

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

*******Wednesday, August 11, 2021*******

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

Remote Only Via Zoom:

<https://us06web.zoom.us/j/84986072333?pwd=NVVkaWIKeHZJSml2bXN6V3Z5cINxUT09>

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

<u>Topic</u>	<u>Time</u>	<u>Item</u>
Call to Order, Introductions	5 minutes	Information
Minutes <i>July 14, 2021</i>	5 minutes	Approval
Financials	5 minutes	Approval
Loan Request <i>Heights Taproom, LLC</i>	30 minutes	Information
<i>Executive Session per ORS 192.660 (f) (Exempt Documents)</i> <i>Regular Session Reconvened</i>		
Loan Action	5 minutes	Approval
Pilot Program Discussion	20 minutes	Approval
Other New Business, Good of the Order		
Adjourn		

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 14, 2021

In-Person at Hood River County Library
and via Zoom

ATTENDANCE

OIB Members: Jill Amery (chair), Gil Kelley, Craig Bowder, Jorge Barragan, Kirk Wright, Tammy Miller (via zoom)

Staff: Jessica Metta (Executive Director), Israel Ayala Guevara (Loan Fund Manager), Ami Beaver (Assistant Project Manager), Jill Brandt (Administrative Assistant), Dana Woods (Finance Officer).

Guests: Rodger Nichols (Gorge Commission- via zoom), Greg Price (Small Business Development Center Manager at CGCC)

CALL TO ORDER/ INTRODUCTIONS

Jill Amery called the meeting to order at 10:02 am. A quorum was present. A round of introductions took place.

OFFICER ELECTIONS

Jill Amery suggested that the current Board follow the OIB's traditional method of officer succession. Under this format, Tammy Miller would move to Chair and Jorge Barragan to Vice-Chair. Jessica noted that Jorge's term expires this fall so it would be best if he intends to renew. Tammy announced that she is in the process of moving to Vancouver, WA. Because she will no longer be a resident of Multnomah County, she will be ineligible to serve on the OIB. The move is scheduled in two weeks, making this her last OIB meeting. Tammy expressed her willingness to continue to be involved if allowed, as she has enjoyed the work and the fellowship of the OIB.

Jorge Barragan requested that the officer changeover be tabled for the summer and revisited at the September meeting, explaining that his summer schedule is extremely busy and he will have a better idea of his availability to commit to the extra time and effort that being an officer requires after the season slows down. Craig Bowder expressed his willingness to serve and also commented that he felt that Doug Roof, Kirk Wright and Gil Kelley were all able to step up if needed. Craig echoed Jorge's request that the officer elections be postponed until the September meeting. There was general agreement.

MINUTES

Craig Bowder motioned to approve the minutes from the June 9, 2021 meeting. Jorge Barragan seconded the motion. All voted in favor, and the motion passed.

FINANCIALS

Dana Woods presented the Financials. Total Cash Balance as of May 30th was \$1,551,919. Principal repayments for the month totaled \$10, 418. There were no new loans for May. The ending amount

available to loan was \$1,275,471. On the balance sheet, Accounts Payable amount was zero this month, as all Accounts Payable were satisfied for May, and the Loans Receivable amount this month was \$1,369,048. Dana noted that the amount of fees adjustment varies very slightly between the Portfolio report and the Quickbooks report simply because the reports are run at different times. Dana explained that the amounts will balance once both reports are done.

There were no questions.

Kirk Wright motioned to accept the financials as reported. Craig Bowder seconded the motion. All voted in favor, and the motion passed.

GRANT REQUEST: Columbia Gorge Community College

Jessica Metta gave a historical overview for this grant request. She explained that the Board originally approved \$10,000 in 2019 to the College to be used for equipment purchase or building improvements for the commercial kitchen. The original contract stipulated that the College come before the Board with the specifics to be approved before spending. Since that time, the College experienced staff changes and the pandemic occurred, so the grant funds were never spent. In June of 2020, the Board approved a one-year extension. In May of 2021, another year extension was approved. Since this most recent extension, Greg developed and submitted the request brought before the Board today, which would use this grant money to fund creation of a strategic master plan to improve the existing kitchen facility to accommodate a whole range of versatile uses for the building. The quote for the plan development submitted was costed out at \$9,920, just shy of the full \$10,000 grant that was awarded. Jessica Metta explained that OIB grant funds require a 50% match, so that at most the OIB would pay for half of this work. Jessica then offered an alternative plan that would utilize MCEDD's available EDA funding instead of using OIB grant money to fund the strategic plan development. This alternative offers MCEDD the opportunity to utilize funds that need to be spent, as well as preserving the OIB grant funds for the actual project improvements that were the original intent behind the grant award.

Discussion: Gil Kelley agreed that conserving the grant money made sense if there was an alternate. He then asked if building improvements or feasibility studies were a typical expenditure of grant money. He expressed some doubt whether this proposed use fit within the OIB's mission. He stated that he was not comfortable using OIB money without a clear plan unless this master plan is going to provide the clarity. Gil agreed that having the plan seemed to be the next necessary step.

Greg explained that this plan will build to support the culinary program at CGCC, but also will serve as a small business incubator for the food service industry. It will also be a commercial kitchen available to be leased by small food businesses that require a certified kitchen for production, for catering and for recipe development.

Jessica explained that OIB grants have funded feasibility studies in the past. Greg replied that this is not a feasibility study, but rather it is a strategic development plan. Greg added that if the Board specifies that equipment purchase is the only authorized use of these funds, then he will redraft his request and focus on buying equipment.

Gil Kelley and Kirk Wright agreed that getting a sound plan in place is the next logical step. Craig Bowder asked Greg if the college has designated any funds for the build out. Greg responded that the College does not have any money for this in this year's budget, adding that there must be a plan to that clarifies what money is being requested in order to get funding.

Craig agreed with Gil and Kirk that the better alternative would be for MCEDD to fund this request, and that the OIB funds would be better spent in the later phase for the equipment. He added that he is in support of this project and would agree to fund the planning portion if MCEDD cannot. Jill Amery asked Jessica how long it would take to figure out if the CARES money can be used for this project. Jessica responded a few weeks.

Jorge Barragan agreed that the planning very important and added that the Food service industry in the region needs the resources that this building would provide. He cited the needs for a commercially certified kitchen for catering businesses, for small scale producers of independent specialty local foods, for large scale recipe development. Jorge supports the plan for development and agrees that if MCEDD can fund the initial planning part, that OIB should release the grant funds at the appropriate stage in the process to support either the remodel or the equipment purchase. Jorge pointed out that the entire \$10,000 could be spent in purchasing one single piece of equipment.

Greg explained that the original intent of the grant request was for refurbishing the existing freezer. At that time, the needs assessment showed that there was very limited cold storage space in the Gorge, and no commercial cold storage anywhere. In their original investigation into this project, it was estimated that it would take \$60,000 for the build out.

Jorge Barragan motioned to approve this grant request conditionally as a second option with funding by MCEDD as the first option. Gil Kelley seconded the motion.

Kirk Wright clarified that grant approval is a 50% match, so that the approval is for OIB funds in the amount of \$5,000. Jessica confirmed that the contract requires a 50% match. Therefore, OIB will fund half, up to \$5,000, based on time and materials. Jorge requested that Greg utilize the other \$5,000 that was awarded and encouraged him to come back with another proposal.

All members voted in favor and the motion passed.

LOAN REQUEST: BIG BUDDHA YOGA, LLC

Israel Ayala introduced the loan client with a brief background. Big Buddha is a start-up business that opened doors just a couple of weeks ago and is located at 201 Cascade Avenue in Hood River. Israel added that the owner has been in the community for many years with other yoga studios and has a strong following in the community. The business plan also calls for hosting international retreats as part of the projections for income.

LOAN REQUEST: ROMUL'S WEST LLC

Israel introduced this client and gave some background of the client's history with their current loan that has led to the current request before the Board. Romul's has been in business in the Gorge for well over a decade, first in The Dalles and currently in their Hood River location. Their original loan with

MCEDD financed their move from The Dalles to the Hood River location.

EXECUTIVE SESSION

Executive Session entered per ORS 192.660 (f) (Exempt Documents) at 10:37am.

Return to regular session at 11:31 am.

LOAN ACTIONS

Staff recommended approval of loan request to Big Buddha, LLC with the following terms and conditions set:

- Loan amount: \$15,000.00
- Interest Rate: 11%
- Loan Term: 36 months
- Loan Payment: (6 monthly payments of interest only followed by monthly payments of \$600.00)
- Loan Fee: \$225.00

Jorge Barragan motioned to approve the loan to Big Buddha LLC, as recommended by staff with the change for bi-monthly counseling sessions with SBDC for business management. Craig Bowder seconded the motion. All voted in favor, and the motion passed unanimously.

Craig Bowder motioned to approve offering Romul's West two options.

1. A new 12-month loan at a higher interest rate to be determined by staff. This would allow Romul's to pay off the debt in equal installments over the 12-month period.
2. An extension of the maturity date on the existing loan until 6/15/22, with 50% balloon payment due no later than November 1, 2021.

Kirk Wright seconded the motion. All voted in favor, and the motion passed.

FUNDED LOAN UPDATES

Israel requested a return to Executive Session to provide updates on current loans including Root and Cane.

EXECUTIVE SESSION

Executive Session entered per ORS 192.660 (f) (Exempt Documents) at 11:34am.

Regular session reconvened at 11:36 am. No actions were taken.

STAFF UPDATES/ GOOD OF THE ORDER

Jessica Metta referred the Board to the last document in packet. This is a copy of the letter in support of MCEDD's application for the USDA grant. The application has been submitted and MCEDD's goal is to add an additional one million in funds for the OIB to disburse to aid development in the National Scenic Area.

Jill Amery requested a review of the meeting date and time due to scheduling conflicts between the OIB and her position. Jessica pointed out that moving the meeting to later in the month will enable OIB to receive more current financials. Jessica will send out a poll to get times and dates that work for all members. Jessica reminded the Board that there will always be a call-in option. The Zoom option will continue as well, and staff are working to improve the zoom live conferencing option.

ADJOURN

The meeting was adjourned at 11:40 am.

Respectfully submitted by Jill Brandt, Administrative Assistant

Memorandum

To: Oregon Investment Board
From: Jessica Metta, MCEDD Staff
Date: July 30, 2021
Re: Discussion on Pilot Program

At the July Oregon Investment Board meeting, the OIB asked staff to bring back a discussion of the Pilot Program. It has been blurred in use for both disaster relief and microlending and the discussion was that perhaps two separate programs needed to be clearly specified.

Microlending

In early 2017, the OIB started to discuss a “Pilot Program” to increase use of its funds. The attached document was finally approved in August 2017. The Eagle Creek Fire disaster relief lending was created the following month.

The motion to approve the Pilot Program noted that collateralization requirements were only a token piece of collateral that can be easily captured in the event of a default and retaining the requirement for personal guarantees.

Disaster Lending

Both disaster relief lending programs noted below included payment relief options for existing loan clients. Only information for new lending is highlighted below.

Approved in September 2017 in Response to the Eagle Creek Fire:

- Term of 3 years, fully amortized, with the first year of payments being interest only and years two and three including principal 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:
 - Existing business: A comparison of the current quarter financials to the same time period a year prior.
 - New businesses (in business less than a year): Comparison of the current month financials to the prior month.

Approved in March 2020 in Response to COVID-19:

- Short-term working capital loans up to \$35,000 with up to 36-month repayment period and 5% to 7% annual interest rates and no loan fees with at least 75% collateralization, with a relief term intro of 4.25% for the first 6 months.
- Loan amount increases with collateralization of at least 125% for amounts over \$25,000 and at least 75% collateralization for amounts \$25,000 or less.
- Other conditions as approved by the OIB:
 1. Existing clients must be current on all conditions of their existing loan agreement.
 2. Loans 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.
 3. 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.
 4. 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).
 5. Businesses must demonstrate at least a 25% reduction in revenue as a result of the disaster as shown by:
 - Existing business: A comparison of the current quarter financials to the same time period a year prior.
 - New businesses (in business less than a year): Comparison of the current month financials to the prior month.

Recommendation

Staff recommends clearly creating a Microlending Program and Disaster Relief Program and discontinue use of the title “Pilot Program.” Board feedback on the two titles is welcome, as well as feedback on the terms of the two programs using the existing options as a starting point. After initial feedback, staff can bring back final programs for the Board to approve at a future meeting.



Oregon Investment Board Pilot Program

Financing for Small Businesses in the National Scenic Area

We Invite You to Apply!

There is \$250,000 in Columbia River Gorge National Scenic Area Oregon Investment Board funds available for a pilot program that has a streamlined application process, minimal documentation and insurance requirements, ingrained small business counseling, and performance incentives.

Basic Terms

- **Maximum Loan Amount:** \$40,000
- **Eligible Applicant Types:** Entrepreneurs, new business start-ups, expanding businesses, existing businesses for debt refinancing, and most legal business ventures.
- **Term:** Three year loan term
- **Interest Rate:** Dependent on risk criteria, generally 8-12% with performance incentives to lower the interest rate during the loan term.
- **Collateral:** Personal guarantee required; limited collateral required for business showing growth in equity over the prior year.
- **Flexibility in Loan Requirements:** Minimum 5% applicant funds, with up to 95% OIB loan.
- **Minimal Documentation:** Simple application, credit report, references and minimal supporting documentation, such as tax returns and financial statements.
- **Minimal Insurance Requirements:** Basic insurance on collateral and business required;

Do I Qualify?

Contact us to discuss your proposal!

Email: loanmanager@mcedd.org
Call: 541-296-2266

Location: Businesses must be located in the Oregon boundary of the Columbia River Gorge National Scenic Area – Wasco, Hood River, and Multnomah counties.

Small Business Counseling Support: All loan clients are required to obtain business counseling. We are happy to connect you with a business advisor.

How to Apply

Contact us then access the application at:

<http://www.mcedd.org/financing/oregon-investment-board/apply/>





Programa Piloto de Oregon Investment Board

Financiamiento para pequeñas empresas en el área escénica nacional

¡Te invitamos a que apliques!

Hay \$250,000 en fondos del Columbia River Gorge National Scenic Area Oregon Investment Board disponible para un programa piloto que tiene un proceso de solicitud simplificado, requerimientos mínimos de documentación y seguros, asesoría en pequeña empresa arraigada e incentivos de desempeño.

Requerimientos básicos:

- **Cantidad máxima del préstamo:** \$40,000
- **Tipos de Solicitantes Elegibles:** Emprendedores, nuevas empresas de nueva creación, negocios en expansión, negocios existentes para la refinanciación de deuda y la mayoría de los negocios legales.
- **Plazo del préstamo:** Término del préstamo de tres años
- **Tasa de interés:** Depende de criterios de riesgo, generalmente 8-12% con incentivos de rendimiento para bajar la tasa de interés durante el plazo del préstamo.
- **Colateral:** Garantía personal requerida; garantías limitadas requeridas para las empresas que muestran un crecimiento en el patrimonio neto con respecto al año anterior.
- **Flexibilidad en los requisitos de préstamos:** Mínimo 5% de fondos de solicitante, con hasta un 95% de préstamo OIB.
- **Documentación mínima:** Fácil aplicación, informe de crédito, referencias y documentación mínima de apoyo, como declaraciones de impuestos y estados financieros.
- **Requisitos mínimos de seguro:** seguro sobre garantías y negocios requeridos. No se requieren asignaciones de seguro de vida.

¿Califico?

¡Contáctenos para discutir su propuesta!

Correo electrónico:

loanmanager@mcedd.org

Teléfono: 541-296-2266

Ubicación: Las empresas deben estar ubicadas en el límite de Oregon de los condados de Columbia River Gorge National Scenic Area - Wasco, Hood River y Multnomah.

Asesoramiento para pequeñas empresas: Como requisito, todos los clientes de préstamos deberán obtener orientación de negocios. Estamos encantados de conectarlo con un asesor de negocios.

¿Cómo aplicar?

Contáctenos o acceda a la solicitud en:

<http://www.mcedd.org/financing/oregon-investment-board/pilotapply/>

Columbia River Gorge National Scenic Area Oregon Investment Board



Sustained Impact:

From a \$4 million allocation, the Board has approved grants and loans (utilizing revolved funds) totaling almost \$10 million.

Leveraging:

Leveraged over \$15.3 million in private funds and more than \$13.4 million in public funds.

Employment:

Funds are provided through grants and loans to support infrastructure, business assistance, and workforce development. The Board has provided funding to projects to directly create or retain around 740 jobs.

Fiscal Year 2021 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 MCEED. Key activities in FY 2021 included:

- 1) A comprehensive update of the **Bi-state Economic Vitality Plan**, which reflects how each state is currently allocating and administering resources in the National Scenic Area and affirms the mission and regional approach of the plan;
- 2) Lending to support the expansion of a holistic pet supply business in Hood River (see sidebar); and
- 3) A videography marketing project to highlight the OIB's work and increase visibility for its impact in the region. The project featured a series of five videos highlighting a diversity of four existing loan clients as well as the COVID-19 relief lending available. The videos were shared via local news media, newsletters, web and social media channels. The full series is available on the [OIB's YouTube Channel](#).
- 4) COVID-19 relief through flexible payment options for existing loan clients, and flexible disaster relief lending.

Loan Client Profile: Dog River Pet Supplies



Dog River Pet Supplies opened its doors in 2019 with the intention to bring raw and natural pet foods, holistic remedies and expert nutrition advice to Hood River pets and their owners. Molly Lewis and Sean Kelly created a welcoming space through a great deal of hard work, and with an additional infusion of capital from the OIB they increased their retail space, expanded their current inventory for dogs and cats and introduced products for wild bird and small animal enthusiasts.



Oregon Investment Board Members

Jill Amery, Chair * Tammy Miller, Vice Chair * Jorge Barragan, Secretary/Treasurer
Doug Roof * John Kasberger * Craig Bowder * Kirk Wright