



**SHERMAN COUNTY PUBLIC / SCHOOL LIBRARY
OREGON SOLUTIONS PROJECT
Report and Action Plan from July 17 meeting
Sherman County Junior / Senior High School**

Attending (team members):

Bill Hubble, George Koffler, Sherry Kaseberg, Jeanney McArthur, Paul Lindberg, Lowell Smith, Melva Thomas, Aletha Bonebrake (convenor), Stu Watson (project manager). Guests: Dick and Barb Townsend.

Invited but not attending: Gary Thompson, Link Shadley, Carolyn Sanco, Ken Melzer, Wes Owens, Barbara Weedman, Fred Gast, Milt Ketchum, Ivan Ritchie, Carrie Kaseberg, Larry Hocter, Jim Schepke, Janet Suter, Janet Brown, Cassie Strege, Danee Rankin.

1. After greetings and introductions, convenor Aletha Bonebrake introduced a series of oral reports by people who took tasks from the May meeting. Reports and discussion follow:

Gary Thompson, Sherman County Judge:

Task: Complete SIP agreement with PGE and provide consolidated county funding estimate (one-time and loan repayment) to Library Board / OS team by July 17 OS Team meeting.

Report: In Thompson's absence, Melva Thomas, who serves as administrative assistant to the county court and coordinator for the Sherman Development League, reported on progress of negotiations with PGE for a grant that would be directed to the library project, as Thompson had reported previously that he was working on. She explained that the grant is part of negotiations occurring under the state's Strategic Investment Program, which provides for a 15-year property tax exemption in rural areas for the valuation in excess of \$25 million for qualifying projects. The company getting such an exemption pays a community service fee of 25 percent of the exemption, up to \$500,000 in rural areas. Other requirements set locally can expand the up-front funding. Thomas explained that the \$500,000 has been allocated to four special districts in the county, and that roughly \$1 million

had been negotiated as a direct contribution to the library project, and would be administered through the SDL with disbursements over a 5-year period.

Discussion turned to the question of what additional revenues the county would receive from increased property taxes, not to mention other SIP negotiations with PPM (done) and British Petroleum (to come). Sherry Kaseberg, a member of the county court, said she thought additional funds might be available, but had no idea what the full revenue picture looked like. She said the county needed to engage in a long-range planning session to determine what infrastructure needs might benefit from that revenue infusion.

George Koffler of the Bank of Eastern Oregon said the Library Project might be hard-pressed to negotiate for additional funds, if it's receiving a \$1 million grant. He said the existing grant, plus pending future negotiations, should be enough to move forward. He and Aletha both referenced projects that had ultimately exceeded original cost estimates by roughly 30%, suggesting that the Team consider the possibility that the Library project might encounter similar impacts.

Milt Ketchum, project manager

Task: Research process to submit project plans for bid ... including advertising requirements, publications, time for response, etc.

Report: In his absence, Stu Watson reported on an interim exchange of voice mails in which Ketchum outlined his understanding of how the process would unfold: Receive final design documents and specs in mid-October, plan review to follow, advertising for bids in January 2008 in Tri-cities, Bend, Yakima and the Portland Journal of Commerce, open bids the first week of February, and start construction as soon as school lets out in the early summer of 2008.

George Koffler and Bill Hubble, Bank of Eastern Oregon

Task: Explore and clarify for Library Board / OS Team the applicable type of loan, who must be the borrowing entity, whether or not a mortgage is required (and if so, how secured), before July 17 meeting.

Report: In a written report distributed to the team before the meeting, Koffler said that if the county signs the agreement with the wind farms, the bank would prefer that it be the borrower. In that case, the bank would require no mortgage, appraisal, title insurance and other customary commercial lending expenses. The bank would need to review the wind power grant agreement, and get an opinion from a bond

counsel before loaning money at a reduced rate of 4.75% to 4.95%. If the bank financed \$1.25 million, at those rates, annual payments would be \$287,000.

Dale Coles, former superintendent, Sherman County Schools:

Task: Check with Bureau of Labor and Industries to determine whether or not this project can or could be exempt from provisions of Davis-Bacon Act, to reduce labor costs.

Report: Several sources suggested that if the project does not involve tax revenues, it does not fall under requirements of Davis-Bacon. Discussion pointed to the need for a firm legal opinion to provide more clarity.

Paul Lindberg, Library Board grant writer

Task: Analysis of possible fund-raising potential from major foundations.

Report: Lindberg said that from an analysis of the past six months of giving by major grantors, and with the “huge help” of having a local commitment of \$1 million from the county, he could see requesting: \$250,000 to \$300,000 from the Ford Family Foundation, by the end of the year, with a 4-6-month decision cycle; \$150,000 from the Meyer Memorial Trust, by mid-September, with a 6-9-month approval cycle; \$50,000 from the Collins Foundation, with a 3-month approval cycle; \$50,000 to \$75,000 from the Paul Allen Foundation; \$50,000 to \$100,000 from the Miller Foundation; and several other smaller requests to lesser foundations. He said the current fund-raising effort, which includes a grant from OCF as well as local contributions, has about \$188,731 on hand.

2. Discussion: where does that leave us?

Aletha asked if the spring 2008 start of construction is a firm date, given the uncertainties about the totality of funding? Paul said that he should know by Spring what was likely to accrue to the project from foundation grants.

Koffler raised questions about who the owner and loan repayment entity would be. No one seemed to have a clear answer. All shared a sense of confusion about what the county would be committing to the project: Would there be additional funds available on top of the wind power grant. All saw a need for a focused discussion with the county court to get clear about that.

3. Next steps/tasks:

Sherry Kaseberg – Volunteered to research and detail a timeline of all revenues that the county expects to receive from taxes and various SIP-related negotiations with wind project developers.

George Koffler – Volunteered to develop a flow chart of all public, non-profit and private entities that may be involved in the Library Project, to clarify who would most likely be the entity obliged to repay any short-term loan. He said he would be contacting county counsel Wil Carey about that, and whether the Library project would be subject to Davis-Bacon requirements.

Melva Thomas – Agreed to request and schedule a meeting involving Watson and Koffler with the Sherman County Court, to apprise them of library project progress, and to address questions about the responsible entity, and firm up any and all possible financial contributions from the county toward the project. Target date for meeting was Sept. 5 (since scheduled for 2:30 p.m. that day).

Watson – Agreed to contact project manager Milt Ketchum and architect Fred Gast about dates in late August when they could meet with the Library Project Oregon Solutions team to provide best possible current cost estimate, so team would know as close as possible what it needs to raise from all sources to fund the project. (Since scheduled at 4 p.m. Thursday, Aug. 30. Location to be determined.)

TEAM CONTACT INFO:

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- Ken Melzer, Sherman County School Board chair.
- Wes Owens, Sherman County Junior / Senior High School principal, 541-565-3500 – wowens@sherman.k12.or.us
- Barbara Weedman, teacher at high school, ranch owner, h-541-565-3548 / w-541-565-3500 — bweedman@sherman.k12.or.us

- Cassie Strege, city clerk for Wasco Common Council, 541-442-5515 — wascocity@earthlink.net
- Carrie Kaseberg, Library Board member, 541-442-5521 — carrie@wheatacresranch.com
- Danee Rankin, volunteer library director, Wasco City Library, h- 541-442-5834 / city hall – 541-442-5515 — wascocity@earthlink.net
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- Melva Thomas, Sherman Development League coordinator, administrative assistant to Sherman County Court, 541-442-5488 - melvath@hughes.net
- George Koffler, CEO & president, Bank of Eastern Oregon, 541-676-9125 - gkoffler@beobank.com
- Bill Hubble, vice-president / loan officer at Moro branch of Bank of Eastern Oregon, 541-565-3712 — whubble@beobank.com
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- Janet Suter, USDA/ Pendleton, - 541-278-8049 x 132 - janet.suter@or.usda.gov
- Aletha Bonebrake, convenor, retired director, Baker County Library District, c-541-379-2124 / h-541-523-6025 – alethaboneb@msn.com
- Stu Watson, OS project manager, 541-386-8860 – stu@watsonx2.com