

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

*******Thursday, April 6, 2023*****
**** 200 P.M. ******

Virtual only via Zoom: <https://us06web.zoom.us/j/89661885607>
Call in: 669-900-6833, Meeting ID: 896 6188 5607

AGENDA

<u>Topic</u>	<u>Time</u>	<u>Item</u>
Call to Order, Introductions	5 minutes	Information
March 2, 2023 Minutes	5 minutes	Approval
Financials	5 minutes	Approval
New Loan Request <i>Ankhiale Outdoors 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
FY24 OIB Budget	15 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. Representatives of the news media are allowed to attend but are specifically directed not to report on any of the deliberations during the executive session other than to state the general reason for the session as previously announced. All others besides staff and OIB members are asked to leave the meeting. If clients for loans being discussed are present, they also may be asked to join part of the executive session. No decision may be made, nor final action taken in executive session. We will return to regular session in approximately ___ minutes, at which time we may take action.

OIB Chair asks those not allowed in the executive session 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
THURSDAY, MARCH 2, 2023
REMOTE ONLY MEETING VIA ZOOM**

ATTENDANCE

OIB Members: Gil Kelley, Jorge Barragan, Rod Cole, Sam Bauer, Craig Bowder

Staff: Jessica Metta (Executive Director MCEDD), Ami Beaver (Loan Fund Manager), Jill Brandt (Administrative Assistant), Dana Woods (Finance Manager)

Guests: Marlee Boxler, Jake Procino (Oregon Employment Dept. Workforce Analyst), Rodger Nichols (Gorge Commission)

CALL TO ORDER/ INTRODUCTIONS

Gil Kelley called the meeting to order at 3:02 pm. A quorum was present.

MINUTES APPROVAL

Gil asked for any comments or questions on the January 25, 2023, minutes. Craig Bowder noted that he was not listed on the meeting attendance, but he was at the meeting.

Sam Bauer motioned to accept the January minutes, with the addition of Craig's name onto the attendance. Craig Bowder seconded the motion. All voted in favor, and the motion passed.

FINANCIALS

Dana Woods presented the financials ending January 31, 2023. She explained that the Financial packet was short a couple of documents that are typically in the report. The P&L was not included due to reporting issues that are still being worked out in Caselle. The main OIB account information is presented in a different format. Dana apologized for any inconvenience.

Principal Payments received were \$11,826. Loans interest received was \$10,130. Total monthly expenses were \$8,421 and was made up of typical monthly expenses of MCEDD's monthly fees and regular bank fees, legal fees. OIB loans receivable balance was \$1,587,071, which was a slight decrease due to scheduled principal and interest payments received. On the USDA funds, there is only one loan receivable. The balance was \$137,045. The client is still on interest only payments. Monthly income was \$574.38. Dana opened the floor for questions. *There were none.*

Craig Bowder moved to approve the financials as presented. Sam Bauer seconded the motion. All voted in favor and the motion carried.

LOAN REQUEST: ANKIAHLE OUTDOORS, LLC

Ami asked to move into Executive Session to present her confidential memo and materials. The clients were not able to make the meeting.

EXECUTIVE SESSION

Executive Session per ORS 192.660 (f) (Exempt Documents) was called to order at 3:09 pm. Chair Gil Kelley read aloud the full requirements pertaining to Executive Session.

Regular Session reconvened at 3:33 pm.

LOAN ACTIONS

Rod Cole motioned to table the loan request until the next meeting to allow time for Ami to get additional information from the client and to have the client present to answer questions. Jorge Barragan seconded the motion. All voted in favor, and the motion passed.

ECONOMIST REPORT

Jessica introduced Jake Procino from the Oregon Employment Department, who is here by request from the last Board meeting discussion. Jake is one of several economists in the region, and he specializes in Labor market information.

Jake proceeded to shared his screen to give a general economic background showing where industries are in terms of recovery from the pandemic, and where forward movement is expected. Statewide, Oregon has regained all jobs that were lost during the pandemic. As of Dec 2022, Oregon is at 1.2 % of employment compared to before the recession. The chart on screen showed very strong year over year job growth, slowing now since the hiring high of 2021. He described the labor market as hot, with many people being hired. The next slide showed employment broken down by sectors of industry, with a graph illustrating the change in employment in the different sectors. The graph showed that the construction and transportation warehousing sectors did well during the pandemic because these types of jobs were able to physically distance and or operate outside. Warehousing increases were directly related to the growth of ecommerce.

The leisure and hospitality and retail trades that could not distance and work from home lost a lot of employment from Covid. Jake also noted that higher average paid jobs tended to recover more quickly than the lower wages in the leisure and hospitality industries. Differences in the region in terms of recovery is based on industrial composition. The next slide on screen was a graph showing the different sectors of industry broken down by county. Because Hood River and Wasco Counties rely heavily on leisure and hospitality, these tanked in the pandemic, and show as lagging in comparison to the state as a whole. Construction showed as the fastest growing sector. Jake noted that most industry sectors in Wasco County and The Dalles have recovered, and that Gilliam County's numbers do not show recovery because there are lots of folks retiring there. Recovery statistics in smaller counties was based on if labor moved away to get jobs. This can be understood by looking at Gilliam's unemployment rates, which are still low. The next slide showed comparison of each county to the whole state, where the importance of the leisure and hospitality sectors shows up clearly with the numbers in Hood River and Wasco Counties. Jake noted that the Education and Health Services sector is dragging stats down for the whole.

Jake moved on to discuss Industry projections over the next decade, which the Employment Department has just released. There are numbers for the Gorge as a whole, and also broken down by counties: Hood River, Wasco, Gilliam, Sherman and Wheeler. Some sectors show growth happening just to get back to 2019 levels. "Other services" is slated to be the biggest growing segment, which includes the service

industry, with unique services such as oil changes, churches, carpet cleaning, etc. Healthcare industry is expected to grow mostly with increasing need for nurses. A big portion of the leisure and hospitality projections is regrowth back to pre-pandemic levels. Overall expectations for Oregon forecast a recession because of rising interest rates. Right now, Oregon has a very tight labor market with not many layoffs happening. Companies are “labor hoarding” because it is becoming harder to hire people. Fewer layoffs are expected. If there is a recession, it is expected to be relatively mild compared to the recession of 2021 and 2007. Jake explained that recession is specific term that denotes an extended long-term downturn.

Discussion: Gil thanked Jake for his presentation. He explained that the OIB gives loans to small and emerging businesses, and asked where the emerging opportunities will be for the OIB to lend in the coming years. He was interested in possible opportunities in the manufacturing or healthcare sectors. Gil asked if Jake had any insights into the potential growth areas for our counties, noting that some of these numbers represent reemployment, and some new employment.

Jake replied that there are several industries where job growth will be front loaded during the current recovery period - these will grow quickly in the next few years of the decade. Leisure and hospitality firms tend to be smaller and will be a good area for growth because they were hammered so hard. During the pandemic spending changed dramatically from services. Eating out at restaurants lapsed and buying on Amazon grew. This huge change of where money was spent switched from services to manufactured goods. We don't know if this is a permanent change, or just temporary. The latest projection is that spending will go back to spending on services. Jake also noted that construction, specifically housing, is taking off across the state. In the Gorge the housing growth is mostly expected to be in Hood River County.

Marlee asked if the information presented today as Portland Metro area data is correct for the unincorporated section of the county. Jake affirmed that it was. He said geographically the City of Portland and Multnomah County are in the Metro statistical area. For Employment Department purposes, Multnomah County and Washington County as the Metro area both include the unincorporated parts of both Counties.

Rodger Nichols noted that the government projection coming back from Wasco County could be different, now that Google's tax basis is coming online that will allow the county to hire more government jobs in Wasco County. Jake agreed that it is hard to be accurate in individual counties. He also noted that categories may be misleading.

STAFF UPDATES

(Marketing/Outreach, Historical Study, Multnomah County Seat, Late March meeting)

Marketing/ Outreach: The requested window decal is on order. The marketing flyer has been translated into Spanish and mailed out to bank managers in Hood River. Visiting the banks in The Dalles is still to be completed by staff. Outreach with other partners has been happening with community presentations.

Rod added that he has also been actively marketing with outreach, and he has met with branch managers in The Dalles banks providing flyers to them. His conversations with the banks revealed that they are all aware of MCEDD but not as familiar with OIB. He added that his visits did bring clients to mind for the bankers that could be referred for lending services. He offered to keep in contact with them.

Historical Performance Study: Jessica spoke with the team from U of O about updating the study on the impact of OIB loan funds. The takeaways from her discussion with them, are that cost partially depends on how fast we want the study update. She asked about free and got a general sense that later in the year could be possible for free. Gil greed that waiting makes sense. Group general head nods that waiting is ok.

Multnomah County Seat: Jessica reported that she has been urging the new governor's team to work on this appointment to the point of pestering them. They have not yet responded.

Late March meeting: The regular meeting date will be on March 22nd. This will be Spring break for some. Jessica asked the group about either moving the meeting back to March 29th or keep it on the 22nd. Sam and Rod were OK with both dates. Craig and Jorge will be away on vacation the week of 29th. Leaving the meeting at March 22nd was approved, and Carrie will sub in for Jessica who will be out.

Jessica noted that the Budget request and also MCEDD's contract renewal with Business Oregon will be up for discussion at the next meeting.

OTHER NEW BUSINESS/ GOOD OF THE ORDER

Marlee asked if the flyers could be uploaded onto the OIB's webpage to be more easily shared out. Jessica made note to add them.

ADJOURN

Gil Kelley adjourned the meeting at 4:16 pm.

Respectfully submitted by Jill Brandt, Administrative Assistant

**Mid-Columbia Economic Development District
Balance Sheet - OIB**

February 28, 2023

ASSETS

Current Assets

Checking/Savings

1000 · Bank Demand Deposits	
1070 · National Scenic Fund	70,743.26
1171 · LGIP National Scenic Fund	1,225,055.55
Total 1000 · Bank Demand Deposits	<u>1,295,798.81</u>

Total Checking/Savings 1,295,798.81

Other Current Assets

1200 · Receivables & Accruals	
1202 · Accounts Receivable	
1222 · Year or Grnt End Receivables	
1260 · Accrued Loan Interest	4,597.83
1300 · Loans Receivable	
1370 · OIB Loans Receivable	1,629,154.84
Total 1300 · Loans Receivable	<u>1,629,154.84</u>
1400 · Loan Payments Holding	
1475 · OIB	0.00
1475 · OIB Holding	
1500 · Allowance for Doubtful Loans	
1575 · OIB Allowance	-49,535.30
Total 1500 · Allowance for Doubtful Loans	<u>-49,535.30</u>

Total Other Current Assets 1,584,217.37

Total Current Assets 2,880,016.18

TOTAL ASSETS 2,880,016.18

LIABILITIES & EQUITY

Liabilities

Current Liabilities

Accounts Payable	
2010 · A/P General	0.00
Total Accounts Payable	<u>0.00</u>
Total Current Liabilities	<u>0.00</u>

Total Liabilities 0.00

Equity

3100 · Fund Balances	2,836,289.19
Net Income	43,726.99
Total Equity	<u>2,880,016.18</u>

TOTAL LIABILITIES & EQUITY 2,880,016.18

OIB FINANCIAL SUMMARY

REPORT PERIOD: February 2023

	TOTAL YEAR TO DATE	PREVIOUS REPORT	CURRENT ACTIVITY
CASH BALANCE AS OF 06/30/22	1,846,496		-
Less Payables	-		-
Plus Accounts Receivable	-		-
Plus Interest Receivable (Less Unrecorded Accr'd Int)	-		-
ADJUSTED CASH BALANCE 06/30/22	1,846,496	-	-
INCOME			
Interest	67,891	58,815	9,076
Loan Processing Fees	11,625	10,800	825
Loan Filing Fees	659	151	508
Loan Late Fees	498	468	30
Other Revenue	-		-
Invested Interest	21,090	17,573	3,517
TOTAL INCOME	101,763	87,807	13,956
PRINCIPAL REPAYMENTS	192,923	180,006	12,917
REVENUE BEFORE DISBURSEMENTS	294,686	267,813	26,873
EXPENSES AND PAYMENTS			
Grants Distributed FY23	-	-	-
New Loans Disbursed	775,000	720,000	55,000
Converted to Principal	-	-	-
Bank Service Charges	72	63	9
Professional Services: Legal	400	400	-
Professional Services: Filing Fees	81	66	15
Professional Services: Contractual	65,233	57,079	8,154
Communications / Telephone	-	-	-
Other Materials & Supplies	-	-	-
TOTAL EXPENSES AND PAYMENTS	840,786	777,608	63,178
ADJUSTED CASH BALANCE	1,300,396	(509,795)	(36,306)
LESS:			
Approved Grants not Disbursed	(10,000)		
Approved Loans not yet Disbursed	-		
Interest Receivable at Period End	(4,598) *		
AVAILABLE TO GRANT/LOAN	1,285,798		
LOANS RECEIVABLE BALANCE	1,629,155 ^		
PROOF:			
Cash Balance After Reconciliations - February 28, 2023	1,295,799 ^		
Less Payables	-		
Plus Interest Receivable	4,598		
ADJUSTED CASH BALANCE	1,300,396		

**Mid-Columbia Economic Development District
Profit Loss
Oregon Investment Board**

<u>Account</u>	<u>Account Title</u>	<u>2/28/2023</u>
975-4600	Loan Interest	9076.09
975-4650	Principal Payments	0
975-4700	Loan Processing Fees	825
975-4705	Loan Filing Fees	508.04
975-4707	Loan Title Fees	0
975-4710	Loan Late Fee	30.02
975-4750	Investment Interest	3517.26
	TOTAL Income	13956.41
975-6400	Professional Services	0
975-6410	Legal Services	0
975-6420	Audit Services	0
975-6430	Accounting	0
975-6440	Title/Lien Search	0
975-6450	Contractual	-8154.17
975-6470	Filing Fees	-15
975-6930	Bank Service Charges	0
975-6931	ACH Collection Fees	-8.9
	TOTAL Expense	-8178.07
	Net Income	5778.34

Memorandum

To: Oregon Investment Board
From: Dana Woods, Finance and Operations Manager
Date: March 16, 2023
Re: OIB FY24 Budget

Overview

OIB’s funds are included as part of MCEDD’s overall budget each fiscal year (annually from July 1 through June 30). We are seeking the OIB’s input to appropriately reflect anticipated revenues and expenditures in the agency and operational funds for use as we compile the MCEDD FY24 budget.

Forecasted Revenues

Amounts included in revenue categories are forecasted based upon analysis of prior years’ budgets and actual revenues, combined with an informed estimation for future revenues. The following revenue areas are highlighted to provide clarifying information or because the board is requested to review in greater detail:

- You will note a division between current vs projected loans for revenue categories. We make this division to provide the board with a better way to easily separate the two when analyzing projected revenue.
- Current loan revenue projections are reflective of the loans already in OIB’s portfolio. There are currently no loans in litigation or bankruptcy. There are no scheduled balloon payments for FY24.
- Projected loans are estimated based on a four-year average of lending. An unallocated level of funds is therefore still shown in the carryover expenses.
- NOTE: This analysis only considers the OIB’s original funds and not the new Scenic Area funds through USDA. Those are included in the rest of the MCEDD budget. We anticipate asking for an extension to get those out beyond the September 30, 2023 deadline and working to get them all out if possible.

BASED ON 4-YEARS	New Loans Booked	AVE
FY20	70,000	
FY21	93,350	
FY22	15,000	
FY23 (7/1/22 - 02/28/23 actuals)	775,000	
	953,350	238,338

The projected loan amount does not represent a target level of lending (target is higher to allocate available resources!). A 7.75% interest rate was used to calculate the new loan projections for FY24.

Board Discussion: Level of projected loans and interest rate to include in the budget.

- Loan interest on projected loans anticipates that loans are booked throughout the fiscal year. As it is an estimate, the budget currently divides the total amount of lending in the year evenly by quarter and reflects interest payments starting when the anticipated new loan would be originated.
- Loan fees are included with the standard 1.5% fee on the total amount of the estimated new loans.

- Invested Funds Interest has been increased to reflect primarily the additional interest that is being earned from the funds held in the Local Government Investment Pool, estimated at \$2500 per month.

Note: Staff will revise revenue estimations if conditions change prior to presentation to the MCEDD Budget committee.

Expenditures

- Grants: Generally, we budget grants based upon a review of the projected revenue from interest/fees that may be available in excess of other expenses and setting aside some of the revenue to grow the principal base of the fund. This process is intended to ensure we maintain a healthy fund to support the region. Based on the anticipated revenue from interest and fees, the budgeted one new \$10,000 grant. We are no longer “holding” a \$10,000 grant for CGCC that was approved years ago for their commercial kitchen and not disbursed. CGCC would need to reapply. ***The board’s input is requested on the amount to budget for grants.***
- Contractual includes: MCEDD staffing, provided under a contract with the State of Oregon utilizing interest and fees from the OIB programs to cover costs. There is an automatic reduction in the staffing contract if revenue is insufficient to cover expenses. The contract is developed on a biennium with the State, based on the recommendation of the OIB. We are in process at developing the next contract and request a 2% increase to reflect increased costs.
- Other: The dollar amount set aside for marketing has been maintained at \$1000. ***Board discussion is requested.***
- An allocation of funds to legal costs is included as a placeholder for the board to work with legal counsel, as necessary, on troubled loans or other legal action. It has been decreased for FY24 based on actual expenditures but still trying to be conservative.
- New Loans are projected at \$238,338 based on the four-year actual lending average.

Request

Review and provide input to advise the budget process.

**MID-COLUMBIA ECONOMIC DEVELOPMENT DISTRICT
HISTORICAL COMPARISON OF BUDGETS
OIB**

	A	B	C	D	E	F	G	H
1	DESCRIPTION	FY 19	FY20	FY21	FY22	FY23	FY24 Proposed	1
2	BEGINNING BALANCES							2
3	Program Funds Restricted Available	1,109,363	1,161,139	1,725,786	1,518,784	1,800,918	1,376,598	3
4	TOTAL FUND AVAIL	1,109,363	1,161,139	1,725,786	1,518,784	1,800,918	1,376,598	4
5								5
6	REVENUE							6
7	Contract Reimbursements							7
8	Principal Repayments:							8
9	Current Loans	129,510	184,283	171,606	350,782	167,847	168,970	9
10	Projected New Loans	7,150	7,259	7,901	6,454	1,370	5,494	10
11	Loan Interest:							11
12	Current Loans	115,538	98,910	96,298	85,540	71,039	111,595	12
13	Projected New Loans	7,795	8,588	9,347	7,475	1,588	6,360	13
14	Loan Fees	7,000	5,960	5,181	4,201	892	3,575	14
15	Other Loan Filing Fees	850	1,050	725	725	725	750	15
16	Loan Late Fees	2,500	2,500	2,250	2,250	1,000	750	16
17	Other Revenue							17
18	Invested Funds Interest	555	581	863	759	5,880	30,120	18
19	TOTAL REVENUE	270,898	309,131	294,171	458,187	250,340	327,613	19
20								20
21	EVENT SERVICES							21
22	PROFESSIONAL SERVICES							22
23	Legal	6,000	6,000	6,000	6,000	4,000	2,000	23
24	Filing Fees	850		650	1,150	750	750	24
25	Contractual	94,049	94,049	95,930	97,850	97,850	99,807	25
26	COMMUNICATIONS/TELEPHONE		1,000	5,000	1,000	1,000	1,000	26
27	OTHER MATERIALS & SUPPLIES						125	27
28	GRANTS DISTRIBUTED	25,000	25,000	35,000	10,000	10,000	10,000	28
29	REVOLVING LOAN FUND							29
30	New Loans Made	308,000	397,349	425,411	560,061	59,450	238,338	30
31	Carryover	946,361	1,072,920	1,451,966	1,300,909	1,878,208	1,352,191	31
32	TOTAL EXPENSES	1,380,260	1,596,318	2,019,957	1,976,971	2,051,258	1,704,211	32

MCEDD
Historical Comparison of Actuals
OIB

DESCRIPTION	FY20 (Actual)	FY21 (Actual)	FY22 (Actual)	FY23 (Est)	FY24 Proposed	1
BEGINNING BALANCES						2
Program Funds Restricted Available	809,116	1,357,731	1,546,597	1,831,465	1,376,598	3
TOTAL FUND AVAIL	809,116	1,357,731	1,546,597	1,831,465	1,376,598	4
						5
REVENUE						6
Contract Reimbursements						7
Principal Repayments:						8
Current Loans	579,135	293,778	297,639	267,005	168,970	9
Projected New Loans	-	-	-	-	5,494	10
Loan Interest:						11
Current Loans	134,262	90,476	85,083	106,453	111,595	12
Projected New Loans	-	-	-	-	6,360	13
Loan Fees	2,764	2,736	1,325	11,625	3,575	14
Other Loan Filing Fees	48	33		750	750	15
Loan Late Fees	4,264	195		600	750	16
Other Revenue	194	6				17
Invested Funds Interest	595	541	4,337	31,626	30,120	18
TOTAL REVENUE	721,262	387,765	388,384	418,060	327,613	19
						20
EVENT SERVICES	387.64					21
PROFESSIONAL SERVICES						22
Legal	6,482	2,945	600	500	2,000	23
Filing Fees	1,605	1,610	236	150	750	24
Contractual	94,049	95,930	85,935	97,850	99,807	25
COMMUNICATIONS/TELEPHONE		4,965	638	-	1,000	26
OTHER MATERIALS & SUPPLIES	123	99	111	110	125	
GRANTS DISTRIBUTED	-	-	-	-	10,000	27
REVOLVING LOAN FUND						28
New Loans Made	70,000	93,350	15,000	775,000	238,338	29
Carryover	1,357,731	1,546,597	1,831,465	1,375,914	1,352,191	30
TOTAL EXPENSES	1,530,377	1,745,496	1,933,984	2,249,524	1,704,211	31