

SOREDI BOARD OF DIRECTORS MEETING MINUTES

Tuesday, September 12, 2023, 3 – 5 pm

Rogue Credit Union, Medford

Member	Entity	Member	Entity
Ausland, Aaron	Ausland Group	X Hall, Dustin	Accelera by Cummins
Ayres, Jessica	City of Medford	X Holmes, TJ	Travel Medford
X Bailey, Dr. Rick	Southern Oregon University	X Hyatt, Paula	City of Ashland
Bartalini, Karen	Providence	Johnson, Kelley	City of Central Point
Bochart-Leusch, Jessica	Cow Creek Tribe (ALT)	Long, Juliet	RCC (ALT)
Bristol, Sara	City of Grants Pass	X Meyer, Alan	Pacific Power
Browning, Tanea	City of Central Point (ALT)	Miller, Kaycee	Rentec Direct
Clark, Bradley	City of Grants Pass (ALT)	X Pickens, Jeanne	Rogue Credit Union
Cubic, Aaron	City of Grants Pass (Staff)	Reed, Carrie	Tribal One (ALT)
Doan, Ron	Cow Creek Tribe	Sell, Kathy	City of Eagle Point
X Dotterrer, Dave	Jackson County Commissioner	Spansail, Sarah	City of Medford (ALT)
X DuBose, Chris	First Interstate Bank	Vincent, Steve	Avista
X Eagles, Breanne	Moss Adams	Walsh, Dr. Sue	SOU (ALT)
X Fahey, Nick	Southern Oregon Sanitation	X Weber, Dr. Randy	Rogue Community College
Farm, Judy	Tribal One	X Weiss, Harry	City of Medford (staff)
X Fischer, Tom	Coldwell Banker Commercial	West, John	Josephine County Commissioner
Glover, RJ	Boise Cascade		
Members Present: 13		Members Absent: 13	Member Vacancies: 2
SOREDI Staff	Guests	Entity	
X Padilla, Colleen - Executive Director	X Marple, Daniel	CEO, Herb Pharm	
X Browne, Amy – Operations Manager	X Tarantsey, Marta	Business Oregon	
X Roper, Terrill – Business Development & Loan Manager			
X Bohl, Carrie – Communications & Business Support Manager			
X Tadlock, Jaymes – Business Development Manager			

Welcome and Introduction

President Chris DuBose opened the meeting at 3:07. Quorum present.

DuBose acknowledged that the previous Board meeting was interesting, but he wanted the Board to know he, Colleen, the Executive Committee and SOREDI staff are available to answer questions.

Bailey – Commended SOREDI, Colleen and Chris. The response epitomized class and grace. He is proud of the way it was handled.

DuBose thanked the group for the feedback that has been received since the meeting. With no additional questions or comments, he moved into the meeting.

Business Presentation - Daniel Marple, [Herb Pharm](#) CEO

Herb Pharm is expanding from its corporate headquarters in Williams to a new facility in the “heart of Medford” on Bierson Way, though technically with a Central Point address. It is a 24,000 s/f building designed for packaging and warehouse needs, close to the airport and I5 corridor. The company is growing rapidly, creating the need for expansion.

Marple is new to the area and has been acting CEO since November of 2021. He moved from Ohio and has extensive experience with large corporations. He is excited to now be part of a mission-based B Corp that is the only Regenerative Organic Certified herb farm in the world. Marple noted that the

company was founded by two hippies in 1979 who were passionate about health and the environment. They started in their kitchen, creating tinctures of herb combinations, believing that plants are what the body needs for overall health solutions. Now they are incorporated with 200-strong and now expanding into Europe.

The farm is located in Williams, which also houses their headquarters. As noted earlier, it is Regenerative Organic, meaning that they prioritize soil health, social health, and farmer health. Farmer health includes providing a sustainable living for each of the farmers. Currently, there are twenty people who work on Herb Pharm certifications due to the number of certifications required.

The company takes pride in the science that goes back thousands of years, to today's extensive lab work of the bioactive constituency of plants. Plants contribute to peoples' health.

Herb Pharm has four pillars for their products:

Powerful Efficacy

Crafted by Experts

Made for Every Body

Rooted in What's Right

Marple gave the example of his 12-year-old daughter who was having a hard time integrating into the new area, struggling with anxiety, and missing school. He asked their scientist if something could be made to help her. Over the weekend a tincture was created that resulted in his daughter being able to get back to school and have relief from anxiety.

As noted earlier, there are currently 200 employees and they are expanding rapidly, hiring 25 new employees each year. They are currently in 4,000 stores across the US, getting ready to expand to Europe, Asia and South America. These stores include Whole Foods, Kroger, Ashland Co-Op, Amazon and others. If there is a tincture they are low on, priority goes to the smaller, local buyer.

Herb Pharm recently bought a mushroom company based out of Seattle and will do packaging and shipping here. Mushrooms sell globally.

Marple invited the Board to have a meeting at the Farm for the experience (and free samples).

More highlights of Herb Pharm:

- Mission-based
- Prioritizing extra funds to regenerative efforts
- Grows over 70 different herbs
- Part of the [Oregon bee Project](#) and has the most diverse population of bees on location in the state.
- Develops 500 products
- 240 herbs are grown in the area
- Herbaculture Internship program
 - 3 times a year – 20 students come to the farm to learn about Herb Pharm farming

Dotterer – What is the connection of Herb Pharm to SOREDI? Marple responded that due to the expansion of our operations, we reached out to SOREDI to help us do a press release. Colleen and Jaymes are introducing us to local businesses and driving awareness of what we're doing. Jaymes

introduced him to Barry at Ashland Co-op, which carries their products. Attended the Medford City Council meeting with Colleen on September 7.

Herb Pharm is currently hiring for all positions including hourly, salary and with advanced degrees. They also focus on hiring individuals with disabilities. If you know of someone, let him know.

Padilla noted that Herb Pharm has been in contact with SOREDI for well over a year on this project and is an Enterprise Zone authorized applicant for the new facility which requires new job creation, minimally to be at least 20 employees (10% increase). Marple noted that their current annual sales are \$42M.

Weiss – asked who certifies the farm? Marple noted that there are a variety of certifying bodies, depending on what is being certified. Regenerative Organic Alliance is an international certifier. There are separate organic certifications for different reasons. They are currently training local and US farmers in organic growing and farming. There are many certifications that require dedicated staff to focus on.

Fischer – noted that years ago his wife was cured of Hepatitis after being exposed through a blood sample in her work using a combination of Milk Thistle and other herbs.

Executive Committee Report – Tom Fischer, Board Vice President

Tom noted the top thing we learned from the Grants Pass meeting is to say more about what we're doing so everyone is more informed.

The Executive Committee is a working committee of the Board. We don't use sub-committees at SOREDI to be respectful of everyone's time. The EC does the leg work and brings the results to the Board, sometimes requiring a vote and other times not. Executive Members include Chris DuBose (President), Tom Fischer (Vice President), Steve Vincent (Past President), Jeanne Pickens (Secretary/Treasurer), Kaycee Miller and Alan Meyer (Members at Large).

EC meetings are an open forum that can be joined at any time. Comments and another point of view are always encouraged. Tom asked that interested board members let SOREDI or an EC member know you'd like to be there to get put on the agenda. The committee has been set up by the bylaws to be comprised of private sector members to develop and encourage private business in the area. It is currently under discussion if that is the right thing to do and it will be brought up to the full Board for discussion at the upcoming Board Retreat.

Typically, the EC reviews financial statements (which can take several meetings to approve), loan policies, the CEDS and strategic planning efforts, recommendations for the Board or EC, letters of support, the updated employee handbook, the new Operations Manual, the approval of employee benefit packages, any staff concerns, investment strategies, the succession plan and emergency succession plan. The EC is also working on the upcoming Board Orientation and Board Retreat.

President DuBose invited the Board to contact any EC member with questions and then introduced Pickens for the Consent Agenda.

Consent Agenda

Pickens presented the SOREDI Board of Directors the May 9, 2023, and August 8, 2023, meeting summaries for approval. President DuBose recommended amendment to the August minutes that Rogue Truck Body has a new CEO and was not sold. Meyer moved to approve; Hall seconded. Motion carried.

SOREDI FYE 2023 Financials - Amy Browne, SOREDI Operations Manager

Hard copies of financials were handed out to members present. This document can also be viewed [here](#). Browne noted that SOREDI is currently undergoing our annual audit by Isler with RVCOG and looks forward to presenting results at an upcoming meeting.

The Rural Capacity Grant – SOREDI is the fiscal manager of the funds for which timelines have been extended through 12/31/2023. Additional funds from the Ford Foundation were added and SOREDI is partnering with RVCOG to implement the grant, as it better aligns with community development in small cities.

Innovation Hub Grant – Browne noted that this is a restricted fund, for which funds are accounted for separately. It has been guided by a 14-member Hub Group, which recently nominated a 5-person steering committee. Though the financials currently show a negative figure, due to upfront costs which have been paid, it will balance itself out once final funds are disbursed.

Income Notes

There are two primary contributing factors to what is expected to be a large ending reserve for carry-over into FYE24:

1. Wages and staffing – we were down staff for several months of the year.
2. Large events that were expected to occur were not held due to staff capacity.

Any questions?

Weiss – asked if Memberships were up slightly year over year and for actual count. Amy to follow up.

Hyatt – Thank you, Amy. I have two questions:

1. The staff vacancy savings – did SOREDI augment with temporary help? Yes, we did, and it did help for some tasks but not for the long term.
2. Interest income risk profile – Are we risk averse and protecting principal? Yes, Loan funds are 100% collateralized. Operating funds are also secured and reside with US Bank within various sweeps accounts.

President DuBose confirmed that all funds are bank deposits only. No bonds or stocks.

Browne noted that the Balance Sheet is a summary of all funds, operational and within the Loan Program, but the full document is available upon request.

Weiss – What is the difference between funds 301 and 302? Browne explained that these are two former USDA loans that are kept separate because both include current loan customers who are paying off their balances and need to remain separate for accounting purposes. Padilla added that loan funds were started at different times, with different contractual arrangements with USDA or EDA. As

outstanding loans are paid off, staff will be working to reduce the number of funds and combine into single accounts that share similar purposes.

Weiss – Inquired about the prospective enterprise zone fees and whether we track actual time and expense to serve as the Enterprise Zone manager. Padilla noted that it is not tracked readily but that expectations of the Oregon Legislatures are growing with respect to due diligence, compliance and reporting.

Weber – Noted the total expenditure of \$453,000 and how it is offset by transfers in from the EDA Planner Grant and administrative fees from the loan program funds. Is there a way to see what total operational costs are knowing that some are offset by grants? Can it be broken out? Amy said yes and will get that for him.

Agency Report – Colleen Padilla, SOREDI Executive Director

It's important for us to recognize that regardless of what community an expansion or groundbreaking is happening in, the benefit of expanding businesses and their investments impact all of us. It is good to support communities and businesses at groundbreaking and ribbon cutting celebrations.

Membership Revenues Recap

- 70.5 % received to date.
- One Jurisdiction (\$34,521.70) and five companies (\$3,575) not renewing.
- Two companies upgraded from Champion (\$550) to Underwriter (\$1,375): Roe Motors, Grants Pass and Neuman Hotel Group, Ashland
- Budgeted \$369,907.50. Received \$260,792.76

Key Priorities from FYE 23

1. [1 Rogue Valley Strategy](#) – A 5-year strategy required by the EDA (CEDs)
Why do we do what we do? It must align with the 1RV initiatives and charter purposes.
2. Engage businesses to identify needs and provide resources
 - Respond to and court relocation leads
 - Shepherd local expansions projects
 - Coordinate industry tours with educators and members

Dotterer – noted he would like to see workforce partners added to the line item about Industry Tours. Padilla noted that Rogue Workforce Partnership is a financial sponsor of the events, along with SOESD. Both organizations participate in the tours.

3. Increase financial stability
 - Build the loan program
 - Secure membership renewals and new membership
 - Pursue enterprise zone management fees as allowed by Oregon statute due to the increasing time investment required by the executive director and staff.

Business Expansion Announcements

Herb Pharm - Ribbon cutting ceremony September 20 at 5448 Bierson Lane, Central Point (Medford). See press release [here](#). Marple accompanied Padilla to the Medford City Council on September 7 and

will also attend the upcoming Medford Chamber Award Dinner. Festivities begin at noon with ribbon cutting approximately 1 pm.

Mycorrhizal Applications – Founded in 1995 and currently operating in Grants Pass, in 2015 it was acquired by an international company. 35,000 s/f planned to be built on Ave G in White City. Marple asked what the building will be used for. Padilla noted that this is going to be an R&D manufacturing facility and distribution space. They are creating mechanisms to make their manufacturing more automated for their growing international footprint. They currently have about 40 employees and will be adding 20. They have other facilities throughout the world.

Because both companies are in Grants Pass, Padilla and Meyer met with Commissioner West to assure him that SOREDI does not “poach” business to Jackson County, talking to him ahead of the press release.

DuBose – Asked Colleen to expound on how these two companies came to Jackson County, and what may have prevented expansion within Josephine County. Specifically, how did SOREDI guide this process?

Padilla – Noted that the agency has in the past attended trade shows, interfaced with national site consultants, and had lead generation contracts, etc. to generate leads for Southern Oregon. However, most expansion and recruitment leads come from personal connections with local brokers and partners. She noted attending a Consultants Forum in December 2023 to learn of new trends, post pandemic, in the world of economic development.

SOREDI was directly engaged by both referenced companies for their expansion projects. Both were hopeful to expand in the Grants Pass/Josephine County area, but the companies couldn’t find suitable property for their specific needs and timelines.

Grants Pass invited SOREDI to participate with Mycorrhizal Applications back in May 2021. SOREDI has had an NDA for quite a while. A commercial broker was hired to look elsewhere. At this point SOREDI will then ask the company how we can keep them in the region? If not in this region, how can we keep them in Oregon, providing a warm hand off to another jurisdiction. Multiple partners have been involved with this project including Jackson County Planning, Commissioner Dotterer, RHT Energy, utility partners, and Business Oregon with potential incentives. They currently have an authorized Enterprise Zone property tax abatement incentive with a \$14M investment at application but has already reached an expected \$20M in investment due to high costs and inflation.

Marple noted that Herb Pharm also looked in Grants Pass but chose Jackson County for the distribution corridor and proximity to the regional airport, and diversity of workforce talent.

Padilla continued that SOREDI’s work is to introduce business to all the partners who would play a part and at the appropriate time to see what incentive packages or resources are available. SOREDI staff consistently refers to multiple partners, based on the company’s needs.

Fischer – The tax abatement program for Mycorrhizal Applications was very significant to them. They were considering Washington state, but the Enterprise Zone incentive kept them local.

Padilla noted that the Board will also hear more about a new business expansion called Project Adventure coming from Anchorage. They are occupying the former Maranatha almond butter plant in Ashland.

Priority Considerations for 2024

1. Activity always aligns with the [CEDS](#)
2. Increase of business engagement to provide resources
3. Shepherd and provide grant administration/fiscal services for business-focused initiatives.
 - a. PIER - \$13.8M. SOREDI submitted an application for 40% of funds for economic revitalization using loans and grants, and increasing land readiness.
 1. There were 5 other applications and requests came in at \$23M above the available \$13.8M
 2. **Dotterrer** – Who are the five? Talent, Phoenix, SOREDI and another non-profit.
 3. How do we do this with everything else we already do? FTE is built in to the request
 4. Funds may be available in 2024, which is over three years since the fires. It's past time to get things going.
4. Continuing managing the Enterprise Zone abatement program and pursue statutory fees for oversight
5. Build loan program portfolio and membership

Dotterrer/Padilla – The timeframe for Enterprise Zone abatement is 3 years if the applicant is an eligible traded sector company, or hotel. An approved applicant can receive an additional 2-year abatement if the new employees' average wage exceeds 150% of county average. A request for this extension triggers a special agreement that is approved by the county assessor. The Oregon Revenue Department, Business Oregon, and the Oregon Employment Department, all receive copies of the enterprise zone application once authorized by the County assessor.

Bailey – Is it possible for a public entity to apply for an Enterprise Zone if a public entity is engaged in a public/private partnership for a project that occurs on public/govt land? Padilla responded that it is possible if on industrial or commercial land and the end-user/private company is paying the property tax. Can be a lease agreement. What qualifies is manufacturing, warehouse, and hotels. Retail fulfillment centers are no longer eligible, but wholesale distribution is. For example, Columbia Distributing is building a new facility in White City and is eligible; but the likes of any large ecommerce retailer is not.

Fahey – Asked if the EZ map is very restrictive for industrial and commercial in the region. Padilla noted that nearly all such land is within a zone already, also noted there is a process to have land added to the zone. This was done years ago for a prospective candy manufacturer that was considering a large piece of land in Rogue River for a new facility.

Fischer – Is SOREDI responsible to check on companies to see if they are meeting requirements? Padilla responded that the county assessor has the authority, but it goes through SOREDI first to make sure details are ready for each company to send to the assessor for approval/review. Every year, each company must file by April 1 – property schedule, new jobs/employees, wage and compensation disclosure. We currently have 35 open enterprise zone clients, so March becomes a significant month to verify documents before sending them to the assessor. This last year there were two applicants who did not meet the qualification. One opted to cancel. The other decided to pay back abated taxes.

Fischer noted the SOREDI staff time involved. Colleen confirmed that it takes more staff time now than before. The fee would help compensate for the time as opposed to performing it as a free service.

Hall – Noted that the discussion about compensation as the Enterprise Zone Manager has been talked about for quite a while. What has taken the time to not get there yet? Padilla responded Jackson County had asked to see a contract between a County and third party EZ Administrator (like SOREDI). Most EZ managers are housed within the municipality as an employee. Very few are third party administrators and we have not been able to identify an agency that has a contractual arrangement with the County to use as a model. Because the Legislature was also considering ending the tax abatement program, the task was set aside until we knew for sure the program would not be sunset. The Legislature did extend it through 2032. Browne noted that we now must go back to Jackson County to craft such a contract that meets their expectations. There is no other template to follow as our situation is unique. Padilla noted that in the last fiscal year, 9 applications totaling \$78M came through SOREDI for authorization. We would have received roughly \$78K if the compensation fee was in place.

Dotterrer – State law is incomprehensible at times and a very complex process to engage in.

Fahey – Two questions regarding Josephine County's decision to not fund – 1st part of question.

1. Will the County still be represented on the Board? Padilla responded that voting Board members are required to be current underwriters. The EC decided that we would still like Josephine County to participate on the Board, but they would not be a voting member until such time as they renew their membership support. Economic Development District status is not affected with the EDA because we have other constituents in the county, who provide feedback to the CEDS.

2. Will the role of Enterprise Zone manager stay with SOREDI or be managed by the County/Grants Pass?

Padilla responded that we are still servicing Josephine County, and will continue to be the Enterprise Zone Manager, nothing has changed. We believe their non-renewal will be just a one-year blip.

Dotterrer – Asked if Commissioner West was receptive to SOREDI's visit earlier today? Padilla responded that West was receptive and will likely go back to his fellow commissioners to discuss who they'd like to appoint to attend the Board meetings as an alternate.

Meyer – West had a different posture this time and said the county was in a dire financial situation and needed to make some temporary cuts.

Weber – Is there reason to believe that next year will be better and able to fund? He doesn't believe so and is concerned that next year will be an issue as well.

Padilla – Unknown but feels others may also be affected by the nation's economic climate.

Weiss – He is concerned about the \$78K fee for management of EZ funds. What does the fee represent? Padilla responded .001% of investment or \$200 fixed application fee. Amy elaborated that a fee would likely minimally represent 25% FTE at SOREDI.

Hall – Recommended finding the value-add for Josephine County and keep within their sites, and consistently showing up to represent SOREDI's value.

DuBose – We have had recent discussions requesting SOREDI to narrow its focus to 3-5 key priorities in order to manage staffing and responsibilities.

Dotterrer – Still pondering what is this thing called "economic development" and who are the various partners. He recommended staying in our swim lanes. He believes that economic development and workforce development are two sides of the same coin, nothing that the Governor has combined what was once two advisors, each representing economic development and workforce development, into a single advisor covering both.

2023-24 Regional Priority Discussions Continued (holdover from August Meeting)

Eagles – Keeping talent in the region and addressing affordable housing. Most of their employees are from SOU but still may only stay for a few years as the cost of living keeps increasing.

Hyatt – Childcare has become a top priority for Ashland. Getting and keeping talent - affordable housing, childcare and spouse's employment are key factors. This has become part of a 10-year strategy involving business development and early learning. They are working with partners and schools and hope to be awarded seats at the next legislative session. Just rolled out an early learning grant program and are exploring ways to diversify the economy outside of tourism and SOU.

Holmes – Having read through the [CEDS](#) a couple different times, he agrees with Dotterer that we must leverage with each other to get things done. He is interested in the status of the CEDS. **Padilla** – We have been so busy responding to things that we have neglected reporting on it. Now that we're back to full staff, we will present outcomes to the Board of what is being prepared to be presented to members and guests at the February 2024 State of the Rogue Valley annual breakfast meeting.

Weiss – Workforce housing is desperately needed and is also the hardest to build as it does not have subsidies to support it and keep it affordable. Medford City Council has been focusing on housing development. Workforce development is great but if there isn't a house to live in, they don't stay/work. They are beginning to explore land constraints with land development. Legacy land vs new industrial land is an issue. Changing patterns of development does affect future planning. It's a real infrastructure problem. The Oregon Land Use Planning group is not very flexible for Southern Oregon.

Hall – Deferred comment.

Pickens – At Rogue Credit Union they've been reactive by necessity but have now decided it's time to narrow in things so that we can be really good at those few things, and then tell that story. This will have the greatest impact.

Meyer – Finding a livable wage is a challenge. Can people live on \$18.50/hr.? Suggested targeting higher wage companies to recruit and asked if it's possible to align with regional priorities.

Bailey – SOU was in the middle of a fiscal model that was broken, no one's fault, so they had to do the tough work. They've been playing defense for a decade and now that all is fixed, it feels good to be playing offense. They are now refining the structure to look at what kind of institution we want to build for Southern Oregon. Over the next year we are going to be far more creative and will quickly become a role model to other universities – creative, collaborative, and nimble.

Weber – RCC focus has also been focused on childcare and affordable housing needs for students. We've been focusing on pipelines around enrollment, which is up over 20%. We've gone from 111 enrolled in childcare educational tracks/programs to 188. We are working on grants to help them open childcare centers. We are working on changing the culture and mindset from scarcity to innovation and get to a "Yes."

Marple – As an employer we can successfully hire quality workforce for remote work. Getting people to come here is exponentially harder. The benefit of manufacturing is that it encourages onsite

employees. Retaining employees is a challenge with the higher housing costs out here. We've lost some good executives because of lack of cultural diversity as well. These challenges encourage corporations to collaborate to encourage and retain great talent.

Tarantsey – This will be a great couple of years to band together and have some actionable ideas around under-represented groups, whether it's cultural or web access limitations. SOREDI is a proactive partner for disaster survivors. Noted 3 of 44 census tracts in the Medford area are high poverty with the "carnival land" concept that people come to be entertained but those who serve them can't afford to live there.

Agenda build for November – President DuBose recommended members email [Carrie Bohl](#) with any agenda topics to add for November.

Adjournment

President DuBose encouraged not only new Board members to attend the Board Orientation in October following the Executive Committee meeting on October 24, but for all members to attend if they are interested. More details about the Board Retreat on November 14 are forthcoming. President DuBose thanked Daniel Marple for his Herb Pharm presentation as well as all members who were able to attend.

The meeting was adjourned at 5:07pm.

Upcoming Board of Directors Meetings:

October 24, 10 am – Noon, Board Orientation for new members – all are invited

November 14 Meeting & Board Retreat – Asante Foundation Building, 220 N Bartlett St

December – No Meeting

(A new landing page has been created on soredi.org to house large documents from this meeting, including presentations. Please click here to access [SOREDI Board of Directors Meetings - Follow-Up Documents - SOREDI](#))