

Combined NOEA Board/Col-Pac EDD Meeting

August 4, 2006

Forest Grove Community Center

Forest Grove, Oregon

The following members and guests attended:

Craig Bergeron, Tillamook Fiber Recovery
Rich Cook, Col-Pac
Jack Crider, Port of Tillamook Bay
Andy Duyck, Col-Pac
Janet Farnstad, Port of Tillamook Bay
Val Folkema, NOEA/Col-Pac
Lylla Gaebel, Col-Pac/NOEA
Julie Gassner – MTC
Mark Gervasi – Col-Pac
Dennie Houle, OECD
Tony Hyde, NOEA/Col-Pac
Senator Betsy Johnson

Shirley Kalkhoven, NOEA/Col-Pac
Jeff King, City of Forest Grove
Mark Labhart, NOEA/Col-Pac
Don McDaniel, NOEA/Col-Pac
Richard Meyer, Col-Pac
Sam Patrick, NOEA/Col-Pac
Tom Raabe, Col-Pac Loan Board
Mike Sykes, Col-Pac
Elena Uhing, Col-Pac
Christy Vail, Col-Pac
Janet Wright, Col-Pac/NOEA

AGENDA ITEM 1 – Welcome and Introductions

The combined meeting was called to order by NOEA -Chair, Val Folkema. Attendees introduced themselves.

AGENDA ITEM 2 – NOEA Business

Val Folkema called the NOEA portion of the meeting to order.

- June 9, 2006 Minutes – The board approved the minutes unanimously. (TH,SS)
- Year End (Unaudited) June Financial Statement – 2003 – 2005 fund balances available for projects are \$43,120 Regional Investment and \$21,321 Rural Investment, and the Green Design loan was paid off, leaving a balance of \$9,622 in the Loan Fund. Question raised: Does NOEA need to move the Loan Fund balance into the Business Development fund, since NOEA is no longer in the “loan business?” Response: All projects funded by NOEA are business development, the Business Development Fund is the criteria used to evaluate projects, rather than a separate fund. All NOEA monies have to be kept in separate funds and accounted for separately. No 2005 – 07 funds have been spent by June 30, 2006. Approved unanimously (TH/SP)
- July Financial Statement/2006 – 07 Budget – Only change from the June, 2006 Financial Statement is the interest earned in July and July administrative costs. 2006 – 07 Budget: \$43,120 carryover in 2003 – 05 Regional Investment Funds, \$21,321 carryover in 2003 – 05 Rural Investment Funds, \$9,622 in Loan Funds, \$244,258 in 2005 – 07 Regional Investment Funds, \$187,676 in 2005 – 07 Rural Investment Funds and \$65,000 in EDA grant funds. Approved unanimously (TH/SK)
- NOEA Contracting
 - USIA Application – Questions raised at the last meeting were answered via email: Can NOEA contract for leased employees? Yes, OECD has a procedure for tracking those employees. How will this project result in stabilizing and potentially growing the employment? LEAN manufacturing allows the operations to work more efficiently, and thus have more predictability in work and job scheduling. This provides the ability to add work more efficiently, utilizing staff more effectively. The Board ratified the earlier email decision to approve the project, with Val recusing herself due to a conflict (USIA is a customer and distributor of a family business) (DMc, SK)
 - Port of Tillamook Bay/Tillamook Fiber Recovery Application – Jack Crider from the Port of Tillamook Bay and Craig Bergeron with Tillamook Fiber addressed the Board. Issue for the

company was transportation costs, thus needed a mill site close to the timber supply. Looking at up to 15 employees with two shifts. Looking at a 20 year lease. Challenge has been financing: Infrastructure needed is significant with paving 5,000 feet of road, and working out financing – private lenders are not comfortable loaning on leased property. Questions raised: Long term sustainability? Tillamook Forest coming on line. Opportunity to develop bio-mass capacity in the future. Compete with Warrenton mill? Draw area 20 mile radius. Has this been reviewed by FAA, would there be a problem with the airport? Not above height restrictions. Been working on financing package first. How does this fit in with the Port's Business Plan? The Port has an approved, publicly vetted business plan. Support of timber industry is in the business plan, why the Port has a railroad. Not a build and they will come project. Looking at financing package to ensure debt and debt service payments will work out. Both the Port and NOEA/Col-Pac Boards will be able to review all financials prior to deal closing. Legislature will be looking at requiring private business projects to follow a disciplined business plan. Number of employees 7 or 15? Initially 7 and hope to ramp up to 15, subject to being able to get product to run the mill. Will be another 8 truck drivers dedicated to the job. \$15 -- \$20 an hour includes benefits. Will \$75,000 make a difference? Will allow the paving to move ahead more quickly. How much is the Port putting into the project? Borrowing \$1.5 million. Project will add diversity to the local economy, create year round jobs, increase region's tax base, and add value to NW Oregon's products. There is also an adequate supply of timber for the foreseeable future. Project is ready to go, once financing is in place and will create/lead to 15 jobs for the \$75,000 investment. Opportunity to invest in timber cluster, biomass cluster. Unanimously approved \$75,000 forgivable loan with pro-rata \$5,000 forgiven for every 1 job created. (TH/ML)

- West Oregon Wood – West Oregon Wood Products Inc (WOWP) is experiencing challenging changes. Two months ago, Stimson Lumber Company of St Helens informed WOWP of its elimination of one shift at the sawmill. Just weeks prior to learning of the closure, WOWP committed a large pellet order to Wal-Mart to be shipped by rail. The changes in supply have forced WOWP to look elsewhere resulting in higher costs for raw materials. At the same time, Wal-Mart demands a very clean pellet product, which means inventory cannot be stored on gravel, as is currently the case. Needed is paved and covered storage near the rail loading area. This request is for \$6,000 to offset a portion of the asphalt required to pave over the gravel. WOWP is erecting a storage shed at the same site. Unanimously approved subject to Port forgiveness of \$6,000 in lease payments. (TH, DMc)
- Readiness Assessment – Next step in NW Oregon's initiative to revitalize its local communities is to conduct a Readiness Assessment, which will establish benchmarks and a workplan for development, as well as look at the level of interest and commitment on the part of the local communities to work collaboratively on economic development activities. There is significant economy of scale conducting a regional assessment. The request for \$25,000 is seed financing with an expected leverage of \$8,200 from each of NW Oregon's counties. About 40 hours of staff time per county would be expected. Question: If Clatsop doesn't come up with \$8,200 would the grant be reduced by \$8,200? At this time, this is not a condition of the grant request. Lylla will put the \$8,200 request on the Clatsop Board of Commissioners agenda. Unanimously approved. (TH/SK)
- Legislative Update – Senator Johnson reported that the Interim Committee has joined the House and Senate committees. Next meeting will be in Astoria: New economies, industry clusters, will get an agenda to Mary. Joint committee will own the statutory review and put through to the 2007 Legislative Session. Controversial – Eliminating Ports Division, combining some funds, some housekeeping. Need faster turnaround time on contracts – OECDD will asking for more contract staff. Ballot measures such as a limit on spending to population and inflation could have a substantial impact on the State's budget. The TORT cap liability has broader implications for all municipal, county and special districts. Regional and Rural budget submitted at \$11.5 million after Tony urged raising the funding from the current level. This would include \$1.5 million for Oregon Solutions projects. Would also have a set aside for capacity building that wouldn't be tied to jobs.

Lylla Gaebel called the Col-Pac meeting to order..

- June 9, 2006 Minutes – The board approved the minutes unanimously. (TH,SS)
- July Financial Statement/Loan Fund Proforma – While working on updating Col-Pac’s Revolving Fund proforma, additional research was done tracking the actual amount of capitalization from USDA loans, NOEA and Col-Pac capitalization matching funds, and principal repaid to date since the start of the fund. Part of this analysis also identified the cash resulting from loan interest payments, loan fees, and bank account interest earnings which should be available for loan fund administrative costs. Currently, reporting to USDA shows all cash balances above administrative costs as dedicated to loan fund capitalization/loans to businesses. The problem with doing that is there is no way for Col-Pac to set aside additional cash generated from interest earnings, etc for the once a year \$46,500 loan payment to USDA – thus why a \$50,000 request was made to NOEA at the last Board meeting. Currently, actual loan fund capitalization shows approximately \$69,000 in cash balances above the funds dedicated to making loans. Projecting a conservative year end cash balance of \$50,000 will mean that Col-Pac can meet its October loan repayment to USDA without needing to draw down the previously approved NOEA grant. The Board approved the Financial Statement. (TH/ML)
- EDA Partnership Planning Application – In progress, but expected to be approved.
- Salmon Economic Disaster Planning/Economic Adjustment Funding – A bi-state (Oregon/California) task force is working on next steps, and should be meeting again by the end of the month. Local input will be needed, so interested Board members were encouraged to look for updates on next meeting dates and times.
- Col-Pac Nominating Committee – Lylla asked Janet Wright, Don McDaniel, Mark Gervasi and Jeff King to serve as the Nominating Committee for the 2006 – 2007 Col-Pac officer slate. They will report on a recommended slate of officers at the September 8th Annual Meeting.
- Col-Pac Annual Meeting – Options: Forum for members (cities/counties) come in and describe their needs, current Needs and Issues lists; development of a Legislative agenda based on Col-Pac member needs; training on engaging business; OEDA presentation on cluster development; information on OECDD resources, eg, Strategic Investment Program (SIP), Business Development Opportunity Fund, Strategic Reserve Fund, Community Development Block Grants and the different ways they can be used. Flow chart of how economic development delivered in NW Oregon. One pager on different programs. (WA County has list). The Board decided not to do a booth at the League of Cities conference.

AGENDA ITEM 4 – Combined NOEA/Col-Pac Business

- Back to Business Annual Conference – Will be held September 19th – 22nd in Eugene. Registration can be done on line from the Oregon Economic Development Association (OEDA) website.
- Updated Board Roster – Handed out, but will need some additional updates.
- Updated Meeting Schedule – Next meeting will be October 28th in Columbia County and will serve as both the October and November meeting. May also work as a Fall Regional Forum, depending on the agenda.

Val Folkema, Chair

Lylla Gaebel, Col-Pac President

Recorded: Mary McArthur, Executive Director