

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

*******Wednesday, October 18, 2017 *******

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

Hood River Library Meeting Room
501 State Street
Hood River, Oregon

<u>Topic</u>	<u>Time</u>	<u>Item</u>
Call to Order, Conflict of Interest Disclosures		
Introductions	5 minutes	Information
September 20, 2017 Minutes	5 minutes	Approval
Financial Report	5 minutes	Acceptance
Loan Requests: Diesel Athletics, LLC A Home Sweet Home Elder Care, Inc	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 Status: Hood River Learning Center	5 minutes	Information
<i>Executive Session per ORS 192.660 (h) (Litigation)</i> <i>Regular Session Reconvened</i>		
Loan Actions	10 minutes	Decision
Pilot Program/Disaster Relief Program Status	5 minutes	Discussion
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.

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

Wednesday, September 20, 2017
Hood River County Meeting Room
601 State Street, 1st floor conference room
Hood River, Oregon

ATTENDANCE:

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

Absent: John Southgate

Staff: Amanda Hoey, Sherry Wickert, Eric Nerdin, Carmen Frost

Guests: Jason Hildreth, Columbia River Gorge Commission, Carolyn Meece, Business Oregon

CALL TO ORDER:

Jack Miller called the meeting to order at 10:05 am. A quorum was present.

CONFLICT OF INTEREST POLICY AND INTRODUCTIONS:

Jack Miller 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

Kristine Mier moved to approve the minutes from August 14, 2017, as presented. John Kasberger seconded the motion. Motion passed unanimously.

FINANCIAL REPORT:

Sherry Wickert presented the financial report for the period ending August 2017 and noted \$1,319,682.80 is available to grants and loans. She reported Root and Cane has been funded at \$63,000. She stated that the audit starts next month on October 9. The preliminary audit work is complete and she does not anticipate any changes.

Sherry highlighted the new holding account and noted it was due to a software issue related to the Sage Creek loan.

Kristine Mier moved to accept the financials as presented. Rick Leibowitz seconded the motion. Motion passed unanimously.

LOAN MODIFICATION REQUEST: Brigham Fish Products

Eric Nerdin presented a loan deferral request for Brigham Fish Products. They are requesting a deferral on their October 15, 2017 payment due to lost revenue as a result of the Columbia River Gorge fire and freeway closure.

EXECUTIVE SESSION:

Per ORS 192.660 (f) (Exempt Documents), the Oregon Investment Board moved into Executive Session at 10:12 am

Regular session reconvened at 10:23 a.m.

LOAN REQUEST DECISION: Brigham Fish Products

John Kasberger moved to approve the deferral of the monthly loan payment due on 10-15-2017 and to further authorize OIB staff to defer or lower additional monthly payments for up to an additional 6 months if the negative economic impact of the fire on the business continues. This will not extend the repayment term of this loan, but will increase the balloon payment due at the end of the loan repayment period. Accrued interest will be capitalized to the loan principal for each month the loan payment is deferred. Rick Leibowitz seconded the motion.

Discussion: the committee discussed the company providing their financials, and staff noted that that is required of all loans.

Motion passed unanimously.

LOAN CLIENT DISASTER RELIEF

Eric Nerdin explained that currently, several of OIB loan clients' businesses were (or may be) negatively impacted by the fire that is burning in the Columbia River Gorge, and provided an overview of the Loan Client Disaster Relief plan.

Discussion: Rick Leibowitz commented that this is an opportunity for OIB to step up in the event that SBA dollars are not available, and to model some of the terms after that program. There was a general discussion regarding the maximum loan amount and deciding if it would be based on two (2) months of fixed operating expenses or two (2) months of all operating expenses, with a preference for the latter. The board discussed if this relief would be available for only this disaster or more broadly applicable. The latter was preferred. John Kasberger highlighted standard commercial lending options for clients. He discussed the option for skip payments. Discussion included how to make it also applicable to new businesses, with allowance for demonstration of loss of revenue based upon comparison of the business's prior month to current month financials. Rick Leibowitz noted the need for the board to maintain awareness that reductions in loan interest rates for clients also impacts OIB's ability to operate. In this case, it is balanced by including shorter terms on the loans and smaller loan amounts. The board stated a preference that the program would not be marketed but would be responsive to needs. There was a discussion on also including an interest-only option for the following season. The board determined that they would review these options based on client requests but not provide an automatic interest-only payment period for the following season. The board indicated that they would remain open to the conversation.

John Kasberger moved to authorize staff to provide relief to existing clients of the Oregon Investment Board experiencing an emergency by allowing up to two (2) months of skipped loan

payments. Staff is authorized to provide this loan payment relief if the following program parameters are met:

- The client must be current on all conditions of the loan agreement; and
- Payment relief request from the client must be for an adverse business impact due to an emergency such as a natural disaster, family death or severe illness, or other circumstances as staff deems constitute an emergency; and
- Interest will continue to accrue during the skip payment months and will create or increase a balloon payment amount at the end of the loan term; and
- All staff authorized payment relief will be reported to the Board at the next board meeting and available for review.

Tammy Miller seconded the motion.

Discussion: the committee noted the value in extending out to three (3) months.

Motion withdrawn.

John Kasberger moved to authorize staff to provide relief to existing clients of the Oregon Investment Board experiencing an emergency by allowing up to three (3) months of skipped loan payments. Staff is authorized to provide this loan payment relief if the following program parameters are met:

- The client must be current on all conditions of the loan agreement; and
- Payment relief request from the client must be for an adverse business impact due to an emergency such as a natural disaster, family death or severe illness, or other circumstances as staff deems constitute an emergency; and
- Interest will continue to accrue during the skip payment months and will create or increase a balloon payment amount at the end of the loan term; and
- All staff authorized payment relief will be reported to the Board at the next board meeting and available for review.

Tammy Miller seconded the motion.

Discussion: Kristine Mier asked if there needed to be a policy modification. It was noted that this was slated for discussion later in the agenda.

Motion passed unanimously.

Rick Leibowitz moved to authorize a new Rapid Response Loan option for disaster and emergency events with the following parameters:

- Term of 3 years, fully amortized, with the first year of payments being interest only and years two and three including principle and interest payments; and

- Amount of loan will not exceed two (2) months of operating expenses or \$40,000, whichever is smaller; and
- Interest rate will be set at 4% for the first 12 months of the loan, followed by an interest rate at 3.50 over WSJ prime for the remainder of the loan term; and
- Collateral: A personal guarantee for individuals with 20% or more ownership in the business is required. A blanket UCC filing on the business will be required. No additional collateral will be required, but may be provided voluntarily; and
- The business must demonstrate that it had the capacity to service the debt prior to the emergency with adequate demonstration of cash flow in the business; and
- Financials will be required; to include a credit report and the standard financials request for both business (P/L, Balance Sheet, tax returns) and personal (tax returns, financial statements)
- Businesses must demonstrate at least a 20% reduction in revenue as a result of the disaster as shown by:
 - o Existing business: A comparison of the current quarter financials to the same time period a year prior.
 - o New businesses (in business less than a year): Comparison of the current month financials to the prior month.

Jill Amery seconded the motion.

Discussion: John Kasberger asked for clarification regarding if the emergency loan relief program would be from a new designation of funds or a part of the existing pilot program. The board consensus was that the funds were part of the existing pilot program. The board noted that staff has the authorization to make appropriations under the program, but would inform the board at the next board meeting of any decisions.

Rick Leibowitz amended the motion to indicate that the Rapid Response loan program funds will be through the \$250,000 already allocated to the pilot program. Jill Amery approved the clarification as a friendly amendment.

Motion passed unanimously.

FEDERAL FUNDING STATUS

Amanda Hoey provided an update on federal funding related to the authorized but not yet appropriated funds, and a strategy to continue to seek the appropriation of funds.

PILOT PROGRAM STATUS

Amanda Hoey reported on the pilot program status and distributed the press release. She stated that there is a simplified online application form and staff is working with the Gorge Commission staff on updates to their application section as well.

Amanda stated that staff reviewed the loan fund policy to determine any changes need to match the policy to the pilot program parameters. In general, the wording of the policy is flexible enough to operate the pilot program. There are two exceptions: the interest rate discussion on page 7 is constrictive and the application form listing on page 16 would need to be updated to reflect the current application requirements.

Rick Leibowitz moved to amend page 7 of the OIB Revolving Loan Fund Plan to include the allowance of a 4 % interest rate for the emergency pilot program. Tammy Miller seconded the motion. Motion passed unanimously.

FUNDED LOANS REPORT AND UPDATES

Eric provided the delinquency report.

EXECUTIVE SESSION:

Per ORS 192.660 (f) (Exempt Documents), the Oregon Investment Board moved into Executive Session at 11:41 a.m.

Regular session reconvened at 11:45 a.m.

OTHER NEW BUSINESS:

No other new business was presented.

ADJOURNMENT: The meeting was adjourned at 11:45 a.m.

Respectfully submitted by Carmen Frost, Office Administrator

OIB FINANCIAL SUMMARY

REPORT PERIOD: SEPT 17

	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	29,896.53	19,122.71	10,773.82
Loan Processing & Fees	1,238.16	988.16	250.00
Loan Late Fees	126.75	126.75	-
Holding Account	-	1,928.86	(1,928.86)
Invested Interest	176.77	120.03	56.74
TOTAL INCOME	31,438.21	22,286.51	9,151.70
PRINCIPAL REPAYMENTS	35,187.18	20,960.52	14,226.66
REVENUE BEFORE DISBURSEMENTS	66,625.39	43,247.03	23,378.36
EXPENSES AND PAYMENTS			
Grants Disbursed FY18			-
Loans Disbursed	63,000.00	63,000.00	-
Miscellaneous Expenses			-
Professional Services	23,363.75	15,367.50	7,996.25
TOTAL EXPENSES AND PAYMENTS	86,363.75	78,367.50	7,996.25
ADJUSTED CASH BALANCE	1,391,541.73	(35,120.47)	15,382.11
LESS:			
Approved Grants not Disbursed	(5,000.00)		
Encumbered Pilot Program Funds	(250,000.00)		
Approved Loans not yet Disbursed			
Interest Receivable at Period End	(11,461.00)		
AVAILABLE TO GRANT/LOAN	1,125,080.73		
STRUCTURED ACCRUED LOAN INTEREST			
Current Period	3,224.77		
Prior Year Balance	3,667.17		
TOTAL STRUCTURED ACCRUED LOAN INTEREST	6,891.94		
LOANS RECEIVABLE BALANCE	1,498,866.79		
PROOF:			
Cash Balance After Reconciliations	1,388,076.98		
Less Payables	(7,996.25)		
Plus Interest Receivable (Includes Structured Accr'd Int)	11,461.00		
ADJUSTED CASH BALANCE	1,391,541.73		

REPORT GENERATED BY: Sherry Wickert

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

	<u>E975 NSA</u>	<u>TOTAL</u>
Ordinary Income/Expense		
Income		
4600 · Loan Interest	29,896.53	29,896.53
4700 · Loan Processing Fees	1,216.00	1,216.00
4705 · Loan Filing Fees	22.16	22.16
4710 · Loan Late Fee	126.75	126.75
4750 · Investment Interest	176.77	176.77
Total Income	<u>31,438.21</u>	<u>31,438.21</u>
Gross Profit	31,438.21	31,438.21
Expense		
6400 · Professional Services	23,363.75	23,363.75
Total Expense	<u>23,363.75</u>	<u>23,363.75</u>
Net Ordinary Income	<u>8,074.46</u>	<u>8,074.46</u>
Net Income	<u><u>8,074.46</u></u>	<u><u>8,074.46</u></u>

Mid-Columbia Economic Development District

Balance Sheet

As of September 30th, 2017

	August 31, 2017	September 30, 2017
ASSETS		
Current Assets		
Checking/Savings		
1000 · Bank Demand Deposits		
1070 · National Scenic Fund	1,372,715.73	1,388,076.98
Total 1000 · Bank Demand Deposits	1,372,715.73	1,388,076.98
Total Checking/Savings	1,372,715.73	1,388,076.98
Other Current Assets		
1200 · Receivables & Accruals		
1202 · Accounts Receivable	0.00	0.00
1222 · Year or Grnt End Receivables	144.82	
1227 · Accrued Loan Interest	7,395.85	7,793.83
1229 · Structured Accts Accr'd Int		
1231 · Unrecorded Structured Accrd Int	-3,079.87	-3,224.77
1229 · Structured Accts Accr'd Int - Other	6,666.84	6,891.94
Total 1229 · Structured Accts Accr'd Int	3,586.97	3,667.17
Total 1200 · Receivables & Accruals	11,127.64	11,461.00
1300 · Loans Receivable		
1370 · OIB Loans Receivable	1,513,093.45	1,498,866.79
Total 1300 · Loans Receivable	1,513,093.45	1,498,866.79
1475 · OIB Holding	-1,928.86	0.00
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	1,479,221.09	1,465,327.79
Total Current Assets	2,850,007.96	2,853,404.77
TOTAL ASSETS	2,850,007.96	2,853,404.77
LIABILITIES & EQUITY		
Liabilities		
Current Liabilities		
Accounts Payable		
2010 · A/P General	7,683.75	7,996.25
Total Accounts Payable	7,683.75	7,996.25
Total Current Liabilities	7,683.75	7,996.25
Total Liabilities	7,683.75	7,996.25
Equity		
3100 · Fund Balances	2,587,334.06	2,587,334.06
Pilot Program Fund Balance	250,000.00	250,000.00
Net Income	4,990.15	8,074.46
Total Equity	2,842,324.21	2,845,408.52
TOTAL LIABILITIES & EQUITY	2,850,007.96	2,853,404.77

OREGON INVESTMENT BOARD
DISTRIBUTIONS OF GRANTS & LOANS APPROVED

Report Period: SEPT 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
							-
							-
Total			-	-	-	-	-