

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

*******Tuesday, October 13, 2020*******

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

Remote Only

Call 541-296-2266 or email ami@mcedd.org for remote access

<u>Topic</u>	<u>Time</u>	<u>Item</u>
Call to Order, Conflict of Interest Disclosures, Introductions	5 minutes	Information
Minutes <i>September 9, 2020</i>	5 minutes	Approval
Financial Report	5 minutes	Acceptance
Loan Modification Requests: <i>Lauren Justice, PhD, LLC</i> <i>Thirsty Café, LLC</i> <i>Brigham Fish Products, Inc.</i>	10 minutes	Decision

Executive Session per ORS 192.660 (f) (Exempt Documents)

Regular Session Reconvened

Loan Actions	5 minutes	Decision
Funded Loans Report and Updates	10 minutes	Information

Executive Session per ORS 192.660 (f) (Exempt Documents)

Regular Session Reconvened

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 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**

Tuesday, September 8, 2020
Remote Only – Zoom Meeting

ATTENDANCE

OIB Members: Jorge Barragan, Craig Bowder, Jill Amery, Tammy Miller

Guest: Michael Held, Business Oregon

Staff: Jessica Metta (Executive Director), Israel Ayala Guevara (Loan Fund Manager), Ami Beaver (Administrative Assistant), Dana Woods (Finance and Operations Manager)

CALL TO ORDER

Jill Amery called the meeting to order at 10:02 a.m. A quorum was present.

CONFLICT OF INTEREST POLICY AND INTRODUCTIONS

Jill Amery requested any board member disclose any conflict of interest for any of the topics to be reviewed. None were noted.

JULY 2020 MINUTES

Craig Bowder motioned to approve the minutes from July 14, 2020, as presented. Tammy Miller seconded the motion. Motion carried unanimously.

FINANCIAL REPORT

Dana Woods introduced herself and presented the financial report. She noted the amount available to loan is \$1,119,824. The loan receivable balance is \$1,528,774 and the adjusted cash balance is \$1,389,823.

Jorge Barragan motioned to accept the financial report as presented. Craig Bowder seconded the motion. Motion carried unanimously.

ALLOWANCE FOR DOUBTFUL ACCOUNTS BALANCE

Jessica Metta reviewed the memo on the Allowance for Doubtful accounts. She noted this represents a percentage of the loan balances that may become uncollectable. She said in reviewing the OIB's allowance to ensure coverage of the recent write-off as well as protection from future issues, we were unable to identify if OIB had a policy related to the rate or how the balance is set. She said some of MCEDD's loan funds require a specific allowance rate of 6% of loan outstanding balances as the allowance rate for the fiscal year. She said a higher rate may be desired if it is determined that there is higher risk due to current loan clients with challenges, higher delinquencies, or greater overall risk due to COVID-19.

Discussion:

Jorge Barragan asked what percentage the banking industry uses. Craig Bowder said the formula is somewhat convoluted, there is a range depending on how risky a loan is. He said the range would be 1-8, and a 6 would be on the watch list if you were to look at it in the same way a bank would. Dana Woods clarified that the rate might be different for each loan rather than using a flat rate across the board. Craig said in the banking industry it would be different for

every loan depending on the risk of that loan. He noted that 6% is probably reasonable. Tammy Miller said it might make sense to treat them differently as they get bad/situation warrants it. She said you could apply one rate across the whole portfolio, but if there is a known issue should we be raising that rate up.

Israel noted that we had the 6% across the portfolio and that not very many new loans have come in. He said moving forward we can look at more of a sliding scale. He said he sees some clients that can move the percentage of the portfolio up to a higher amount. He noted that some other districts have seen higher percentages with things like COVID going on. Jorge asked for clarification on how this impacted amounts available to loan. Israel clarified that the purpose was to have funds available in case we need to write off a loan – he noted these funds are reserved and reduce amounts available to loan.

Jill Amery asked if we are looking for a policy update on this. Jessica clarified that we would like to have a policy in place that standardizes our process and that we need to move money for a recent write off and we know another one is coming. Jorge suggested trending higher, like 10%, because of the current climate and what is coming with COVID. He noted that every industry is suffering and it is better to be prepared. Israel noted some of our current loans have some significant risk. He said this might not apply for the current loans but for future loans and his recommendation would be getting closer to the 10-12% mark.

Jill suggested tabling the discussion so Israel could share more details in executive session about some of the risks in the current portfolio. Tammy agreed this might be wise if we are talking about rating loans it would help and avoid having to have variations every time we have a new loan. Craig noted that he knows staff takes care of two groups of money and he would like to avoid muddying the water and make it as simple as possible. He said it could be as simple as noting that if it goes into litigation we have to set aside a certain percentage of funds. He said at a minimum this should happen once we've engaged an attorney and are seeking legal action.

Jill asked if it would work for staff if the board set a base amount and then increases it if we have a trigger situation. Jessica said she thought that would work, if once we get to the stage of engaging an attorney, then we look for those funds to cover at least 75% and then make it a policy to review annually.

Craig noted that once there is a loss there will be a need to refill the bucket so it makes sense to prefill the bucket. He noted that in the banking world there is a need to be preemptive.

Tammy noted that she also likes maintaining the same policy between MCEDD and OIB as it avoids conflicts. Jessica summarized that the board is talking about 6% and then if an attorney is engaged we prefill the bucket at 75% of that cost. Tammy noted Jorge and Israel are suggesting higher percentages and she suggests starting at a higher rate for future clients. Jill suggested currently starting base at 6% and then to focus on 75% backfill of outstanding balance for problem loans.

Jorge noted that he supports whatever works. He said it is money that we would need to allocate and that if everyone is comfortable with 6% that works. Craig noted that our cash still seems

fine and maybe we can revisit if cash seems problematic in the future, as long as we have a plan for staying at 6%.

Jill asked if Jessica had what she need for staff to write a policy. Jessica said it would be good to get a motion. Jill summarized that we are looking at a base percentage plus 75% when legal is engaged. Jorge said he would suggest 10% rather than 6% as a base, but would support if someone made a motion at 6%.

Craig said he was hoping the board would go into executive session so they could talk about some of the real numbers before we make the decision.

Jill suggested getting through the next two agenda items quickly and then we could get a motion on the table after executive session.

STAFF UPDATES

Jessica shared that staff received three responses to the videography RFP and decided on Immense Imagery. Jessica and Ami met with Robbie Denning and brainstormed a list of clients. There might also be interest in one or more board members being a part of the process for the videos. She said the plan is to film in the fall.

Jessica also shared that there is still an open seat on the board for Multnomah County and asked the board if there are any suggestions of people or organizations she should reach out to for that position.

Discussion: Tammy said she has a few people personally that she will reach out to. She mentioned Prosper Portland as a possible organization.

Jessica shared the annual report is almost complete. She asked about the annual bi-state meeting with the Washington Investment Board that takes place in the fall.

Discussion: Jill recalled John Huffman came out last year and said it might be good to have speaker who could speak to current climate. Jorge noted a good speaker might be someone from one of the Chambers or from the Small Business Development Center. Jessica said she would reach out to Kevin regarding the planning for this year as it is WIB's turn to host. Jill asked about the economic symposium and Jessica said that this year it will be virtual and there will be free registration. Jill said to keep the board updated if they can help.

FUNDED LOANS REPORT AND UPDATES

Israel stated he would review the funded loan report and provide loan updates.

EXECUTIVE SESSION

Per ORS 192.660 (f) (Exempt Documents), the Oregon Investment Board moved into Executive Session at 10:43 a.m. to hear updates on other funded loans.

Regular session reconvened at 11:06 a.m.

Jorge motioned to set the allowance for doubtful accounts at 10% and to add 75% of a given loan balance if a lawyer is engaged. Craig seconded the motion. Motion carried unanimously

Craig motioned to authorize staff to legally release specific equipment for Root and Cane for full net proceeds of no less than \$12,800. Jorge seconded the motion. Motion passed unanimously.

NEW BUSINESS/GOOD OF THE ORDER

Craig asked on the balance sheet why the allowance for doubtful loans is negative when we have the money in there right now. Dana said this is a new area for her. She said we wrote off more for a loan than what was in there. She said she needs to clarify with auditors how that should look. She said she can't give a good answer right now but can give him a better answer next month. Craig noted he was just curious if this had been entered correctly.

Meeting was adjourned at 11:12 am.