

Union County Board of Commissioners
Special Session
September 29, 2008

Present: Commissioner R. Nellie Bogue Hibbert
Commissioner Colleen MacLeod
Commissioner Steve McClure

Call to Order

Chairman Hibbert called the meeting to order at 9:00 a.m. with all three Commissioners present.

Mt. Emily Recreation Area

Hanley Jenkins II, Planning Director, gave a staff report to the Commissioners regarding the Mt. Emily Recreation Area. Hanley explained that under the purchase sales agreement, that was signed with Forest Capital, there were different opportunities that Union County, as the purchaser, had a chance to pursue. The first option was to purchase all of the land and all of the timber for \$7.8 million. The second option would be to purchase all of the land and one third of the timber value for \$4.6 million. This option also has the opportunity to buy additional timber value over the next four years as Forest Capital harvests the two-thirds of timber that is on the property. The purchase sales agreement provides timelines and the way the timber value will be calculated. The timber would have to be purchased by unit and there are eight units identified in Forest Capital's timber management plan for the property.

The purchase sales agreement requires that by October 1, 2008 the Commissioners must make a decision on which option will be pursued if the property will still be purchased by Union County.

Hanley explained to the Commissioners that if it is decided to choose one of the options that was provided than the purchase has to be performed by November 1, 2008.

Union County has received an ATV grant for \$4.4 million as well as a railroad mitigation grant for \$250,000 with some conditions.

Union County has been working with local banks to pursue a \$3.4 million loan so the Commissioners can pursue the first option. The \$3.4 million loan would be backed by a USDA Business and Industries loan guarantee at 80% which is a security element for the banks. There would be additional collateral of land and timber value that would be put up for the loan.

The repayment of the loan could be done by looking at what the opportunities are under the timber harvest plan that Forest Capital provided as part of the purchase sales agreement. Timber sales are the lowest they have been in twenty years.

There are a few options for repayment of the loan. The best option requires payments twice a year of \$153,000 each, one payment in July and the other payment in November. The loan is a twenty year loan and there is a penalty for early retirement of

the loan within the first three years. The penalty decreases each year but by the fourth year there is no penalty. The penalty is 2% the first year, 1.5% the second year, and 1% the third year of the remaining principle balance. The interest rate on the loan is 6.5%

There are future funding opportunities for grants since they were not successfully obtained for this years funding. They can be sought for future funding. The Oregon Parks and Recreation Department local government grant told Union County to resubmit an application in July 2009. There are more ATV grant funds that can be applied for as well as other programs that have grant money such as the Land and Water Conservation fund.

There are other grant opportunities to acquire timber value and reduce the amount of harvest on the property.

Commissioner McClure asked Hanley to explain the information he has on the Meyer Memorial Trust Fund. Hanley explained that the Oregon Parks and Recreation Department grant was not successfully approved. An opportunity was requested to pursue a program related investment or loan through the Meyer Memorial Trust as well as the Packard foundation. There was a formal request submitted to Meyer Memorial Trust for \$1 million. The concept behind doing that was if the grants were successful next year through the different grant opportunities the grant dollars could be used to retire the loan from Meyer Memorial Trust because it does not have a penalty for early retirement. Those applications were not successful as well which means that the full \$3.4 million would have to loan from a financial institution.

Commissioner McClure stated that the only problem he sees is that the first payment is in July of 2009 so to have the timber harvested for that payment would mean that more timber would have to be harvested because the market is down. The State wants to see that everything is already in place when they approve a grant. He explained that if the loan is taken and the payments cannot be made due to not having grants to support them than the timber will have to be harvested when the value is down.

Commissioner McClure stated that when the Commissioners talked to the public about doing a loan for a low interest rate but he does not believe that 6.5% is not a low interest rate. This was taken to a vote in Union County and 65% said they would approve it if it was low risk and had active management of property. He thought that if he had to make a choice today he would have to go with Option 2 which allows the option to buy more timber if the funds do become available.

Commissioner Hibbert stated that her commitment was to never jeopardize the general fund or use the general fund money. It is important to her that the land is harvested and grazed.

Commissioner Hibbert and the other Commissioners took a tour of Morrow County's ATV park. They traveled about an hour and a half over very curvy roads and difficult to get there. As of August they had 31,000 visitors to their park. They expect to exceed 40,000 by the end of the year. They built a building with volunteer help and the spirit of volunteerism is remarkable so there is analysis done to ask if that same sense of volunteerism is in Union County. Commissioner Hibbert asked the manager of the Morrow County ATV trail if there it is hard to control the litter in the area or people abusing the property. The manager stated that the people that come and use the parks respect them and they want them to be there for them in the future in the condition that they found them. Commissioner Hibbert agreed with Commissioner McClure that option 2 is the best option to choose at this point with a reiteration that it will be a managed parcel and will not be locked up with gates around it. It needs to be managed or it is in jeopardy of fire and the area should be preserved which will take a lot of work.

Commissioner MacLeod agreed with Commissioner Hibbert and stated that it should be kept the same as it is now which is access to everyone. She believes that can be done with option 2.

Commissioner McClure stated that Forest Capital had made a decision that they were going to sell the property. They were going to harvest it and break in into 240 acre parcels. If option 2 is chosen Union County will continue to pursue additional funds to purchase additional units. Part of the value is the face of the mountain and the icon it is to the valley.

Commissioner MacLeod moved to choose option 2, which is to purchase all of the land and one-third of the timber value which would be priced at \$4.6 million and continue to pursue grants for purchasing more timber. Commissioner McClure seconded. Motion carried unanimously.

Adjournment

The meeting was then adjourned.

Respectfully submitted,

Ashley Wilhelm
Department Specialist