

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

**\*\*\*\*\*Wednesday, December 19, 2018\*\*\*\*\***

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

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

<u>Time</u>	<u>Topic</u>	<u>Item</u>
10:00 a.m.	Call to Order, Conflict of Interest Disclosures, Introductions	
10:05 a.m.	Board Appreciation	
10:15 a.m.	November 2018 Minutes	Approval
10:20 a.m.	Financial Report	Acceptance
10:30 a.m.	Funded and Delinquent Loan Updates <i>Executive Session per ORS 192.660 (f)</i> (Exempt Documents) <i>Regular Session Reconvened</i>	Information
10:45 a.m.	Board Work Session	Discussion
11:30 a.m.	Other New Business, Good of the Order	
Adjournment		

*Accessibility: The meeting location is accessible to persons with disabilities. If you have a disability that requires any special materials, services or assistance, please contact us at 541-296-2266; TTY 711 at least 48 hours before the meeting.*

*Public Comment: Individuals wishing to address the Board on items not already listed on the Agenda may do so in the New Business section of the agenda. Please wait to be recognized by the Chair for direction. Speakers are asked to give their name and address and to limit comments to three minutes or less.*

*Agenda Times: Times on the agenda are approximate. The Chair reserves the opportunity to change the order and time of agenda items if unforeseen circumstances arise.*

MCEDD is an equal opportunity employer, lender and provider.

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

Wednesday, November 21, 2018  
Hood River Library Meeting Room  
501 State Street, Hood River, Oregon

**ATTENDANCE**

OIB Members: Jill Amery, Rick Leibowitz, Craig Bowder, John Kasberger, Tammy Miller  
Staff: Amanda Hoey, Eric Nerdin, Siri Olson, Lauren Hernandez  
Guests: Julie O'Shea, Brendan Griffin, Russell Loughmiller

**CALL TO ORDER**

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

**CONFLICT OF INTEREST POLICY AND INTRODUCTIONS**

John Kasberger requested any board member disclose any conflict of interest for any of the topics to be reviewed. Rick Leibowitz noted two loan clients on the agenda are clients of the SBDC, and he will abstain from those votes. He also noted that Matt Garrett is an SBDC client, but Rick has had no contact with him in relation to the proposed loan for Hage Electric and Construction Services, so he feels comfortable voting for this decision. Craig Bowder noted he has a potential conflict of interest regarding Griffin House, and he will not vote on that decision.

**MINUTES**

**Rick Leibowitz moved to approve** the minutes from October 17, 2018 as presented. Jill Amery seconded the motion. Motion passed unanimously.

**FINANCIAL REPORT**

Siri Olson reported the Available to Loan balance is \$1,133,713. Pilot Program Funds has a balance of \$24,605 available to loan. In October, one loan was disbursed for \$20,000. There is a \$40,000 loan approved but yet to be disbursed. Accounts payable has a balance of \$8,062, which includes legal costs, filing fees, and the MCEDD contract. Total interest received this fiscal year to date is \$41,428. Siri provided the projected revenue figures which shows OIB can expect approximately \$10,000 a month in interest over the next year based on current loans (excluding loans approved which have not yet funded and excluding any loans in litigation).

*Discussion: Rick Leibowitz asked if there is money still available to loan from the pilot program. Amanda Hoey explained the loan application in this meeting proposed for the pilot program is in excess of what is currently available. She stated that the staff summary indicates that the OIB can approve the loan if the board is willing to allocate additional resource to the pilot.*

**Rick Leibowitz moved to accept** the financials as presented. Craig Bowder seconded the motion. Motion passed unanimously.

**LOAN REQUESTS**

Eric Nerdin reported there are loan requests from Farmers Conservation Alliance, Mt. Hood Podiatry, Hage Electric and Construction Services, and Griffin House.

**EXECUTIVE SESSION:**

Per ORS 192.660 (f) (Exempt Documents), the Oregon Investment Board moved into Executive Session at 10:07 a.m.

Regular Session reconvened at 10:16 a.m.

**LOAN ACTION: FARMERS CONSERVATION ALLIANCE**

**Rick Leibowitz moved to approve** a loan to Farmers Conservation Alliance as recommended by staff. Craig Bowder seconded the motion. Motion passed unanimously.

- Loan amount: \$175,000
- Interest rate: 7.75% Fixed
- Loan term: 6 months
- Collateral and conditions as listed in the staff report

**EXECUTIVE SESSION:**

Per ORS 192.660 (f) (Exempt Documents), the Oregon Investment Board moved into Executive Session at 10:18 a.m.

Regular Session reconvened at 10:33 a.m.

**LOAN ACTION: MT HOOD PODIATRY**

**Craig Bowder moved to approve** a loan to Mt. Hood Podiatry as recommended by staff with additional condition of receipt of 2017 business tax returns showing net income at least inline if not higher than 2017 presented profit and loss and allocating sufficient resources to fund the request into the pilot program. Jill Amery seconded the motion. Motion passed with one abstention (Rick Leibowitz).

- Loan amount: \$40,000
- Interest rate: 11.25% Fixed
- Loan term: 36 months
- Collateral and conditions as listed in the staff report and noted above

*Discussion: Rick Leibowitz noted the potential challenge with the additional condition included, particularly in relation to cash vs. accrual basis. The OIB discussed if it was willing to have staff review the tax return and communicate if the Profit and Loss statement is significantly different. The consensus of the Board was to allow for flexibility in the review of the tax return, directing that staff to communicate back any potential concerns.*

**EXECUTIVE SESSION:**

Per ORS 192.660 (f) (Exempt Documents), the Oregon Investment Board moved into Executive Session at 10:38 a.m.

Regular Session reconvened at 11:14 a.m.

**LOAN ACTION: HAGE ELECTRIC AND CONSTRUCTION SERVICES**

**Rick Leibowitz moved to approve** a loan to Hage Electric and Construction Services as recommended by staff. Tammy Miller seconded the motion. Motion passed unanimously.

- Loan amount: \$300,000
- Interest rate: 8.5% Fixed
- Loan term: 61 months
- Collateral and conditions as listed in the staff report

*Discussion: John Kasberger noted the exception to general policy guidance with the loan for equipment valuation.*

**EXECUTIVE SESSION:**

Per ORS 192.660 (f) (Exempt Documents), the Oregon Investment Board moved into Executive Session at 11:21 a.m.

Regular Session reconvened at 11:48 a.m.

**LOAN ACTION: GRIFFIN HOUSE**

**Jill Amery moved to table** the loan request for Griffin House. John Kasberger seconded the motion. Motion passed with three abstentions (Craig Bowder, Tammy Miller and Rick Leibowitz).

**FUNDED LOAN REPORTS AND UPDATES: SAGE CREEK, INC; SEUFERT ENTERPRISES**

Eric Nerdin presented the funded loan report, noting the status of defaulted loans with Sage Creek, Inc. and Seufert Enterprises, LLC. Eric provided an update on OIB loans and directed the board to the loan delinquency report.

**EXECUTIVE SESSION:**

Per ORS 192.660 (f) (Exempt Documents), the Oregon Investment Board moved into Executive Session at 11:51 a.m.

Regular Session reconvened at 1:00 p.m.

**LOAN ACTIONS: SAGE CREEK, INC.**

**Jill Amery motioned to** direct staff to move forward with legal action if the client does not meet the terms of the demand letter by December 17, 2018. The motion died for lack of a second.

**EXECUTIVE SESSION:**

Per ORS 192.660 (f) (Exempt Documents), the Oregon Investment Board moved into Executive Session at 1:08 p.m.

Regular Session reconvened at 1:12 p.m.

**LOAN ACTIONS: SAGE CREEK, INC.**

**Jill Amery motioned to** move forward with legal action as directed by the Board. Motion seconded by Tammy Miller. Motion passed with one abstention (Rick Leibowitz).

**OTHER NEW BUSINESS**

No new business was presented.

**ADJOURNMENT:** The meeting was adjourned at 1:14 p.m.

*Respectfully submitted by Lauren Hernandez, Office Administrator*

## OIB FINANCIAL SUMMARY

REPORT PERIOD: November 2018

	TOTAL YEAR TO DATE	PREVIOUS REPORT	CURRENT ACTIVITY
<b>CASH BALANCE AS OF 06/30/18</b>	1,138,023.35		-
Less Payables	(7,711.90)		-
Plus Accounts Receivable	(1,510.04)		-
Plus Interest Receivable (Less Unrecorded Accr'd Int)	7,738.95		-
<b>ADJUSTED CASH BALANCE 06/30/18</b>	<b>1,136,540.36</b>	-	-
<b>INCOME</b>			
Interest	51,746.15	41,428.31	10,317.84
Loan Processing & Fees	1,369.59	740.27	629.32
Loan Late Fees	711.76	382.19	329.57
Invested Interest	242.35	195.30	47.05
<b>TOTAL INCOME</b>	<b>54,069.85</b>	<b>42,746.07</b>	<b>11,323.78</b>
<b>PRINCIPAL REPAYMENTS</b>	<b>72,604.99</b>	<b>61,539.07</b>	<b>11,065.92</b>
<b>REVENUE BEFORE DISBURSEMENTS</b>	<b>126,674.84</b>	<b>104,285.14</b>	<b>22,389.70</b>
<b>EXPENSES AND PAYMENTS</b>			
Grants Disbursed FY18			-
Loans Disbursed	78,000.00	38,000.00	40,000.00
Converted to Principal	-	-	-
Miscellaneous Expenses (Bad Debt Expense)	1.00	1.00	-
Professional Services	39,303.02	31,589.69	7,713.33
<b>TOTAL EXPENSES AND PAYMENTS</b>	<b>117,304.02</b>	<b>69,590.69</b>	<b>47,713.33</b>
<b>ADJUSTED CASH BALANCE</b>	<b>1,145,911.18</b>	<b>34,694.45</b>	<b>(25,323.63)</b>
<b>LESS:</b>			
Approved Grants not Disbursed	(5,000.00)		
Encumbered Pilot Program Funds	(40,000.00)		
Approved Loans not yet Disbursed	(475,000.00)		
Interest Receivable at Period End	(9,727.31)		
<b>AVAILABLE TO GRANT/LOAN</b>	<b>616,183.87</b>		
<b>LOANS RECEIVABLE BALANCE</b>	<b>1,151,960.66</b>		
<b>PROOF:</b>			
Cash Balance After Reconciliations, 11/30/2018	1,151,960.66		
Deposit on Hold			
Less Payables	(15,776.79)		
Plus Interest Receivable (Includes Structured Accr'd Int)	9,727.31		
<b>ADJUSTED CASH BALANCE</b>	<b>1,145,911.18</b>		

REPORT GENERATED BY: Siri Olson

**Mid-Columbia Economic Development District  
Balance Sheet  
As of November 30, 2018**

November 30, 2018

<b>ASSETS</b>	
Current Assets	
Checking/Savings	
1000 · Bank Demand Deposits	
1070 · National Scenic Fund	1,151,960.66
Total 1000 · Bank Demand Deposits	<u>1,151,960.66</u>
Total Checking/Savings	1,151,960.66
Other Current Assets	
1200 · Receivables & Accruals	
1202 · Accounts Receivable	0.00
1222 · Year or Grnt End Receivables	
1227 · Accrued Loan Interest	9,727.31
Total 1200 · Receivables & Accruals	<u>9,727.31</u>
1300 · Loans Receivable	
1370 · OIB Loans Receivable	1,775,449.37
Total 1300 · Loans Receivable	<u>1,775,449.37</u>
1475 · OIB Holding	0.00
1500 · Allowance for Doubtful Loans	
1575 · OIB Allowance	-47,404.77
Total 1500 · Allowance for Doubtful Loans	<u>-47,404.77</u>
Total Other Current Assets	<u>1,737,771.91</u>
Total Current Assets	<u>2,889,732.57</u>
<b>TOTAL ASSETS</b>	<b><u>2,889,732.57</u></b>
<b>LIABILITIES &amp; EQUITY</b>	
Liabilities	
Current Liabilities	
Accounts Payable	
2010 · A/P General	15,776.79
Total Accounts Payable	<u>15,776.79</u>
Total Current Liabilities	<u>15,776.79</u>
Total Liabilities	15,776.79
Equity	
3100 · Fund Balances	2,819,190.95
Pilot Program Fund Balance	40,000.00
Net Income	14,764.83
Total Equity	<u>2,873,955.78</u>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b><u>2,889,732.57</u></b>

# Mid-Columbia Economic Development District

## Profit & Loss

November 2018

	<u>TOTAL</u>
<b>Ordinary Income/Expense</b>	
<b>Income</b>	
4600 · Loan Interest	10,317.84
4700 · Loan Processing Fees	629.32
4710 · Loan Late Fee	329.57
4750 · Investment Interest	47.05
<b>Total Income</b>	<u>11,323.78</u>
<b>Gross Profit</b>	<u>11,323.78</u>
<b>Expense</b>	
<b>6400 · Professional Services</b>	
6410 · Legal Services	-152.16
6450 · Contractual	7,837.41
6470 · Filing Fees	28.08
<b>Total 6400 · Professional Services</b>	<u>7,713.33</u>
<b>Total Expense</b>	<u>7,713.33</u>
<b>Net Ordinary Income</b>	<u>3,610.45</u>
<b>Net Income</b>	<u><u>3,610.45</u></u>

OREGON INVESTMENT BOARD  
DISTRIBUTIONS OF GRANTS & LOANS APPROVED

**Report Period: September 2018**

<b>Grants</b>	<b>Date Approved</b>	<b>Expiration Date</b>	<b>Grant</b>	<b>Previous Distribution</b>	<b>Current Distribution</b>	<b>Expired/Not Utilized</b>	<b>Amount Remaining</b>
Columbia Gorge Community College	8/14/2017	7/31/2019	5,000.00				5,000.00
							-
<b>Total</b>			<b>5,000.00</b>	-	-	-	<b>5,000.00</b>

<b>Loans Approved/Funded</b>	<b>Date Approved</b>	<b>Expiration Date</b>	<b>Original Loan</b>	<b>Previous Distribution</b>	<b>Current Distribution</b>	<b>Expired/Not Utilized</b>	<b>Amount Remaining</b>
Farmer's Conservation Alliance	11/21/2018	12/5/2018	175,000.00				175,000.00
Mt Hood Podiatry	11/21/2018	12/5/2018	40,000.00				40,000.00
Hage Electric	11/21/2018	12/5/2018	300,000.00				300,000.00
							-
<b>Total</b>			<b>515,000.00</b>	-	-	-	<b>515,000.00</b>



## Memorandum

**Date:** December 14, 2018  
**To:** Columbia River Gorge Oregon Investment Board  
**From:** Amanda Hoey, Executive Director  
**Re:** Board Work Session: Funding

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### Overview

In 1986, Columbia River Gorge National Scenic Area Act established a bi-state, six-county region shared by the states of Oregon and Washington. One of the two stated purposes of the Act was “To protect and support the economy of the Columbia Gorge area by encouraging growth to occur in existing urban areas and by allowing future economic development in a manner that is consistent with paragraph (1).” As part of the creation of the Act, Congress then also committed \$10 million in support of that economic development purpose (PL-99-663, November 17, 1986). The funds were designated to the States of Oregon and Washington in the amount of \$5 million each for the purpose of making economic development loans and grants. The Columbia River Gorge Oregon Investment Board was then created to be responsible for administration of these funds within Multnomah, Hood River and Wasco, the counties lying in the Columbia River Gorge National Scenic Area. Of the \$5 million initially authorized to each state, however, only \$4,001,750 has been appropriated.

The original mechanism for the funds was from Congress to the US Forest Service (through a line item in their state and private forest account for economic development) to the State to the Investment Board. The last appropriation in 2001 coincided with the elimination of the specific line item in the USFS through which these funds flowed.

There has been a great deal of community and legislative support to identify a means to secure the remaining \$1,996,500. A major shift in the last two years has been to focus on a pathway through USDA-Rural Development as they have line items that may allow for funding to be secured. Support has included:

- Federal legislators (bi-partisan, both states). See the attached letter from 2017. A new version is currently being circulated by one of the federal legislative colleagues for signature.
- Oregon State Legislative support: See the attached letter from 2018.
- USDA-Rural Development State Directors: Oregon State Director John Huffman has been a significant support. Washington State Director Kirk Pearson has been following John’s lead.
- The Dalles Community Outreach Team: The team has included this item as a priority ask during trips to DC.
- Letters of support from local government partners, businesses and others: The last big push for these was in 2016.

### Discussion

Board discussion is requested on two items:

- 1) Role of the board in advocacy, support and outreach
- 2) Partnerships to establish/re-establish

*Next work session:* RLF policies.

# Columbia River Gorge Scenic Area Oregon Investment Board

## Fiscal Year 2018 Summary

Project funding awarded through the Columbia River Gorge National Scenic Area Oregon Investment Board helps to strengthen and diversify the economy of the region. Staffing is provided by the Mid-Columbia Economic Development District. Key activities in FY 2018 included:

- ✚ **Establishing the pilot loan program** which allowed the board to be responsive in providing emergency financing for businesses impacted by the Eagle Creek Fire. Businesses assisted include:
  - 15 Mile Ventures
  - Romul's West
  - Defiance Brewing Company
- ✚ **Approving a feasibility study grant** to Columbia Gorge Community College to address the workforce needs of the food and beverage sector.
- ✚ **Approving loans to support new and growing businesses** including:
  - Good Medicine, LLC for expansion of their wholesale tea
  - Terra Cotta for start-up of a retail clothing store
  - Farmer's Conservation Alliance to facilitate expansion
  - Ellson, LLC for start-up of an HVAC company
- ✚ **Providing management of the Bi-State Advisory Council.**

**More information: [www.mcedd.org/oib.htm](http://www.mcedd.org/oib.htm)**



### **Sustained Impact:**

From a \$4 million allocation, the Board has approved grants and loans (utilizing revolved funds) totaling more than \$9.2 million.

### **Leveraging:**

The Board has leveraged over \$14.7 million in private funds and more than \$13.3 million in public funds.

### **Employment:**

Funds are provided through grants and loans to support infrastructure, business assistance, and workforce development to support job creation and retention. The Board has provided funding to projects to directly create or retain nearly 700 jobs.

### **Loan Client Profile: Good Medicine Tea**



Nikol Clark and Randy Goetz purchased a turn-of-the-century Craftsman building in Hood River, creating their dream: a combination Tea House and Wellness Center. When they were ready to move to the next chapter in their business, an influx of capital from the OIB allowed them to take the necessary steps grow its wholesale and web sales programs.

## Contact

Mid-Columbia Economic Development District----- Phone: 541-296-2266.  
515 East Second Street, The Dalles, OR 97058

# Congress of the United States

Washington, DC 20510

November 21, 2017

The Honorable Sonny Perdue  
Secretary  
U.S. Department of Agriculture  
1400 Independence Ave., S.W.  
Washington, DC 20250

The Honorable Mick Mulvaney  
Director  
Office of Management and Budget  
725 17<sup>th</sup> Street NW  
Washington, DC 20503

Dear Secretary Perdue and Director Mulvaney:

We write to you today regarding the Columbia River Gorge National Scenic Area (Scenic Area), which spans the Columbia River Gorge in southern Washington and northern Oregon. We ask that you include funding for economic development grants for the Scenic Area in your Fiscal Year 2019 Budget Request.

The Columbia River Gorge National Scenic Area Act, passed in 1986, aims to protect the nationally significant Columbia River Gorge for future generations. This 292,500 acre area, spanning the Columbia River from the mouth of the Sandy River, past the mouth of the Klickitat River, and to the mouth of the Deschutes River, is renowned for its spectacular beauty and is a popular destination for travelers, business professionals, and tour groups alike. The Scenic Area encompasses an incredible combination of ecosystems, wildlife, farmland, cultural sites, and communities.

Unfortunately, this area did not escape the wrath of this year's devastating fires when, on September 2nd, the Eagle Creek fire started near the community of Cascade Locks, OR. The fire quickly spread and even crossed over the Columbia River where it started burning near Skamania, WA. The Eagle Creek fire threatened homes and businesses, forced the evacuation of communities, shut down major roads and Interstate 84 for weeks, and choked the air with smoke. This fire also started during Labor Day weekend, which is one of the busiest weekends for businesses, and the economic loss will affect the Scenic Area in the years to come.

When the Columbia River Gorge National Scenic Area was enacted, the law required that the federal government provide the Scenic Area with economic development grants. These grants are given to the Oregon and Washington Investment Board and the funds are evenly split between Oregon and Washington. However, the federal government is still authorized to provide the Scenic Area with \$2 million.

As the region begins to recover, it is important that the federal government work to meet the obligations agreed upon when the Columbia River Gorge was designated as a National Scenic Area. The \$2 million could provide businesses with low-cost loans to help address lost revenue and cover unexpected expenses that arose from the fire. The funds could also help repair vital infrastructure that tourists rely on for recreational activities like hiking, biking, camping, and

fishing. The sooner these repairs are made the faster these communities can get back on their feet. This is critical given that the region attracts over 2 million annual visitors through unique recreational activities and tourist attractions, generating significant economic activity in the region.

As you continue to work on your Fiscal Year 2019 Budget Request, we encourage you to include the \$2 million in economic development grants. This will not only fulfill the federal government's obligation, it will help recover the region's economy and promote future economic development. In addition, we encourage the USDA to use economic development programs and accounts under USDA Rural Development's purview to allocate these funds to the Oregon and Washington Investment Board. Thank you for your consideration of our request.

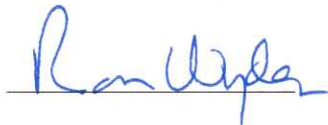
Sincerely,



Jeffrey A. Merkley  
United States Senator



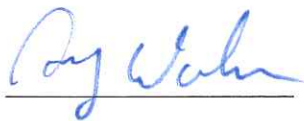
Patty Murray  
United States Senator



Ron Wyden  
United States Senator



Maria Cantwell  
United States Senator



Greg Walden  
Member of Congress



Jaime Herrera Beutler  
Member of Congress



Earl Blumenauer  
Member of Congress



DANIEL BONHAM  
STATE REPRESENTATIVE  
DISTRICT 59



HOUSE OF REPRESENTATIVES

November 16, 2018

Dear Director Huffman,

The Oregon legislators listed below are writing you to ask for your support and assistance in getting the balance of the Scenic Area Economic Development funding. As you know, the 1986 Act approved \$10 million for economic stimulus, \$5 million for Washington counties and \$5 million for Oregon Counties. There is still nearly \$2 million that has been authorized but has not been appropriated. We understand that the congressional delegation from Washington and Oregon are supportive of trying to get this funding in the budget bill they will be working on after the mid-term election.

The original funding was appropriated to and administered by the US Forest Service. However, the Forest Service no longer has this program and we believe USDA Rural Development is now the most likely agency to receive and administer this final appropriation. This is where we need your help.

Local elected officials desperately want this money that was promised to them in the 1986 Act and they are asking us to help them get this funding that is long-past due to Gorge counties. We, in turn, are looking to you, as a Gorge resident, to make this happen for our constituents.

Thank you for your assistance,

Daniel Bonham  
House District 59

Greg Smith  
House District 57

Jeff Helfrich  
House District  
52

Bill Hansell  
Senate District 29

Chuck Thomson  
House District  
57  
Office: "N) court st\_ NE,

Cliff Bentz  
Senate District 30

OR 97301 - (503) 986-1459