

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

*******Wednesday, September 20, 2017*****
**** 10:00 A.M. ******

Hood River County Meeting Room
601 State Street, 1st floor conference room
Hood River, Oregon

<u>Topic</u>	<u>Time</u>	<u>Item</u>
Call to Order, Conflict of Interest Disclosures		
Introductions	5 minutes	Information
August 14, 2017 Minutes	5 minutes	Approval
Financial Report	5 minutes	Acceptance
Loan Modification Request Brigham Fish Products	5 minutes	Information
<i>Executive Session per ORS 192.660 (f) (Exempt Documents)</i> <i>Regular Session Reconvened</i>		
Loan Actions	10 minutes	Decision
Loan Client Disaster Relief	15 minutes	Discussion
Federal Funding Status	15 minutes	Information
Pilot Program Status	10 minutes	Information
Funded Loans Report and Updates	5 minutes	Information
Other New Business, Good of the Order		
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 Carmen Frost 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**

Monday, August 14, 2017

Sedition Brewing, 208 Laughlin Street, The Dalles, OR

ATTENDANCE:

OIB Members: John Kasberger, Jill Amery, Jack Miller, Kristine Mier, Rick Leibowitz

Absent: Tammy Miller, John Southgate

Guests: Carolyn Meece (Business Oregon), Dan Spatz (Columbia Gorge Community College), Rachel Pawlitz (US Forest Service), Jason Hildreth (Columbia River Gorge Commission)

Staff: Amanda Hoey, Eric Nerdin, Sherry Wickert

CALL TO ORDER:

Jack Miller called the meeting to order at 5:40 pm. A quorum was present. The Board conducted a round table of introductions.

MINUTES

Kristine Mier moved to approve the minutes from July 19, 2017. Jill Amery seconded the motion. Motion passed unanimously.

FINANCIAL REPORT:

Sherry Wickert presented the July financial report, highlighting that the financials presented were not final, due to the end of year transactions. She discussed the timing of the upcoming audit in October.

Rick Leibowitz moved to accept the financials as presented. Jack Miller seconded the motion. Motion passed unanimously.

GRANT REQUEST: CGCC

Rick Leibowitz stated a conflict of interest with the CGCC grant proposal, due to his employment at the college and given that he serves on the board for Fresh Starts Culinary Arts which may submit a competing grant proposal. Kristine Mier noted her part-time contract with the CGCC SBDC which concludes in September. The information was noted as disclosed, but no conflict of interest was determined to be present for Kristine's participation in the discussion.

Amanda Hoey presented a grant request from Columbia Gorge Community College for \$5,000 for a feasibility study for the food and beverage collaboration. Dan Spatz represented the applicant entity and provided an overview of the request. He noted the change in the budget with an additional financial contribution from CGCC (from \$15,000 to \$20,000) and an increase in the expenses for the contracted services (from \$40,000 to \$45,000). He described the connection to the College's strategic mission and past history in responding to industry sector needs with education and training programs. He noted that the Executive Leadership Team is committed to the project, as demonstrated by applicant match, so any potential changes in the College President will not affect this request. Amanda described the grant application's alignment with OIB priorities and provided staff's recommendation for approval.

Discussion: Jack Miller noted the broadening of categories and asked how that could be narrowed to an effective program in a feasibility study and who could do that work. Dan Spatz noted that solicitation of contractors would occur through the Ports, Chambers, and others to identify firms and people capable of completing this work. Carolyn Meece asked how the information MCEDD has and is working on in this sector will be utilized and, with an underutilized asset in the commercial kitchen, what has changed to make it potentially successful in the future. Dan Spatz noted that the study will build on MCEDD's work. John Kasberger asked if there were any competing proposals at this time. Amanda Hoey provided an overview of other anticipated requests that align to the economic vitality plan. Kristine Mier asked for clarification on the budget. Dan Spatz reviewed the categories.

John Kasberger moved to approve the grant request to Columbia Gorge Community College as recommended by staff, with the updated budget as presented by the applicant. Jill Amery seconded the motion.

Discussion: Kristine Mier inquired about the criteria prohibiting the use of funds for administrative costs. Amanda Hoey noted that contracts for technical services are not considered administrative costs as defined in our plan and described past funded projects which have used OIB grants in a similar manner. Jack Miller noted his general reluctance for funding feasibility studies, but noted the importance of this request to clarify and respond to industry needs. John Kasberger noted that he sees potential in the industry and could see a similar level of success from this type of program as occurred with the RET program.

Motion passed with four in favor and one abstention (Rick Leibowitz).

PILOT CONCEPT PROPOSAL

Amanda Hoey and Eric Nerdin presented the concept for a pilot program for the OIB and the purpose/intent for the program. The draft had been developed through input from OIB members Jill Amery and Rick Leibowitz. The document provided in the meeting packet is the same as the prior month so changes as discussed in the prior month are not yet reflected in the written document. Amanda Hoey noted that the intention today would be to determine any changes to a pilot to be able to move it forward for release. At the next meeting, staff will bring forward modifications necessary to policy in order to implement the program as defined by the Board.

Discussion: Rick Leibowitz expounded upon his intentions with the pilot program, noting that currently there is a very narrow approval gap between what a commercial lender is willing to consider and what OIB is willing to consider and he would like to use the pilot to widen that gap and serve more businesses with financing needs. Rick noted he really wanted to see a low documentation process for quicker funding, capturing those who would otherwise turn to a credit card for financing. He noted that the low documentation is to also support OIB administration in reducing the burden for review. Rick stated that he also wanted to provide for a program for payroll liabilities to support businesses needing to remove IRS liens. Amanda Hoey noted that one of the changes made at the last meeting was to remove the pre-payment penalty. This modification should be considered incorporated into the draft for the Board's discussion and approval today. She noted that the "other criteria as determined by the board" would need to be settled today as well. Jack Miller asked if a bank denial for a project is still required. Staff responded that it was still required. Carolyn Meece discussed the programs the State of Oregon

offered that had some similar characteristics to the pilot and warned that Business Oregon staff still had difficulty defining how the business would be able to repay the loan and the businesses still could not meet underwriting criteria. She recommended providing a framework for the financial bottom line for a business to qualify. She also noted reluctance from businesses to sign personal guarantees. Rick Leibowitz stated that he did not believe the OIB should change policy in relation to guarantees and those would need to remain but he was very interested in seeing a reduction in the collateral requirements to follow the Grimean Bank model. John Kasberger noted a preference to consider, in place of collateral, positive capital on the balance sheet. Rick Leibowitz asked about how this would work for start-up businesses and John responded that they could put in at least \$1. Rick Leibowitz stated a preference for a caveat related to how local bookkeepers/accountants are recording, in that if someone puts in their own money and it is recoded as a loan to themselves, that element counts as equity. John Kasberger responded that he did not prefer that as a caveat and wants to see capital in and committed. John Kasberger and Rick Leibowitz asked about the frequency in which, during a default situation, collateral is able to be captured to pay off the balance of the loan due. Amanda Hoey responded that it is not a figure we track in dividing out payments and the OIB has limited history in this area given the types of loans made in the past but that the Board's review of proposals should be first as to whether or not they can be a successful business and collateral is intended to be security and leverage. Jack Miller noted his agreement on modifications to reducing collateral requirements. He stated that he was dubious if the program would be fully used given the State's experience. Jill Amery noted the expertise in the room for the technical discussion, but stated she could see this being effective even based on recent applicant requests. Kristine Mier noted that she liked the idea of the pilot, that she tends to take a more conservative stance in reviewing applications and appreciates inclusion of some collateral to secure a loan made with public resources. She stated a preference to lower the maximum amount of the loan in return for reducing some collateral requirements. Jack Miller noted that, per our purpose, we tend to receive challenging loans. John Kasberger inquired about the average amount of a loan. Staff noted national averages and OIB averages, but noted that OIB averages will be impacted by our program design as we receive, in some ways, what our program is designed for. Carolyn Meece noted that the program should see some loan losses if it is meeting its purpose.

Rick Leibowitz moved to adopt the Pilot Program presented by staff with the following modifications:

- A \$40,000 maximum loan amount; and
- Eligible applicant types will also include existing businesses for debt refinancing; and
- Inclusion of an underwriting requirement that a business must show growth in equity over the prior year; and
- Removal of most collateralization requirements other than a token piece of collateral that can be easily captured in the event of a default and retaining the requirement for personal guarantees.

Kristine Mier seconded the motion.

Discussion: John Kasberger noted that he was okay with the pilot as long as the OIB Board is very careful in reviewing applicants as this adds additional risk to the program. Carolyn Meece asked for clarification on the interest rate. John Kasberger noted the recommendation of a three year term which does not need to be fully amortized. Rick Leibowitz indicated that an 8-12%

interest rate was his intention. The board discussed the LIBOR reference rate, but that will be going away.

Motion passed unanimously.

OTHER NEW BUSINESS, GOOD OF THE ORDER

Rachel Pawlitz presented an update from the US Forest Service National Scenic Area. She noted the high fire risk, with complications due to the upcoming solar eclipse. She noted the status of the Gorge 2020 Management Plan review and stated that the September Gorge Commission meeting will include conversation on the framework and workplan for primary topic areas.

Jason Hildreth highlighted a discussion with staff at the US Census Bureau. They anticipate including the NSA boundary to the census files, allowing data to be captured more readily for the NSA.

Amanda Hoey highlighted Oregon Drive Less Connect Challenge taking place September 16-30, 2017. She also invited the Board to participate in the November 2nd Annual Gorge Economic Symposium which will be held in Stevenson, WA at the Hegewald Center.

The Board discussed the upcoming solar eclipse on August 21, 2017 and preparedness for the event.

ADJOURNMENT: Having no other new business, the meeting was adjourned at 7:23 pm.

Respectfully submitted by Amanda Hoey, Executive Director

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

	July 31, 2017	August 31, 2017
ASSETS		
Current Assets		
Checking/Savings		
1000 · Bank Demand Deposits		
1070 · National Scenic Fund	1,432,007.82	1,372,715.73
Total 1000 · Bank Demand Deposits	1,432,007.82	1,372,715.73
Total Checking/Savings	1,432,007.82	1,372,715.73
Other Current Assets		
1200 · Receivables & Accruals		
1202 · Accounts Receivable	0.00	0.00
1222 · Year or Grnt End Receivables	144.82	144.82
1227 · Accrued Loan Interest	4,623.72	7,395.85
1229 · Structured Accts Accr'd Int		
1231 · Unrecorded Structured Accrd Int	-2,928.44	-3,079.87
1229 · Structured Accts Accr'd Int - Other	6,453.02	6,666.84
Total 1229 · Structured Accts Accr'd Int	3,524.58	3,586.97
Total 1200 · Receivables & Accruals	8,293.12	11,127.64
1300 · Loans Receivable		
1370 · OIB Loans Receivable	1,459,609.61	1,513,093.45
Total 1300 · Loans Receivable	1,459,609.61	1,513,093.45
1475 · OIB Holding		-1,928.86
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	1,422,902.73	1,479,221.09
Total Current Assets	2,854,910.55	2,850,007.96
TOTAL ASSETS	2,854,910.55	2,850,007.96
LIABILITIES & EQUITY		
Liabilities		
Current Liabilities		
Accounts Payable		
2010 · A/P General	16,101.00	7,683.75
Total Accounts Payable	16,101.00	7,683.75
Total Current Liabilities	16,101.00	7,683.75
Total Liabilities	16,101.00	7,683.75
Equity		
3100 · Fund Balances	2,837,334.06	2,837,334.06
Net Income	1,475.49	4,990.15
Total Equity	2,838,809.55	2,842,324.21
TOTAL LIABILITIES & EQUITY	2,854,910.55	2,850,007.96

OIB FINANCIAL SUMMARY

REPORT PERIOD: AUG 2017

	TOTAL YEAR TO DATE	PREVIOUS REPORT	CURRENT ACTIVITY
CASH BALANCE AS OF 06/30/17	1,412,446.21		-
Less Payables	(8,417.25)		-
Plus Accounts Receivable	144.82		-
Plus Interest Receivable (Less Unrecorded Accr'd Int)	7,106.31		-
ADJUSTED CASH BALANCE 06/30/17	1,411,280.09	-	-
INCOME			
Interest	19,122.71	9,998.19	9,124.52
Loan Processing & Fees	988.16	21.00	967.16
Loan Late Fees	126.75	126.75	-
Holding Account	1,928.86		1,928.86
Invested Interest	120.03	60.25	59.78
TOTAL INCOME	22,286.51	10,206.19	12,080.32
PRINCIPAL REPAYMENTS	20,960.52	11,444.36	9,516.16
REVENUE BEFORE DISBURSEMENTS	43,247.03	21,650.55	21,596.48
EXPENSES AND PAYMENTS			
Grants Disbursed FY18			-
Loans Disbursed	63,000.00		63,000.00
Miscellaneous Expenses			-
Professional Services	15,367.50	7,683.75	7,683.75
TOTAL EXPENSES AND PAYMENTS	78,367.50	7,683.75	70,683.75
ADJUSTED CASH BALANCE	1,376,159.62	13,966.80	(49,087.27)
LESS:			
Approved Grants not Disbursed	-		
Approved Loans not yet Disbursed	(45,494.00)		
Interest Receivable at Period End	(10,982.82)		
AVAILABLE TO GRANT/LOAN	1,319,682.80		
STRUCTURED ACCRUED LOAN INTEREST			
Current Period	3,586.97		
Prior Year Balance	3,079.87		
TOTAL STRUCTURED ACCRUED LOAN INTEREST	6,666.84		
LOANS RECEIVABLE BALANCE	1,513,093.45		
PROOF:			
Cash Balance After Reconciliations	1,372,715.73		
Plus Accounts Receivable	144.82		
Less Payables	(7,683.75)		
Plus Interest Receivable (Includes Structured Accr'd Int)	10,982.82		
ADJUSTED CASH BALANCE	1,376,159.62		

REPORT GENERATED BY: Sherry Wickert

1:27 PM

09/12/17

Accrual Basis

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

	<u>E975 NSA</u>	<u>TOTAL</u>
Ordinary Income/Expense		
Income		
4600 · Loan Interest	19,122.71	19,122.71
4700 · Loan Processing Fees	966.00	966.00
4705 · Loan Filing Fees	22.16	22.16
4710 · Loan Late Fee	126.75	126.75
4750 · Investment Interest	120.03	120.03
Total Income	<u>20,357.65</u>	<u>20,357.65</u>
Gross Profit	20,357.65	20,357.65
Expense		
6400 · Professional Services		
6410 · Legal Services	0.00	0.00
6450 · Other Professional Service	15,367.50	15,367.50
6500 · Filing Fees	0.00	0.00
Total 6400 · Professional Services	<u>15,367.50</u>	<u>15,367.50</u>
Total Expense	<u>15,367.50</u>	<u>15,367.50</u>
Net Ordinary Income	<u>4,990.15</u>	<u>4,990.15</u>
Net Income	<u><u>4,990.15</u></u>	<u><u>4,990.15</u></u>

OREGON INVESTMENT BOARD
DISTRIBUTIONS OF GRANTS & LOANS APPROVED

Report Period: AUG 2017

Grants	Date Approved	Expiration Date	Grant	Previous Distribution	Current Distribution	Expired/Not Utilized	Amount Remaining
CGCC	8/14/2017	7/31/2018	5,000.00				5,000.00
Total			5,000.00	-	-	-	5,000.00

Loans Approved/Funded	Date Approved	Expiration Date	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	-	-

Memorandum

Date: September 14, 2017
To: Oregon Investment Board
From: Eric Nerdin, MCEDD Loan Fund Manager
Re: Loan Client Disaster Relief

Overview

Several of OIB's loan clients' businesses are or may be negatively impacted by the fire that is burning in the Columbia River Gorge. With extended closures of I-84 and much of Highway 14 closed to truck traffic, some businesses are closed, some are operating at minimal levels and others are impacted by their distribution channels changing. Closed loan client businesses are unable to generate the revenues need to support fixed business expenses for multiple weeks. Many of these fixed expenses do not have flexibility in payment requirements. August traditionally is a strong sales month for gorge business reliant on tourism for its customers and provides business with needed cash reserves. Future impacts are also expected in dealing with potential landslides along I-84 that could impact future travel. Flexibility in OIB loan payment requirements will go a long ways to helping these businesses survive.

Request

OIB staff is seeking two items from the Loan Administration Board:

- 1) Direction on payment relief that can be proactively offered to OIB loan clients.
- 2) Discussion of other proactive options or manners in which our resources can be best used to support local businesses in managing through natural disasters.

Recommendation

Recommended Option: Authorize OIB staff to provide payment relief options to OIB loan clients without additional approval by the OIB with specific options included and/or flexibility provided to staff.

These authorized options could include:

- Loan payment deferrals with interest capitalized to loan principal for up to 12 months.
- Interest only payments for up to 12 months.
- Waiving of late fees for up to 12 months, if agreed upon monthly payments are made on time.
- Loan amount increases with collateralization of at least 125% for amounts over \$7,500 and at least 75% collateralization for amounts \$7,500 or less.
- Short term working capital loans up to \$7,500 with up to 30 month repayment period and 5 to 7% annual interest rates and no loan fees with at least 75% collateralization
- Other options as approved by the OIB.