

Board of Commissioners Meeting
November 6, 2012

Present: Commissioner William D. Rosholt
Commissioner Steve McClure
Commissioner Mark D. Davidson

Chairman Rosholt called the meeting to order at 9:00 a.m. and began with the Pledge of Allegiance. All three Commission members were present.

Public Comments

Consent Agenda

The October 18, 19, 25 and 31 claims journals; the October 17, 24 and 31 Public Works claims journals; were approved as presented on the consent agenda.

Court Order Transferring Outstanding Warrants and Checks

Court Order 2012-36, In the Matter of Transfer of Outstanding Warrants and Checks, was presented for consideration. Shelley Burgess, Administrative Officer, explained that this Court Order comes from ORS 98.304 which provides for the transfer of outstanding warrants and checks to the State Treasurer. The checks that are presented on the Court Order have been issued prior to July and remain unclaimed. The treasurer prepared the summary that lists the fund that the check was issued the date each check was issued and the amount. The general fund total amount is \$153.44, the Mt. Emily Safe Center Fund is \$15.82, the Justice Court Fund is \$146.00, and the Treasurer Fund is \$95.31. Shelley explained that because the checks have not been claimed and the time period has gone by the Commissioners need to authorize that the funds for the checks be transferred to the State Treasurer per the ORS. **Commissioner Davidson moved approval of Court Order 2012-36 as presented. Commissioner McClure seconded. Motion carried unanimously.**

Appointment to the Special Transportation Advisory Committee

Court Order 2012-37, In the Matter of Appointment to the Union County Special Transportation Fund (STF) Advisory Committee, was presented for consideration. Shelley explained that this committee advises the Commissioners on funding that becomes available through the Public Transit Division. There are currently vacancies on the committee. Three applications were received. Nancy Fields, Hannah Voetberg and Byron Whipple were the applicants. This Court Order would appoint the applicants with terms to expire June 30, 2015. **Commissioner McClure moved approval of Court Order 2012-37 as presented. Commissioner Davidson seconded. Motion carried unanimously.**

Industrial Land Proposal Discussion

Shelley Burgess explained that this is a follow up from the last Commission meeting where Dan Stark the Director of UCEDC talked to the Commissioners regarding the availability of industrial property and suggested it be acquired by Union County. The Commissioners directed Shelley to do some follow up on the financing that would be available. Shelley explained that the purchase price is \$745,000 and the suggested funding sources are a \$300,000 loan from the Union County Economic Development Corporation which would be a 25 year loan secured by a promissory note. It would include interest only payments until the Special Public Works Fund Loan is paid off. It would have a variable interest rate that would be indexed to the Oregon Short Term Fund which is currently at .6%. It would be capped at 3.76% which is the interest rate that can be obtained through the Special Public Works Fund. The additional \$445,000 is available through the Oregon Economic Development Department through a Special Public Works Fund Loan. The terms of that loan are for a 25 year period with a 3.76% interest rate. It would be secured by the 60 acre parcel. During the transaction there would be a promissory note and mortgage deed that would be on file giving them first position on that property. The resulting annual debt services requirements for those financing opportunities are \$1800 to UCEDC based on the first year interest rate and is an interest only payment. The Special Public Works Fund payment would be \$27,480 a year. The total annual debt service is \$29,280. The funding stream that would be suggested for the debt service would be the Video Lottery revenues in the Economic Development Fund. The County is currently receiving \$125,000 a year in the video lottery fund. Shelley explained that she has a Resolution and a financing agreement available from the Special Public Works Fund since they are prepared to offer the funding. There is also a promissory note that would need to be signed with UCEDC that would secure that funding. If the Commissioners decide to move forward those actions would need to be taken as well as a supplemental budget hearing to allow for the receipt of the funding and the expenditure for the capital purchase.

Commissioner McClure asked if they would be giving the full faith and credit of the County as far as security for this loan. Shelley stated that is required.

Commissioner Davidson explained that the State is taking a first position and the agreement allows for a partial release of interest as lots are sold off of the property. He asked if there is enough of the video lottery money to service this debt. Shelley explained that there is a loan payment of about \$11,000 that is paid by the video lottery funding and it has also been used for other items in the past. The only funds that are specifically allocated is the \$11,000 loan payment at this time. That loan will be paid off in seven years.

Commissioner McClure asked if there will be any problem getting partial release on the funds from UCEDC. Commissioner Davidson explained that all the County has with UCEDC is the Note so it is unsecured. The title of the property will rest in Union County's name. The only encumbrance will be the loan from the State.

Commissioner McClure wanted to clarify that the interest rate on the UCEDC loan will start at .6% and go to 3.76% and is interest only payments until the State is paid off.

Commissioner Davidson stated that he feels UCEDC should be applauded for being a good supporter of economic development in Union County.

Dan Stark, Executive Director of UCEDC, 102 Depot St. La Grande, and Jim Mollerstrom, Vice President of UCEDC, 501 B Ave, La Grande, came to the Commissioners to talk about the land acquisition and the loan to the County from UCEDC. Dan explained that this is an important piece of property that is shovel ready and ready to go forward. He feels that UCEDC is on board with it and their revenues have been in the bank for a number of years and it is a good investment. He feels that the property has great marketability that exceeds anything else available.

Jim Mollerstrom explained that this is a good opportunity for Union County to secure a large parcel of heavy industrial land that has been missing from the overall economic development plans. The Board was excited to participate in this purchase along with the County. It creates a great opportunity and fits into the business strategic plan and the business recruitment expansion program and all around a win-win situation within the County.

Commissioner McClure stated that this is not a complete fix to the available industrial land within the County but it is a very important step to move on. There is competition with the ports over the mountain and the tribes. He feels it is worth doing. He feels that the Commission needs to make a commitment that the lottery dollars are going to be the primary source of repaying these loans into the future.

Commissioner Rosholt agreed with Commissioner McClure that this is a step in the right direction to have it available in order to market to businesses.

Commissioner Davidson agreed with the other two Commissioners. He stated that there is some risk involved but the Commissioners have given it much consideration and have the revenue to service the debt and plan as to how it will be marketed and developed. There is a good chance that all or part of the property can be sold in a timely fashion and retire the debt long before the term of the loans. It can be done in a way to benefit the community and builds a case for more land to be zoned heavy industrial so the economic opportunities continue to grow and help to continue job growth and give the young people in the community a chance to stay in the area. To succeed as a community there needs to be a proactive approach to economic development.

Commissioner Rosholt stated that he appreciates UCEDC's participation in the purchase of the land. Commissioner McClure explained that having a partner like

UCEDC who is willing to step up and make that kind of loan with those kind of rates shows good faith and he appreciates it as well.

Resolution 2012-14, In the Matter of Union County Authorizing the Financing Loan from the Special Public Works Fund by Entering into a Financing Contract with Oregon Infrastructure Financing Authority, was presented for consideration. Shelley explained that this Resolution would authorize the loan from the Special Public Works Department and the contract. It would get it in motion so the funding can go into escrow. **Commissioner McClure moved approval of Resolution 2012-14 as presented. Commissioner Davidson seconded. Motion carried unanimously.**

Commissioner moved approval of the promissory note with Union County Economic Development Corporation in the amount of \$300,000 with the initial interest rate of .6% not to exceed 3.76% as presented. Commissioner Davidson seconded. Motion carried unanimously.

Adjournment

The meeting was adjourned at 9:25 a.m.

Respectfully Submitted,

Ashley Wilhelm
Sr. Department Specialist II