



**DOUGLAS COUNTY  
INDUSTRIAL DEVELOPMENT BOARD**

744 S.E. Rose Street - Roseburg, Oregon 97470  
(541) 672-6728 Fax (541) 672-7011

**Minutes  
September 20, 2011  
10:30-11:30  
Mercy Medical Center  
Conference Room A  
2700 Stewart Parkway  
Roseburg, OR 97470**

**I. Welcome & introductions  
A. Self Introductions**

**II. New Business:**

**A. Approval of Previous Minutes – July 19, 2011**

Norm Gershon made a motion to approve the minutes of the August 16, 2011 meeting. Gary Waggoner seconded. The motion passed unanimously.

**B. Aldercraft Lease renewal**

Paul Meyer explained that Aldercraft has been leasing an industrial property in Drain from the County. He said that the lease has been renewed and modified several times. He explained that this renewal keeps the lease payment at \$750/month, has a provision for repayment of past due lease amounts and requires that Aldercraft ask for a lease renewal prior to expiration rather than automatically renewing.

Norm made a motion to renew the lease with Aldercraft as presented. Alex Palm seconded. The motion passed unanimously.

**C. Debt Service Obligations**

Kelly Morgan opened the discussion of paying down the IDB debts for park improvements. He explained that the IDB had some options: Take no action and continue annual payments; pay off some notes; or pay off all outstanding notes. Kelly went over the outstanding debt details. He said that it had been suggested that the IDB pay off the Green Industrial Park loan of \$58k, the Sutherlin Industrial Park loan of \$12k and the Bolon Island loan of \$109k.

Susan Morgan explained that IDB funds which currently back the debts were held in the County's pooled funds and were currently earning only 1% interest and the interest expense related to the loans is more than the income from the pooled funds. She explained that the amount of money in the Industrial Development fund was what guaranteed the debt held on the County books and the amount to pay off the debts would reduce the total amount of the fund, but reduce the long term cost to the fund.

Rob Paul wondered if the terms of the Green Industrial Park loan contract allowed that to become a grant after a certain period of time. Susan said that was not her understanding, but would look into it.

Lauren Young suggested that it would be more beneficial to pay down higher interest rate loans first and see if the County would replenish the pooled funds. Susan explained that the County would not be able to replenish pooled funds and that the IDB income was the Video Poker dollars. She cautioned about drawing the pool down to a point where it would not be possible to respond to an economic development opportunity.

A discussion ensued and the following questions were raised.

- What will paying the three loans off take the debt service to?
- What will the fund balance be if we pay off the debt?
- Why should we pay down the outstanding debt?
- How were the suggested loans chosen and why?
- Should we pay off some of the higher balance loans with higher interest rates?
- Is there a way to trade the debt or finance to lower interest debt?
- Is there a way to build the spec building and use it as collateral to get another lower rate loan to pay off the higher rate debt?
- What is collateralizing the current loans?
- If we pay these off can we still get another note at another time?

It was determined that the debt service pay down issue would be tabled until the questions raised could be answered. The questions are to be sent to the finance committee and answered with the help of County staff.

Eric offered to provide the contact information for Carol Samuels of Northwest Securities, a public finance expert.

### **III. Reports/Discussion**

#### **A. Land Committee Report Industrial Parks Short Term Work Plan**

##### **1. Bolon Island – No discussion.**

##### **2. South Umpqua Industrial Park**

Kelly asked Alex Palm to provide some background. Alex explained that this was the best industrial park the IDB had. He said the larger portion of it was currently owned by Alpha and the first right of refusal on an additional 14 acres.

Alex Campbell said he had spoken with the owner and that there was no interest in pursuing the business, but was holding the property as a good value for purchase. The owner believes he will be able to make the balloon in 2013.

Kelly explained that the question was whether the IDB should see if they can buy the property back or wait until 2013 to see if he makes the balloon.

Discussion ensued. It was determined that there was no immediate client for the property. Ron Doan said that the IDB should let the contract expire unless a prospect comes in hot and specifically wants the property.

There was no consensus to move forward.

Alex said that the 14 acres that Alpha holds the option on is poorly maintained and hard to show to prospects. Robb Paul indicated that County work crews will be available to clean up the brush this fall.

##### **3. Winchester Industrial Park**

Alex Palm explained that 31 of the 48 remaining acres have wetland issues. He explained that Kirk Jarvie had indicated that some of that land may be reclassifiable.

Susan Morgan explained that there is a buyer ready to move on the land if it can be reclassified.

Alex Palm made a motion recommending the Board seek an RFP for wetland delineation services. Ron Doan seconded the motion. The motion passed unanimously.

#### **4. Oak Creek Park**

Alex Palm explained that there was about .2 of an acre of wetlands broken into three pieces that will be impacted by any development. It was determined that Robb Paul would contact Kirk Jarvie and see if there were any way to delineate those three pieces so a developable lot size would be available.

Alex Palm explained that a geotechnical analysis of the soil compositions in the buildable area of the Oak Creek Park would be useful as there is black mud in the area and it would help determine the extent and amount of development costs.

Norm made a motion to get a geotechnical report on the Oak Creek property. Lauren Young seconded. The motion passed unanimously.

#### **B. CORP Proposal Update – Eric Swanson, Dave Leonard & Brian Davis**

Eric Swanson explained that the move of the switch yard created an opportunity for the development of an industrial park in Roseburg. He said an industrial park would provide and opportunity for expansion and retention. He explained that long time employer, Umpqua Dairy, would be able to utilize the room for expansion. Eric said that the proposed areas of acquisition would potentially create a 12 acre industrial park. He explained that the next step in the project would be for the IDB to move forward with an appraisal.

Georgia Stiles asked if an environmental study would be included as part of the appraisal. A discussion of the types of appraisals and environmental studies ensued.

Eric explained that there was a possibility of using Brownfield to make redevelopment easier.

Kelly Morgan asked what the level of interest was from Umpqua Dairy. Eric explained that they were very supportive and there was a possibility of buy back or buy back with job credits.

General discussion regarding Phase II development, possible appraisal costs, property value and environmental study needs ensued.

The IDB determined that they were unable to move forward with authorizing paying for an appraisal until they had more information on the environmental issues that may be involved with the site. They agreed to revisit the appraisal issue after they get some feedback on the enviro.

Eric asked if the IDB would reaffirm interest in the property as an industrial site.

Norm made a motion that the IDB reaffirm its interest in the area as a possible industrial park. Ron Doan seconded. The motion passed unanimously.

#### **C. Update Current Industrial Park Marketing Brochures**

#### **IV. Adjourn DCIDB Business Meeting**

Respectfully submitted,

Douglas County Industrial Development Board

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Tania Korpi, Staff

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Kelly Morgan, Vice President

## **Attachment A**

**A tape of the meeting is available at the CCD Office at 744 SE Rose, Roseburg, Oregon.**

**The following is the list of DCIDB members who attended the meeting:**

Norm Gershon, Lauren Young, Ron Doan, Alex Palm, Georgia Stiles, Gary Waggoner, Kelly Morgan

**The following is the list of attending DCIDB Ex-officio members:**

Eric Swanson, Robb Paul, Carl Patenode, Scott Somers, Patty Klassen

**County Representatives:**

Susan Morgan, Paul Meyer

**Staff:**

Tania Korpi, CCD; Tracy Loomis, CCD; Brandi Whelchel, CCD; Alex Campbell, The Partnership

**Ad Hoc Committee Members:**

Alex Palm

**Guests:**

Brian Davidson, Dave Kaiser