based industries (agriculture and forest products).	No
8) Helps develop new products Project helps develop and promote new value-added enterprises and products that increase local employment and incomes.	No
9) Provides support for adequate public infrastructure Project provides the gap financing necessary to complete required planning projects or construct public infrastructure.	No
10) Leverages use of available resources (a) Leverages use of available funds Project provides the needed matching funds to leverage other grants	Yes

and loans as the final financing piece.
*Matching funds from CGCC (\$15,000) and EDA technical assistance
program (\$22,500; requested)*

- (b) Provides internal resources Yes
Project offers in-kind time and the use of internal resources to ensure project
success.
In-kind time (\$7,500) to be provided by CGCC

**Oregon Economic Development Program
Terms and Conditions**

EXHIBIT A

(A) DESCRIPTION OF PROJECT:

Columbia Gorge Community College will utilize a \$5,000 grant from the Oregon Investment Board to support feasibility study for additional academic programming and facility planning.

(B) BUDGET:

Expenses	
Contracted Services: Feasibility Plan Development	\$ 40,000
Travel and Meeting Expenses	\$2,500
Total Expenses	\$42,500
Income	
OIB Grant	\$5,000
EDA Technical Assistance funds (requested)	\$22,500
Columbia Gorge Community College	\$15,000
Total Income	\$42,500

(C) Performance Measures

1. CGCC will complete the “Columbia Gorge Community College Food and Beverage Collaborative Grant” project by July 31, 2018.

(D) Other Terms & Conditions:

1. CGCC will report semi-annually to the OIB and a report (Exhibit B) is due January 31 and July 31 of each year until project completion.
2. CGCC will provide the OIB with a final report (Exhibit B) within thirty (30) days after completion of the project.
3. Confirmation of all matching funds committed must be received in advance of disbursement of OIB funds.
4. OIB funds cannot be used for administration or staffing.
5. Prior to use of these funds, the grant must be certified by the Columbia River Gorge Commission.
6. Reimbursements of OIB grant funds are to be done on a percentage basis.
7. CGCC will recognize the Columbia River Gorge National Scenic Area funds in literature, press releases, signage and news coverage when appropriate.



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:** \$60,000¹
- **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 lending². 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.