

Meeting Minutes

July 30, 2015

12:00 p.m.

Port of Morrow-Sand Hallow Conference Room

Members Present: Bill Elfering, Umatilla County
Gary Neal, Port of Morrow
Leann Rea, Morrow County
Kim Puzey, Port of Umatilla
Dave Tovey, CTUIR
Lisa Mittelsdorf, Port of Morrow - Alternate

CDA Staff Present: Greg Smith, CDA Michelle Sandoval, CDA

Guests Present: Jade McDowell, East Oregonian
Tyler Hansel, County Line
Tamra Mabbott, Umatilla County
Gibb Evans, IRZ
Steve Williams, Columbia Basin Farming
Craig Reeder, NOWA
Debbie Pedro, Hermiston Chamber of Commerce
Melisa Drugge, Oregon Business Development
Samantha Julian, Oregon Business Development
Carla McClaine, Morrow County
Craig Coleman, County Line
Sherri Smith
J.R. Cook, NOWA
Barb Martin, Hermiston Conf. Center
Stan Hutchison, Oregon Military

CALL TO ORDER

The meeting of the Columbia Development Authority (CDA) was brought to order by Chairman Bill Elfering at 12:00 p.m. The meeting started with a round of self-introductions.

BUSINESS ON THE AGENDA

Agenda:

New Business

Update on June BRAC visit with Tom Lederle, Chief, Department of Army BRAC Office

Greg Smith began by speaking of the recent trip he made to Washington D.C. for a Defense Community BRAC conference. Greg met with several key people, including Tom Lederle, Chief of the Army BRAC office and Patrick O'Brien, who is Rick Solander's boss of the Economic Office of Economic Adjustment (OEA). The first comment that Tom Lederle made to his colleagues when Greg met with him was to mention that they have to get the

project moving. There are a few hiccups in the transfer process, which includes the issue of water rights, the cultural survey that needs to be completed, and some environmental issues that need to be worked out as well. Tom shared with Greg that the National Guard is making a request for water that is excessive. Tom directed his staff to send a letter to the Corp of Engineers that states that the Army will not concur with the request and that they need to rethink the request they are making for water. Greg explained that he has been in contact with Martha Pagel, who is an attorney working with the CDA, regarding the water rights issue and that they are continuing to work on it. Greg will speak with Tom Lederle again with the next 2-3 weeks in hopes of setting up a meeting with the National Guard and the Corp of Engineers to work through these concerns. Martha Pagel would join in on the meeting as well.

Overall, Greg said that it was a very productive meeting that he had with Tom and they will continue to work through the processes. Chairman Bill Elfering asked Greg if the three requirements of working out the water rights, finishing the cultural survey and the environmental issues would be all that is needed to make the transfer happen. Chairman Elfering would like assurances that once these three requirements were met that the land transfer would happen. Greg replied that Tom Lederle wants this project to be completed and that he understands that the CDA has several economic development opportunities in the works and they are being held up by this transfer not occurring. Greg made it clear to Tom that the CDA wants the land clean, with water rights, and to be free and Tom concurred.

Greg mentioned that the Army was extremely happy with the work Don Chance and everyone else had worked on and that the Economic Development Conveyance Application (EDC) will be used as a template across the nation. It was recognized as phenomenal work by the BRAC Office.

Profit and Loss Statements for CDA

Greg Smith started the conversation by asking the member to turn to the first tab in the binder that documented the Profit and Loss financial statement for the CDA. Greg pointed out that there was \$28,000 in Income for the CDA, which included \$8,000 generated from the Columbia Basin Farming Land Lease and \$20,000 from the Walla Walla Foundry for the leasing of 20 igloos. \$1,129 was for expenses incurred by bank charges and for insurance provided by Special Districts. These statements are reviewed and signed by Gary Neal and Greg Smith each period and will be available for board members to review.

Review of Grant Narrative and Budget Summary for 2015-2016

Greg Smith began this discussion by mentioning that as the newly hired director and administrative assistant, we had to immediately start working on and submitting the Grant applications for the new fiscal year as they are mandatory documents needed to keep our financial footing. Greg continued by stating that page four of the narrative spells out what our functions will be as a development authority which is primarily to provide a consistent interface between the public and the CDA, to maintain and enhance communication through the media and website, and to provide administrative work through the CDA. The CDA is required to submit all required supporting documentation to the OEA to ensure compliance and to represent the CDA at all meetings and in EDC negotiations.

The contractual services were discussed by Greg to include the legal service contract with Schwabe, Williamson, & Wyatt, and Martha Pagel to primarily work with water rights issues and if everything goes as planned then to seek legal services in completing the land transfer. The Confederated Tribes handles the environmental support services contract by ensuring that the CDA gets the consultations needed and for environmental support as we move forward with this transfer.

Greg continued by talking about the Budget Justification and how it is very similar to what Don Chance and Stormy Botefuhr operated under last year. Gary Neal asked Greg about his trip to Washington D.C. when he met with Tom and the OEA office. Gary wanted to know what the anticipated transitional potential for grant resources was over a period of time because of the timeline sliding further into 2016. Greg answered that Rick assured him that the grant process will carry forward another year. Once the land transfer occurs, then they will begin looking at the phase out process of grant funding. Greg asks for motion to approve the Grant Narrative and Budget Summary. Dave Tovey made the motion to approve, seconded by Leann Rea and Chairman Bill Elfering. Chairman Elfering asked for votes in favor and it was unanimous. Motion Passes. No further discussion needed.

Approval of Performance Report

Greg Smith began reading the objectives for the 3rd quarter performance report that is a requirement of the OEA each quarter. The main objectives were to hire a replacement executive director and administrative assistant, to complete the grant application process and to monitor boundary contract with Ferguson Surveying. Tamra Mabbot asked Greg if the planners and county folks will be involved in the survey meetings so that they could recommend road alignments, etc. Greg assured her that they will be contacted by him so that they could work together on these matters. Greg continued to review the final objectives of the report to include water rights negotiation and continued work on the EDC packet with the Army. He asked for the motion to approve the report. Chairman Elfering seconded the motion and members voted to approve. Motion passes. No further discussion is needed.

Overview of Upcoming Year

Greg Smith informed the group that this calendar that is included in the meeting packet was given to us by the Army and it shows that the Deed will be executed November 2016. Chairman Elfering asked if we could speed this process up and Gary Neal mentioned that it was the deliverables that are the trigger and key factor in getting to the land transfer. Greg said that he will do some homework and get back to the board on what the CDA can do to assist in getting the deliverables completed. Carla McClane stated that the Environmental Assessment (EA) was not included on the projected calendar provided by the Army. Greg will also check in with the Army to find out what is needed for the EA.

Chamber Membership

Greg Smith asked for approval of the CDA to become active members with local Chamber of Commerce in Hermiston, Umatilla, Boardman, Irrigon, and Heppner as it is now budgeted in the new grant application for 2015-2016. Dave Tovey mentioned that the Confederated Tribes also has a small chamber of commerce that we could become involved with. Greg said that we will look into it as well.

Economic Development

Greg Smith began the conversation by talking about the CDA website and all of the historical and technical data stored on the site that needs to be preserved. Greg mentions that a new website can be developed for economic development purposes. Another important point is to create an email database throughout the region that includes business owners, potential consultants, and government entities so that everyone can be informed of the activities that will be going on with the CDA. In addition, good press releases will need to go out as well. Debbie Pedro said that the chambers can help the CDA and that we should be utilizing them.

Greg wants to ensure that the CDA is in solid partnership with the Confederated Tribes, the ports and the counties so that we are not competing against each other but working together. Dave Tovey said that it would serve us well to look over the adopted protocol that they have for the intake and processing of new lead entities. Dave said that it needs to be revisited and all board members agreed to put this on the agenda for the next meeting.

Gary Neal said that there needs to be a template or mechanism in place so that we can get access to the property on base since we do not have the actual lease or transfer agreement. Greg said that he will talk with Tom Lederle about this and look into it. Chairman Elfering concurred that we need a process of interim approval.

Greg brought up operational issues asking the board about possibly relocating the CDA to the depot. Gary Neal said that it would be a good approach and the double wide located at the access gate may be a possibility. Chair Elfering asked Greg to look into having the CDA moved to the Depot.

Greg asked the board if they would agree to have Sherri Smith become an unpaid volunteer for CDA. No compensation will be provided but that Sherri has military clearance and it is good to have the extra resource available to the CDA. A motion was made by Greg Smith to approve Sherri Smith to be an unpaid volunteer to CDA. Leann Rea seconded the motion. Chairman Elfering asked for any questions or comments. There were none. The motion passed unanimously.

Development of Recharge Facility – J.R. Cook

J.R. Cook began the discussion by saying that he wanted to share with the group a new concept to optimize a water project that he is working on for North East Water Association (NOWA). Before forming NOWA, J.R. helped develop an aquifer recharge project in conjunction with County Line Water Improvement District. The recharge project was built in 2009 and was ran for a year but there were quite a few constraints that led them to look at other options to do both recharge and recovery. J.R. said that one of the primary constraints they came across was that running water through the Boardman tree farms was too expensive due to having to pump water from the Columbia River through the trees and around them with boosts and then drop it back off in the aquifer. The electricity alone for this project was going to be cost prohibitive so it required the group to look at other options.

J.R. continued by saying that GSI and IRZ were brought in to do data acquisition to find out what the aquifer can accommodate, where the best pumping and recharge centers are to get water in and out of the aquifer and how reliable is it going to be without impacting the existing uses on that system. They found that all fingers pointed to the depot. The reason for that is because the depot is a significant distance away from existing pumping centers and it is the most productive area of the aquifer and a significant portion of it is in the depot. J.R. said that they have always had an eye on the depot to do recharge and recovery but that they did not have the mechanism to do so without access and they did not previously have a water system to supply recharge to the depot.

NOWA is going to build a central supply water system in the next year as a 14.1 million dollar project jointly funded by state grants and a group of water users in the south Echo area with additional assistance from the Westland Irrigation District. J.R. said that the central project would deliver mitigated Columbia River water supplies to the Critical Groundwater Areas. They are in the final design phase of the central project and they hope to break ground in February or March of 2016.

J.R. said that he came today to discuss the possibilities of working with the CDA to develop a recharge basin and system capable of recharging the full 45 cfs of Columbia Water. A critical component is that they need to be able to design and install an intertie into the central project during the initial construction phase to enable aquifer recharge and/or direct supply to lands and that they need to consider winterizing the system in order to be able to do a recharge in that aquifer, which includes applying for funding to pay for the winterization upgrade.

J.R. asked if the CDA would be willing to work with NOWA on this project. Kim Puzey asked what the footprint would look like on a project like this and J.R. answered that a 45 cfs would probably take about 10 acres for the recharge basin and support facilities. J.R. said that they can design the recovery system (the wells and distribution system) around anything. The area of impact would be the recharge basin itself. There are two things that need to be looked at, which includes a feasibility study grant worth \$2 million that opens in August and

NOWA would like to go after the grant money with the CDA supporting this project. J.R. said that this is a very good project for the state because it is turning an 8,000 acre project into a 20,000 acre project, which is a significant increase in the use of the pipe.

J.R. asked everyone to look at page four of his handout that showed what the water usage details would look like with a 45 cfs without winterization. It has the potential of operating the system 153 days out of the year with a recharge capacity of 13,623 acre feet (af) of water. If the system was winterized then there is the potential of running 243 days out of the year with a recharge capacity of 21,651 (af). J.R. continues by saying that this project has the potential to meet all of the demands at the depot and all of the demands for the central project for a minimal additional cost of around \$4 million. J.R. said that he would like the CDA to work with NOWA to go after the grant and for the CDA to give NOWA access to the depot to do the ground work.

Greg Smith asks if this project will in anyway impact or lessen Tom Lederle's advocacy for our fight for water with the Corp of Engineers and the National Guard. Gary Neal responded by saying that the Oregon Guard is sensitive to our needs and they have assured us that that is the approach they are taking. Gary continues by saying that this is an acceptable approach and that if this does what J.R. says it is going to do then all we will have to do is drop in some alluvial wells and we have water.

Greg continues by asking if it would be better to have the CDA request the funding rather than having NOWA be the applicant because then it does not look like NOWA is doing a cash grab. J.R. responded that it is actually preferable to have the CDA be the applicant because the CDA will be the land owner. J.R. continued commenting about the grant money and said that when NOWA went into negotiations with the state leaders and executive staff that they agreed not to target all of the \$20 million that is available as an ear mark to the basin but that NOWA would want to compete with the rest of the state on the remaining funds and be a part of the grant process.

Dave Tovey commented that he would be happy to make the motion to have the CDA be the applicant rather than having a NOWA member request the motion. Leann Rea asked if the recharge pond would be in the wildlife area of the depot or would it be in the Umatilla industrial area. Craig Reeder replied that the map the board was given was just a general idea and the aquifer is large enough so that the location would be a matter of preference that would be left up to the CDA. Chairman Elfering asks if there is any further discussion on the motion and Greg Smith asks that NOWA and the tribes work with the CDA throughout the application process to get the technical assistance needed as part of the motion. Chairman Elfering asks the board who is in favor and all members voted in favor, except Gary Neal, who abstained due to being a member of NOWA. Motion approved.

Other

Melisa Drugge of Oregon Business Development spoke to the group and said that Oregon Business is interested in the timelines and milestones as it relates to the transfer of the land because they have several programs related to development of industrial lands and infrastructure needs. Melisa said that Oregon Business is changing the certification process to a twice a year program rather than being an open program and this change will occur in 30 days. This change in procedure is due to limited staff and in making this change; they hope that the certifications will be processed through more quickly and efficiently. Melisa continued by saying that in this new procedure, people will submit a commitment letter to Oregon Business and there will be an additional three components that will be submitted with the letter. At that point, a consultant will assist you with the work and the certifications will be reviewed in a timely manner. The hope is that it will increase efficiency for the program and to help identify shovel ready sites.

Melisa extended an invitation to the director of the CDA, and anyone else that would like to attend to meet with the Regional Solutions Team as well as other agencies, when the timing is appropriate, to talk about what

assistance each agency can provide. Melisa then introduced Samantha Julian, the assistant director to Oregon Business Development. Samantha begins by telling the board that the director of Oregon Business, Sean Robins, will be exiting the position the state of Oregon to return to his family in Wisconsin, so Oregon Business should expect a new director within the next few months.

Samantha brought up global trade and said that some consultants recently came and helped Oregon identify countries that would be good to do marketing in. Samantha said that Oregon Business will share the action plan of the global trade findings with the board. Kim Puzey stated that the best marketing approach for Oregon would be to market in countries where we have access via the steamships because it doesn't make sense to market in countries where we do not have access to export to. Samantha replied that there are two markets they are looking at, which includes countries where we can export to and they will also look at separate countries that will make investments in the United States.

Melisa Drugge asks Chairman Elfering if she could make one more comment. Melisa said that the CDA needs to watch the allotted number of slots if they want to designate the property at the depot as a significant industrial area. The short end of the details is that this is an industrial land sanctuary and there is a ten year commitment at which point the state agencies are committed to expediting the processes and applications as they relate to permitting roads or whatever the case may be so there is only a certain amount of allotted slots for that. Melisa said that she will keep an eye on this for the CDA and will reach out to the executive director if she needs to get them on a preliminary list. Chairman Elfering thanked Melisa.

Public Comments

Chairman Elfering asks for any public comments and Steve Williams of Columbia Farming Basin (CBF) asks the board about the terms of his sublease and purchase agreement that they have with the CDA. CBF are required to notify the CDA 90 days in advance of their intent to continue to farm on the property. Steve said that they entered into the agreement optimistically in the hopes of purchasing the land by now but since the land transfer has been pushed out, CBF would like to ask for an extension on the terms from December 1, 2015 to December 1, 2016. Gary Neal commented that this matter did not need to be voted on as a board and all members agreed. Steve Williams will provide the director of CDA a copy of the letter of intent to extend the sublease contract.

Carla McClane asked about the inquiries she has received in her office regarding solar development opportunities. Chairman Elfering directed her to speak with the director of the CDA for this matter. Gary Neal asked Stan Hutchison, of Army National Guard, for an update from the Guard. Stan said that the flagpole for the acquisition of the 7,500 acres continues to move to the right and the latest one that was planted was for the latter part of November when the expectation is to have the Memorandum of Agreement (MOA) executed between the National Guard Bureau and the Army BRAC Office. Once the MOA is signed, it triggers a number of events including having the Army BRAC office remove the surplus determination, having the National Guard formally request the property and to get the appropriate signatures from the Director. Stan continued by saying that the Army Corp of Engineers mapped out a timeline of about 4 months for these processes to occur. Nothing will start until the MOA is signed between the Guard and the BRAC Office.

Chairman Elfering asks for any public comments. No further comments.

The original meeting was recessed and moved to Executive Session per 192.660 .

The minutes for the Executive Session are on file in the CDA Office.

Adjournment

The meeting was adjourned at 1:35 p.m.