



**MINUTES OF THE REGULAR SESSION OF THE
LINN COUNTY BOARD OF COMMISSIONERS
TUESDAY MEETING
LINN COUNTY COURTHOUSE – ROOM 200
DECEMBER 13, 2022**

The Linn County Board of Commissioners met for the regularly scheduled meeting on Tuesday, December 13, 2022.

Those present at various times for the matters as indicated below were: Tara Kamp, CPA, Pauly, Rogers and Co, P.C. (via teleconferencing); Andy Franklin, Captain Support Services, Linn County Sheriff's Office; Steve Wills, Linn County Planning and Building Director; Reagan Maudlin, Linn County Special/Rural Transportation Coordinator; Russ Williams, Linn County General Services Director; Gene Karandy, County Attorney for Linn County; Michelle Hawkins, Linn County Treasurer; Ken Bronson; Alysia Rodgers, City of Lebanon; Rick Petersen, President/CEO Peak Internet; Adam Baird, Partner, Kutak Rock, LLP (via teleconferencing); Alex Paul, Linn County Communications Officer and Joanna Mann, Reporter for *Democrat-Herald*.

1, 2, 3. At 9:30 a.m. Chair Nyquist called the meeting to order. The flag salute and roll call followed. Commissioners Roger Nyquist, Chair; Will Tucker, Vice-Chair and Commissioner Sherrie Sprenger were present, as well as, Darrin Lane, Linn County Administrative Officer and Marsha Meyer, Recorder for the Board of Commissioners.

4. Approval of Agenda.

Action – Commissioner Tucker moved and Commissioner Sprenger seconded the motion to approve the agenda. The vote was called. The motion passed unanimously.

5. Approval of the November 29, 2022 and December 6, 2022 Commissioners' Meeting Minutes.

Action – Commissioner Tucker moved and Commissioner Sprenger seconded the motion to approve the November 29, 2022 and December 6, 2022 Commissioners' Meeting Minutes. The vote was called. The motion passed unanimously.

6. Annual Comprehensive Financial Report as of June 30, 2022 – Tara Kamp, CPA, Pauly, Rogers and Co., P.C. (via teleconferencing).

Ms. Kamp presented the Annual Comprehensive Financial Report as of June 30, 2022. A copy of her report is on file in the Linn County Clerk's Office in the Commissioners' Staff File.

Ms. Kamp stated that the purpose of the audit was three-fold: to perform a financial statement audit prepared by management; perform the Oregon Municipal Audit Law to find if the County complied; and, perform a federal single audit to test federal grant money to see if the County was compliant with the federal dollars.

Ms. Kamp stated that, overall, the results for Linn County audit were very good. For the financial statement audit they issued an unmodified opinion which was a "clean" opinion; the financial statement was fairly stated. In regard to State minimum standards, there were no exceptions or issues requiring comment except as noted on Page 124 of the report in regard to budget items. There were no issues of non-compliance in regard to federal awards and no questioned costs. Lastly, Ms. Kamp stated that they did not issue a management letter. Ms. Kamp did state that they noted that Linn County was implementing a new accounting standard for GASB Statement #87-Leases and that it was a ton of work and Bill Palmer, Linn County Account Officer, had done a great job. There were no difficulties dealing with management in performing and completing the audit and no disagreements with any accounting items. Ms. Kamp then referred to future accounting and auditing issues that the Board needed to be aware of.

Commissioner Nyquist clarified with Ms. Kamp that the purpose of the audit did not include testing of compliance with Linn County's Policy 10-Cash Handling. Ms. Kamp stated that they did do some testing but they did not provide any assurance that it was correct over all departments in all cash handling; it was outside of the scope of the audit. Commissioner Nyquist asked if Ms. Kamp would work with the Linn County Treasurer, Michelle Hawkins and the Accounting Department to develop something that would allow Linn County to do that internally and Ms. Kamp stated she would absolutely work with those departments in regard to that matter.

Commissioner Nyquist thanked Ms. Kamp for her work and for the good news.

7. Sheriff's Office – Michelle Duncan, Linn County Sheriff, was represented by Andy Franklin, Captain Support Services, Linn County Sheriff's Office, who presented the following item on her behalf.

A. Resolution & Order 2022-412 approving a Temporary Employment Agreement for Sergeant/Criminal Patrol Division.

Action – Commissioner Tucker moved and Commissioner Sprenger seconded the motion to approve Resolution & Order 2022-412. The vote was called. The motion passed unanimously.

8. Reports of Staff and Committees:

A. Planning and Building Update – Steve Wills, Linn County Planning and Building Director.

Mr. Wills provided the Board with a Building Update for November, 2022. A copy of his report is on file in the Linn County Clerk's Office in the Commissioners' Staff File. There was a lengthy discussion in regard to the number of code enforcement cases.

Commissioner Nyquist stated that he appreciated the work that code enforcement was doing; it's a team effort. He stated that the two things that could be done was to focus on the most egregious cases and as new violations came in to try and engage often and concisely so people take it seriously and take care of the issue quickly. Commissioner Tucker stated that he also appreciated what the department was doing with the code enforcement cases and that they had his support. Commissioner Sprenger thanked Mr. Wills and stated that he had done a commendable job leading; no one in a department is affective without leadership steering and directing.

9. Special Transportation – Reagan Maudlin, Linn County Special/Rural Transportation Coordinator

Ms. Maudlin provided background information on the following items.

A. Resolution & Order 2022-414 approving a Subrecipient Agreement for Special Transportation Services between Linn County and Senior Citizens of Sweet Home, Inc. dba Linn Shuttle.

Action – Commissioner Tucker moved and Commissioner Sprenger seconded the motion to approve Resolution & Order 2022-414. The vote was called. The motion passed unanimously.

B. Order 2022-427 updating the Statewide Transportation Improvement Fund Sub-Allocation Method developed by the Transportation Advisory Committee.

Action – Commissioner Tucker moved and Commissioner Sprenger seconded the motion to approve Order 2022-427. The vote was called. The motion passed unanimously.

10. General Services – Russ Williams, Linn County General Services Director.

A. Resolution & Order 2022-426 approving a Grant Agreement between Pacific Power and Linn County and delegating authority to execute originals.

Mr. Williams stated that the County had won a grant for charging stations. Commissioner Nyquist asked where they would be installed and Mr. Williams stated that two would be for public use and two would be for the County fleet.

Action – Commissioner Tucker moved and Commissioner Sprenger seconded the motion to approve Resolution & Order 2022-426. The vote was called. The motion passed unanimously.

11. Correspondence: There was no correspondence to come before the Board.

12. Special Orders:

A. Personnel Action Forms.

Action – Commissioner Tucker moved and Commissioner Sprenger seconded the motion to accept the Personnel Action Forms list as Exhibit 1. The vote was called. The motion passed unanimously.

13. Unfinished Business and General Orders:

A. Calendar Update: The Commissioners updated their calendars. Commissioner Tucker stated that he received an invitation to a Commissioners Christmas party on Friday, December 16, 2022 and that all three Commissioners may attend. Also, he noted that there would be a Ribbon Cutting Ceremony at the intermodal facility on Thursday, December 15, 2022 and more than one of the Commissioners may be attending.

14. New Business: There was no new business to come before the Board.

15. Announcements: Commissioner Nyquist announced that the Board would only meet on December 27, 2022 if there was year-end business.

16. Business from the Public (3-minute limit per speaker): There was no one present from the public wishing to use this forum neither in person or telephonically.

Commissioner Nyquist recessed the regular Board meeting at 9:56 a.m.

Commissioner Nyquist reconvened the regular Board meeting at 10:00 a.m.

17. Public Hearing – Authorizing the approval of certain revenue bonds by the Arizona Industrial Development Authority for a project located within Linn County for the purpose of complying with Section 147(f) of the United States Internal Revenue Code and affirming the purpose and nature of the project – Gene Karandy, County Attorney for Linn County.

Commissioner Nyquist called Mr. Karandy to provided background information regarding this matter.

Mr. Karandy stated that this matter was published in the Democrat-Herald on Tuesday, December 6, 2022. He then read, into the record, the details of the issuance of the bond process. He stated that members of the public were invited to comment with respect to the proposed financing plan and the nature of the facilities to be financed

either in writing or appearing today for the Public Hearing. Mr. Karandy then asked Marsha Meyer, Recorder for the Board and Darrin Lane, Linn County Administrative Officer if any written comments had been received. Both acknowledged that no written comments were received.

Mr. Karandy stated that the Board could open the Public Hearing and take any comments from the public wishing to testify on this matter. Commissioner Nyquist asked if the Board had any questions for Mr. Karandy and they acknowledged no.

Commissioner Nyquist opened the Public Hearing.

Commissioner Nyquist stated that there was a sign-in sheet and no one had signed up to speak on this matter. He then asked if there was anyone in the room wishing to speak on this matter as described by the County Attorney. Hearing none, he then asked if there was anyone telephonically wishing to speak. Commissioner Nyquist recognized Adam Baird who participated telephonically.

Adam Baird, Partner, Bond Counsel and Tax Counsel for this transaction – Supporter (via telephonically).

Mr. Baird pointed out, for the record, that the description that Mr. Karandy provided was accurate but wanted to note for the Board that there was a possibility that the underwriting team may choose to use an issuer that was different from the Arizona Industrial Development Authority; it would still be an issuer located within the State of Arizona that would have the same statutory authority as the Arizona Industrial Development Authority. Mr. Baird stated that the flexibility was stated in the notices that were published and it was stated, as such, in the Resolution proposed to be adopted.

Commissioner Nyquist confirmed with Mr. Baird that this was a bond offering of up to \$4.7 million and Mr. Baird stated that was correct. Commissioner Nyquist asked Mr. Baird why this would be beneficial to Linn County residents should the County approve this matter today. Mr. Baird then provided an explanation.

Mr. Baird stated that the non-profit organization infrastructure financial services has, as one of its exempt purposes, to promote more efficient communications network and services to communities which were viewed as underserved in this area. He stated that a few years ago the County was a part of a group of other governmental organizations that adopted a development strategy for 2020-2025. The County worked with the Cascades West Development Group in the development of this plan which identified the need for higher quality of communication and network for fiber optic services for the County. Mr. Baird stated that the borrower worked with governmental units like the County and the City of Lebanon, which adopted a similar resolution in the promotion of these types of networks. He stated that the intent was that every person who was part of the network area, including the citizens of the City of Lebanon, would have the opportunity to have access to this enhanced network capabilities by the construction and implementation of this network. He indicated Rick Petersen could speak more to the higher quality network that was expected to be developed.

Commissioner Nyquist restated that the reason the Board should approve this would be to improve both quality and access to communication services of the residents within the service area. Mr. Baird stated that that was correct.

Commissioner Tucker stated, to be clear, this would add one more option for people and it was a higher speed network. He stated that he had not seen what the cost would be to the public and stated he wished it would include areas outside the city limits and the Urban Growth Area. Mr. Baird stated that Commissioner Tucker was exactly right and he added that, if this network went as expected, could be available to other citizens of the County; the intent of the parties involved would be to expand.

Commissioner Nyquist then asked, since this was basically inside the City of Lebanon, was there some reason this was coming before the Board and not to the City of Lebanon. Mr. Baird stated that the requirement of Section 147(f) of the Internal Revenue Code required the approval of the host jurisdiction. The City of Lebanon could have provided this approval but a portion of the network is actually going to be located in an unincorporated area of the County so, to cover all the scope of where the network will be located, the County was identified as the best option for that purpose.

Commissioner Sprenger read five lines of the contract into the record (Page 4; Paragraph 2 of the Resolved statement). Commissioner Nyquist stated that this was a lot of money and he wanted to understand it clearly that what the County would be doing in approving the Resolution, as required by the IRS, was to facilitate the transaction between a group issuing bonds and loaning money and another group who already provided service in the City of Lebanon and Linn County in receiving that money to improve what they're doing. It's not, and should not be, looked at as a bond that will show up on Linn County's residents property tax bills. Mr. Baird stated that that was accurate and provided more clarity. He stated that the sole source of repayment for the bond was from the revenues of the project itself and none of this would go onto the tax rolls or become a general obligation of the County, City of Lebanon or the State of Oregon or any other governmental principality; it's a revenue-based bond project.

Commissioner Nyquist asked if the people receiving these services were going to have a new item on their bill that was, in effect, a repayment of this bond. Mr. Baird stated that the bill would reflect the cost of services that they receive and not necessarily reflect that they are repaying the bond; the fees are not broken out on the bill.

Darrin Lane, Linn County Administrative Officer, stated that the real reason this was before the Board was the bonds would be tax-exempt and, in order to be able to offer them as tax-exempt, it required this process. Mr. Baird stated that that was correct; it's a requirement of the internal revenue code as a tax-exemption of the bond. The sole member of the borrower needed to get an acknowledgement from a governmental body that what was promoting, enhancing and improving the quality of fiber network options which was an objective of the City of Lebanon.

Commissioner Tucker recognized that Rick Petersen, President/CEO of Peak Internet was in the audience. He stated that the \$4.5 million was the total cost of the project and Linn County was less than five percent of the identified area. Commissioner Nyquist

stated that the residents inside the City of Lebanon were also Linn County residents and constituents so that was not a stumbling point for him.

Commissioner Nyquist asked if Mr. Baird had anything else to add. He stated he had no further comments.

Commissioner Nyquist asked if there was anyone else, telephonically, wanting to speak in favor of the project. Hearing none, he asked if there was anyone else in the room or telephonically wanting to speak against the project. Hearing none, he asked if there was anyone wanting to speak either for or against the project or wanted to make a statement or ask a question. Commissioner Nyquist recognized Michelle Hawkins, Linn County Treasurer.

Michelle Hawkins, Linn County Treasurer.

Ms. Hawkins asked Mr. Baird if the industrial group had thought about the COVID money that was allocated for this type of project. Mr. Baird deferred Ms. Hawkins' question to Rick Petersen, President/CEO of Peak Internet. Mr. Baird stated that, pursuant to the feasibility study, they had looked at various sources for the project. The borrower team believed this was the most appropriate way to approach this project.

Commissioner Nyquist recognized Mr. Petersen.

Rick Petersen, President/CEO, Peak Internet – Operator of the Project.

Mr. Petersen stated that, in regard to this project, Peak Internet was the operator. In regard to the financing with COVID money, he stated that they began working on this project in 2018 which was before COVID and what halted the project was COVID itself so it wasn't the right time to proceed. However, Peak was an operator and they were a recipient of some COVID relief money, about \$1.2 million, and was able to make a substantial impact to Linn County residents outside of Lebanon; they built about 40 miles of fiber optic facilities and connected 350 homes for students. Mr. Petersen stated that, with respect to some of the other avenues available for funding projects like this, Lebanon proper itself, didn't qualify for a lot of those funds that were available. He stated that he was a Governor appointed member of the Oregon Broadband Advisory Council so he was familiar with all those funds and stated that Peak, as the operator, had built optic facilities all around Lebanon and, most of their rural expansion with federal programs that became available, were in eastern Linn County. We know that the demand is high in Lebanon for an alternative. Mr. Petersen stated that for Peak, not only serving the citizens of Lebanon proper, it was also key for economic development for any new entity.

Mr. Petersen stated that, to Commissioner Nyquist's question about the bill, there would be no supplemental billing of recovery for the loan proceeds on the subscriber's bill but there would be a franchise fee for the City of Lebanon.

Commissioner Nyquist stated that there had been testimony in support from the proponent and, for the record, there was no testimony in opposition. There was a

testimony from a resident who happened to be the Linn County Treasurer and representative of the organization had spoken, which he called a rebuttal testimony. He asked if there was anything else. Mr. Petersen thanked the staff and County for hosting this hearing today. Mr. Baird also, thanked the County for their help with this process. Commissioner Nyquist then asked, for the record, if Mr. Baird would announce who he represented. Mr. Baird stated that he was the bond councilor to the issuer of the bond and that the issuer could either be the Arizona Industrial Development Authority or, as the underwriting team was evaluating their options, an issuer maybe with another industrial development authority within the State of Arizona with the same statutory powers.

Commissioner Nyquist asked the Board if they wished to close the Public Hearing.

Commissioner Nyquist closed the Public Hearing.

Commissioner Nyquist then asked County Attorney, Gene Karandy, whether or not the County, if they acted today, would have any responsibility for the execution and compliance of the term to the bond. Mr. Karandy stated no. The host's main function was to facilitate the process for the Public Hearing. Mr. Karandy stated that, under the proposed Resolution & Order 2022-424, part of the approval would be acknowledging the results of the Cascades West study that the County required more effective telecommunications infrastructure and acknowledging that this proposal would, in fact, assist in accomplishing that goal.


Commissioner Nyquist asked what the pleasure of the Board would be. There being a Resolution & Order before the Board, they could vote to approve if the Board was inclined to do so. The Board moved to Agenda Item No. 18.

18. Resolution 2022-424 authorizing approval of certain revenue bonds by the Arizona Industrial Development Authority for a project located within Linn County for the purpose of complying with Section 147(f) of the United States Internal Revenue Code and affirming the purpose and nature of the project.

Action – Commissioner Tucker moved and Commissioner Sprenger seconded the motion to approve Resolution 2022-424. The vote was called. The motion passed unanimously.

19. Adjournment. There being no other business to come before the Board; the Board of Commissioners meeting was adjourned at 10:30 a.m. by unanimous consent.

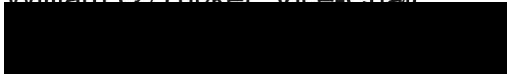
The next regular public meeting of the Board of Commissioners is scheduled at 9:00 a.m. on Tuesday, December 20, 2022.

, Recorder
For Board of Commissioners
Marsha Meyer

LINN COUNTY BOARD OF COMMISSIONERS


Roger Nyquist, Chair


William C. Tucker, Vice-Chair


Sherrie Sprenger, Commissioner

Date 12-20-2022