



DOUGLAS COUNTY INDUSTRIAL DEVELOPMENT BOARD

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Minutes

August 20, 2013

10:30-11:30

Room 310

Douglas County Courthouse

1036 SE Douglas

Roseburg, OR 97470

I. **Welcome & introductions**

Dave Sabala called the meeting to order and announced there was a quorum. Attendees introduced themselves.

II. **Approval of Previous Minutes – May 21, 2013**

Dave Sabala announced there was a correction needed on the May 21, 2013 minutes on the signature line. He said Alex Palm, President should be replaced with Dave Sabala, President.

Alex Palm made a motion to approve the minutes with the proposed correction. Perry Murray seconded. The motion passed unanimously.

III. **New Business:**

A. Tiger Grant Match Request

Susan Morgan provided information on a Federal Tiger Grant that ODOT and CALTRANS applied for on behalf of the Corp and shippers in the spring of 2012. She said the grant was successfully awarded; \$7.1 million came from the federal government and \$2.49 million in match funds came through CORP and the Shippers agreed to charge a surcharge on their shipments to help meet the match. She said the County agreed, as part of that package, to contribute \$20,000 match funds from the IDB Funds. She said the beneficiary for this is Roseburg Forrest Products, primarily in Douglas County. This would enable them to ship product out of Northern California; logs, lumber and chips into the Rogue Valley and into the Class 1 system directly and expeditiously. Chips from northern manufacturing facilities could be shipped to the International Port of Coos Bay for export. Susan said this grant is woven into the Connect Oregon grant given to CORP enabling upgrades for tunnels on the Siskiyou line and the tunnels between Josephine and Douglas Counties.

Alex Palm made a motion to move forward with the \$20,000 match funds from the IDB funds for the Tiger Grant. Fred Jacquot seconded. The motion passed unanimously.

REQUIRES COMMISSIONERS' ACTION:

Douglas County Commissioners are requested to move forward with contributing \$20,000 match funds from the IDB funds for the Tiger Grant.

IV. **Unfinished Business:**

A. DCIDB Ordinance Update

Paul Meyer provided an amendment for the IDB ordinance relating to the Ad Hoc and Subcommittee orientation. He explained the changes to the ordinance that would have the committees

report to the Board Chairperson or President instead of the full Board and the Board Chairperson or President would have the flexibility to do as he wishes with the committee recommendations.

Perry Murray made a motion to accept the changes to the ordinance as Paul presented with either Chairman or President as the Ordinance states. Alex Palm seconded. The motion carried.

REQUIRES COMMISSIONERS' ACTION:

Douglas County Commissioners are requested to move forward with the Industrial Development Board Ordinance change presented, ensuring the language is consistent when referring to the Board Chairperson/President.

B. Wildlife Safari Request (Dave Sabala)

Dave Sabala explained the history of loans and loan modifications for the Wildlife Safari. He went over the Wildlife Safari's current request for a loan modification, loan forgiveness and the difference in cash flow back to the IDB. He said the Land and Finance Committee met and he had listened to their discussion. He recommended the IDB endorse the Wildlife Safari's proposal for partial relief of their debt. Dave opened the floor for discussion.

Dave announced that Lauren Young sits on the Wildlife Safari Board and the IDB needed to be aware of that.

Perry Murray stated that he would like to see some data relating to job creation/retention and how it fits into the IDB mission. Perry went over the IDB's sources of income; video poker, rents and leases and the reduction in revenue and the IDB's debt service information. He cautioned the Board to keep revenue in mind and look closely at approvals.

Alex Palm left the meeting; a quorum was no longer present. No action taken, tabled until next meeting.

Further discussion ensued.

Staff Action

Alex Campbell was directed to get more information on the job creation/retention and if it fits into the IDB mission and historical cash flows and future projections.

Tania was directed to develop monthly financial reports reflecting the impacts of lost IDB revenues over the last few years with projection of future earnings. Tania was directed to arrange another Finance and Land committee meeting.

C. Roseburg Trailerworks Update

Dave Sabala opened the discussion.

Alex Campbell said Umpqua Bank has offered the County \$2500 to release its 2nd party lien position on the property. He said the sooner Umpqua Bank can bring the property to the market, the better.

Paul Meyer explained that Umpqua Bank has received a no merger deed in lieu of foreclosure. He said he spoke with Alex Campbell yesterday and went over the details. He said the bank is both the lender and standing in the shoes of the borrower at the same time without a merger happening. Paul went over lender mortgage laws and used the dry erase board to explain the structure of a no merger deed in lieu of foreclosure. He said Umpqua Bank is offering the IDB \$2500 in exchange for a quick claim deed, releasing the IDB's interest in the property. He said if the bank can't make a deal with the County, the bank will essentially foreclose on themselves, leaving the County with nothing as the County's position is junior to Umpqua Bank.

Alex Campbell explained the \$2500 is an offer from the bank and is relative to the cost of a foreclosure.

Barry Robinson stated there are more costs associated with a foreclosure than \$2500.

Discussion ensued about the amount of the offer and possible negotiations with the Bank.

Paul Meyer clarified that the bank is asking for the quick claim deed in exchange for releasing the county's interest in the property and not on the promissory note.

Perry Murray said he suspects the bank would prefer not to foreclose.

Alex Campbell was directed to see if Umpqua Bank would offer more.

No action taken, tabled until next meeting.

D. Alpha Leisure Update (Dave Sabala)

Dave Sabala gave an update on the Alpha Leisure property. He explained an \$800,000 balloon payment is due September 30, 2013 and provided background data. He said Alpha Leisure is current as of now. He said, if they do not make the balloon payment by September 30, 2013 they will be in breach of the land sale contract. The County will then give notice of a breach and be prepared to exercise their rights under the land contract forfeiture status which includes a 60 day cure of the default.

Paul Meyer said he had written a letter, sent certified return receipt to the servicing company, Meracord Contractual Payment Services, and notified them of the intent to enforce the due in full clause on August 2nd.

Dave Sabala said the Land and Finance Committees have planned to schedule a meeting right after the September 30th deadline on the assumption Alpha Leisure will not pay.

Paul said they've continued to make the monthly payments and speculates they will make the balloon payment.

No action necessary.

V. Open Discussion

Dave Sabala announced the Port of Umpqua paid of their loan and thanked Charmaine Vitek.

Alex Campbell gave an update on the South County Industrial Park.

VI. Adjourn DCIDB Business Meeting

Respectfully submitted,

Douglas County Industrial Development Board

Satania Korpi, Staff

Dave Sabala, President

Attachment A

A recording of the meeting is available at the CCD office, 522 SE Washington Suite 111A, Roseburg, Oregon.

The following DCIDB members attended the meeting:

Lauren Young, Alex Palm, Fred Jacquot, Dave Sabala, Perry Murray

The following DCIDB Ex-officio members attended the meeting:

Jerry Gillham, Sean Negherbon, Charmaine Vitek,

County Representatives:

Susan Morgan, County Commissioner; Paul Meyer, County Counsel

Staff:

Alex Campbell, The Partnership for Economic Development; Satania Korpi, CCD Staff; Brandi Whelchel, CCD Staff

Ad Hoc Committee Members:

Barry Robinson, Alex Campbell

Guests:

Melony Hakola, G. Stiles Realty; Loran Waldron, Land & Water Environmental Services