

Union County Economic Development Corporation

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Minutes November 20, 2008

Monthly Meeting: 6:00 p.m. at UCEDC Office, 102 Depot Street, La Grande, OR
Meeting Facilitator: Howard Perry, President
Board Reporter: Janis Bozarth, Administrative Assistant
Interim
Executive Director: Mike Sanford

Members Present: Howard Perry, John Howard, Dale Case, Steve Anderson, Mike Poe, Don Kellogg, Bill Whittemore, Gary Lillard, Jeff Puckett, Robert Strobe, Dennis Spray

Absentees: Janet Hume-Schwarz
Visitors: Mark Davidson, Charlie Mitchell, Tim Seydel, Phil Burling, Jim Mollerstrom;

The meeting was called to order at 6:00 p.m. by Howard Perry - President.

President Howard Perry welcomed and introduced the visitors: Charlie Mitchell, the Economic Development Director for the City; Tim Seydel with Eastern Oregon University; Mark Davidson, newly elected Union County Commissioner; Jim Mollerstrom; and Phil Burling with Ranch & Home

Howard asked for a motion to approve the October minutes.

Dale Case moved that the board approve the October minutes. Bill Whittemore seconded the motion. The motion carried.

OLD BUSINESS:

Howard suggested moving the agenda items around a bit to accommodate the schedules of the visitors present at the meeting and to discuss any items not on the Agenda. The first item for discussion was not on the Agenda. Phil Burling presented an analysis of the properties at the Business & Technology Park. A copy of Phil's summary is attached to these minutes. The summary shows comparables in the area. Phil gave some information on what properties are selling for in other areas. In Umatilla and Hermiston, they're looking at \$25,000 to \$35,000/acre, in Baker \$19,000, and in Boardman around \$12,000. Phil suggested that if the motive of UCEDC is to move property he would suggest reducing the price (maybe to \$25,000) but if UCEDC is comfortable with sitting on it then the \$55,000 is not an outlandish price. Howard reminded the Board that the \$55,000 price was without any job creation and with job creation the price was at \$17,500. If there are jobs, there is a credit that goes against the \$55,000 price. Howard also reminded the Board that the goal of UCEDC is the creation of new jobs and not to be in competition with other property owners. The first few lots were offered at a reduced price with a goal to get some construction going and to have some activity at the Business Park. John Howard informed the Board that at the last City-County work group meeting, there was discussion on the price structure – maybe reduce it to the mid-20 range and not have the job criteria, but have a 2-year limitation to try and stir up more interest. Robert indicated that the question was “Do we want to keep the properties priced where they are and tied to job creation, or are we more interested in figuring out what the market would bear and set the

job creation off to the side?” Do we want to change the concept away from job creation and more towards “let’s just get something built out there?”

Phil advised the Board that the listing agreement UCEDC has with Ranch & Home expires January 31. Ranch & Home would like to continue handling the properties for UCEDC.

Howard suggested that a motion be made. Because of the partnership with the City, UCEDC can go to the joint meeting and let the City know what UCEDC is supportive of and make sure the City is supportive.

Jeff Puckett moved that the price be lowered to \$39,900 and down to \$17,500 if tied to job creation and then reevaluate the sales price in six months. Steve Anderson seconded the motion. Howard asked for any discussion.

Robert Strobe asked that the motion be amended to encourage the working group to have the City mirror these prices.

Jeff Puckett amended his motion. Seconded by Steve Anderson. Motion carried.

Alicel Project - Dale Case/Howard Perry

Dale reported on the progress of the Alicel Project. PGG has purchased the Peacock property and the railroad property. Right now they are waiting on the signing of the documents in order to proceed. U.S. Bank has been selected to handle the financing. Howard reported that the bank has all the information it needs to proceed with the appraisal and once that is completed, the bank will be able to give us a firm commitment for loaning the money. Howard reported that the Planning Department needs a public notice for the Conditional Use Permit to construct the facility which may delay things, because the earliest that can be scheduled is December 22. Mike Sanford and Mark Davidson will meet with Steve McClure next week regarding the need to speed things up.

Howard presented the following action items:

- 1) **Are we prepared to sign the working agreement with PGG?** This agreement is what we agreed to and defines how the process will work between UCEDC and PGG.
- 2) **Are we ready to sign the agreement with the State?** If we sign the agreement with the State, then we’re committed to the project. Is the language in this agreement acceptable to all the parties? There is some risk here. If we don’t have a firm commitment on the loan and the \$850,000 that we agreed to provide towards the project, and if that should fall through, are we still obligated to complete the project? Jeff Puckett asked if we are allowed to add a contingency of the loan approval to the agreement. The agreement with the State needs to be signed before any costs that we incur can be reimbursed. Construction dollars should not be spent until that agreement is in place. The Board is in favor of UCEDC signing the document with PGG and the State if we can add to the State document that it is “subject to loan approval.” Howard stated that this could be another two-week process since any changes we make may need to go to the AG’s office.

Robert Strobe moved that we enter into the grant agreement with the Oregon Connect II on the condition that we will not obligate the organization if we do not receive loan funding and that information be confirmed by the Executive Director prior to signing of the document. The motion was seconded by Dennis Spray.

After discussion, ***Robert amended the motion to include that the Executive Director has the authority, if ODOT will allow us, to add loan contingency language to the agreement provided it does not create an extension of time. Seconded by Dennis Spray. Motion carried.***

Discussion followed on the Working Agreement with PGG. Howard indicated that there isn't urgency with the Lease Agreement since we can't sign that until we know the loan terms. The working agreement defines who does what, who has what responsibilities, that we agree to work together, etc., and that we're committing to providing \$850,000 to the project and PGG pays everything above that. It also recognizes that \$1,000/month (\$12,000/year) out of their lease payments will come into our operation.

Robert Strobe moved that the working agreement be approved if the language in the working agreement is contingent on loan approval. Seconded by Bill Whittemore. Motion carried.

Discussion followed on the lease.

Jeff Puckett moved that the lease be executed prior to the signing of the loan documents Seconded by Bill Whittemore. Motion carried.

Discussion followed on what dollar amounts UCEDC would risk if everything isn't in place to get the foundation started. Howard then asked if there were any final questions regarding the lease agreement or anything to do with the project. Please get any questions and comments to Mike Sanford as soon as possible.

EOU Representative – Tim Seydel

At this time, Howard asked to move the item regarding an EOU representative to be the next item since he had to leave at 7 p.m. The discussion item involved the possibility of having a Board position that would be tied to the University or in some way getting University representation on the UCEDC Board because of the economic impact the University has on the community. Discussion followed on ways of achieving this. One idea suggested that wouldn't involve having to change the by-laws would be to make it an ex-officio position.

After some discussion, ***Dale Case moved that the President of the University be asked to appoint an ex-officio member to the UCEDC Board and that this individual be from the upper echelon of the University. Seconded by Robert Strobe. Motion carried.***

Nominating Committee for 2009 Officers – Howard

Howard asked for two volunteers to serve on the nominating committee for 2009 officers so that an election can be held in December to be effective January 1. Two members from the E-Board were selected: Jeff Puckett and Dale Case; and two members from the general board are needed. Bill Whittemore and Steve Anderson volunteered from the general board. Howard asked the group to meet before the next meeting so that an election for officers can be held at the December Board meeting.

Howard left the meeting at this time, and John Howard took over the meeting.

Water Rights – Dale Case

Dale reported they had a conference call with the attorneys from Schroeder law offices that are specialists in water rights. General discussion was what would happen if UCEDC sold its water rights. Would it go through or would it not go through? The attorney didn't really have an answer for this. He didn't really answer whether the Taylor Creek water rights are tied to the Grande Ronde water rights. The attorney indicated that his cost to push this through would be around \$3,000 to \$5,000, with a \$3,000 retainer. Discussion followed on selling the water rights. Don asked what the original offer was. Dale responded that the original offer with Kurt Bowman was \$450/acre and then split the costs. UCEDC has 40 acres of Grande Ronde water rights and at least 15 acres of Taylor Creek and Gekeler water rights. Dale's recommendation would be to confirm with Kurt that he is still willing to go half way on the costs and approach the landowner downstream on the Taylor Creek side.

Robert Strobe moved that UCEDC move forward with selling the water rights if we have a partner in the transaction. Seconded by Steve Anderson. Motion carried.

Chamber Banquet – Mike Sanford

Mike presented to the board his suggestion that UCEDC sponsor a table at the 2009 Chamber Banquet in February. He feels this would send a message that UCEDC is a presence in the community. The cost to sponsor a table would be \$500 to \$600. This isn't a budgeted item. Discussion followed on whether this was the best use of our marketing effort. John Howard said that this is the only event that would give exposure to the UCEDC members. Steve said this could be an opportunity to promote some of our marketing material. Some of the board members also felt this could be an opportunity to gain additional members in UCEDC.

Bill Whittemore moved that we have a table at the Chamber Banquet. Dennis Spray seconded. Motion carried.

Robert Strobe expressed his concern that this is a PR/marketing issue and he would rather that a decision not be made at this board meeting, that it be given to the Marketing Committee to further explore. After additional discussion, the item was tabled.

Robert made an amended motion to table the motion and let the membership and marketing committee look at it and bring it back next month. Seconded by Don Kellogg. Motion carried.

Work Plan – Mike Sanford

Mike reported that they met with the City last month and will meet again on Tuesday, November 25. He felt the meeting was productive. One thing decided at that meeting was that UCEDC could bump the SWOT Analysis back into next year's work plan, based upon the fact that the City is in the process of their Goal 9 Review. The decision was also made that UCEDC will hold a mini-economic summit probably in the middle of January or the middle of February, to bring together all of the players throughout the County, and talk about what's happening in Union County. At the mini-summit also, the program that Brian Cole recommended would be presented to the group to try and get the other cities to buy in and to become a part of it.

Letter to Membership for Nominations for Board – Mike Sanford

Mike reported that we e-mailed a letter to the membership requesting nominations for board positions. He reminded the board members that John Howard's term is up from the membership, Dennis Spray and Don Kellogg's terms are up from the County, and Howard Perry's term is up

from the City.

REPORTS:

Finance Committee – Mike Poe

Mike gave a short report on finances. Cash is up. The budget needs to be put in Quick Books, but after doing some comparisons, he reported that total expenses are \$7,000 less than budgeted. Revenue is about \$18,000 more than the budget and that is due to \$35,000 that came in from the City.

Property Committee – Dale Case

Dale reported that there had been no meetings.

Communications/Marketing – Steve Anderson

Gary Lillard gave a report on his meeting with Tim Seydel and Dixie Lund at EOU to look into items of interest to the University and ways that UCEDC and the University can work together for the betterment of economic development. Tim Seydel reported that the University is trying to bring a State Forensics Lab to be located at the University or at the University's lot at the Business & Technology Park. This lab would create 6 to 10 jobs and it would be desirable to be in proximity to the highway.

Steve reported on his meeting with Jim Mattes and Marti Ford with Grande Ronde Hospital. The hospital has really grown this past year with the new doctors they've hired. GRH has been using the same marketing philosophy as UCEDC is going to be using in their marketing material – that this is a good place to live and a good place to do business. They've offered to be of help to UCEDC with its marketing. The hospital plans more construction in the next few years. They've extended an open hand to UCEDC. They gave us the name of a contact person at Regence Blue Cross and suggested UCEDC contact them about the possibility of a Regence Blue Cross satellite office in Eastern Oregon.

Steve reported on the meeting with Ron Nash. Ron indicated that things are a little slow right now, but he also presented some bright spots in the future. They are in the process of building an assembly plant next door that a German firm will be coming in next spring to manufacture axles for them. This will create about 30 new jobs initially. The plant builds a lot of different things, including lawnmowers and also will build frames for Nash and another RV plant. Ron expressed interest in helping UCEDC with marketing materials for trade shows, etc.

Steve presented a draft of a brochure that the Marketing Committee has been working on. The plan is to create a brochure that can still be used in five years time. Various inserts would be created to be put in the brochure, and these would be updated so they would always be current.

Membership Committee – Don Kellogg

Don reported that he visited a few of the banks to try and get them to become members of UCEDC, but he didn't have any luck with this. Banks visited were Sterling and Wells Fargo.

Administrative Assistant Report – Janis Bozarth

Janis reported that she sent out the minutes. She asked that members let her know if they aren't receiving copies of the minutes/agendas or if they're getting duplicates. She reported that in October there had been six membership renewals and two partnership renewals. She is working on the financial reports with the help of Violet.

Executive Director Report – Mike Sanford

Mike reported that he had gotten rid of all the furniture in the basement. He is now ready to start hauling the garbage out.

NEW BUSINESS:

None

EXECUTIVE SESSION:

None

FOR THE GOOD OF THE ORDER:

Jeff Puckett wanted to commend the staff who he feels have done a good job coming in and rescuing the organization.

Dale Case said that he and Mike Sanford have been working together to get rid of some of the weeds at the Technology Park.

Dennis Spray said that on December 11, a gentlemen who is providing air service from Pendleton to Portland is coming to La Grande to visit with the County regarding the possibility of getting La Grande involved in some type of air service. The County would like to have as many people as possible attend. Notices will be sent out prior to the meeting.

John Howard said his business would be having a Christmas Open House on December 11, and everyone was invited.

Steve Anderson mentioned he would like to see UCEDC get back on track with the newsletter. Some of the feedback from people they visited was that they hadn't heard anything from us for awhile. This could be a way of keeping the membership up.

John Howard commented that he thinks it would be a good idea for the Board members to have a lunch at the hospital and take a tour of the facility.

Meeting was adjourned 8:00 p.m.

Respectfully submitted by:
Janis Bozarth, Administrative Assistant

Note:

Next Board Meeting: Thursday December 18, 2008 at 6:00 p.m.
UCEDC Office at 102 Depot St.

Executive Meeting: Tuesday, December 9, 2008 at 7:30 a.m.
UCEDC Office at 102 Depot St.