

AUDIO FILE #: 11.14.2019-19111401

Terry Hancock: We have _____ (0:00:02.0). It's unusual for me to walk in and have a conversation with you knowing that the Landlord and his representation are also in the room. Because I want to do the best for you and there's nothing to hide here, so I just want to make sure I can continue.
(Hancock Real Estate)

Tim Hsu: Please do.

Terry Hancock: Okay, good. So _____ (0:00:20.3)

Janice Calkins: Can I interrupt?

Terry Hancock: I also want to...

SPEAKER: _____ (0:00:22.0)

Janice Calkins: I'm gonna interrupt real quick. I just forgot to tell you guys we are going to record this meeting. Thank you.

Terry Hancock: Good. So anyway, I like to be upfront with all parties and but you are, in this case, my client, and so my obligation is to do for you what I need to do. So the first thing I would tell you is congratulations on your growth over the years. You folks were quite a bit smaller 10 years ago, 12 years ago. And I can't remember, there were 3 maybe? Or 4 folks were replaced, I think your group, in a building in downtown Salem. If I'm wrong, I'm wrong, but I don't...

Terry Hsu: I...

SPEAKER: ? I don't think so.

(BACKGROUND TALKING)

Terry Hancock: Yeah, okay, that's where it was.

SPEAKER: _____ (0:01:13.4)

SPEAKER: Okay, yeah.

Terry Hsu: Oh, next to NRCS?

Terry Hancock: Yeah. Anyway, so it's just nice to see things go well. And, I've tried to get uploaded as quick as I could. Terry's been very helpful with me and my understanding of what you do and your mission, and understanding revenue stream and how you're tied to a tax base and how Marion County is able to take that into play are all things that I think are important when you make a decision. So you've got not only clients, I don't know who visits you as a customer or needs your organization's help. You would know that and that would be an important piece for you to have your grasp on. I'm gonna give an example. If I was looking to move a location...since Costco's been in the press a lot...it's real simple for them. They bring up their membership map and they see exactly how much I buy and what product I buy and they can put a pin on top of my house on their map and they know exactly where to locate their next store based on me and everybody else's acquisitions. It's just the way things go these days.

Terry Hsu: I'll just go ahead and chime in a little bit. So I mean some of the things I communicated to Terry and you guys can correct me if you have some different opinion or chime and supplement whatever I would say. You know, we talked

about, you know, who are, you know, he talked about Costco and how Costco puts buildings in places where they know there are the members 'cause they're the guys that are coming in that are going to be buying things. So one of Terry's questions to me was, okay well who's your, you know, who do you get revenue from? And I said, well that's really easy, you know, we get it from basically Marion County, not all of Marion County, but most of Marion County pays \$0.05 per \$1,000.00 property tax as part of the millage and that's how we get our revenue stream. So, you know, that's...Costco gets it from customers, we get it from our constituency here. You know, and then we had a discussion about, okay, well then who are our customers that we serve? And I think most of our customers are rural customers, although we've wanted to expand that to more urban folks as well, but historically it's been a fairly rural customer base, the people that actually come into our doors to seek grants, seek technical assistance, those sorts of things. That's what I communicated. I don't know. Does anybody want to supplement that?

Scott Walker: Most of our customers our employees go out and see and work with at the job sites, so they do have few events here in the building once every month or 2 _____ (0:04:23.0) or whatever it's called. People come in and they talk about some issue or problem or whatever _____ (0:04:30.5), but in general, we go out to our customers. Is that a fair statement?

Terry Hsu: Yeah, that...

Janice Calkins: Uh-huh.

Terry Hsu: ...your thoughts?

Doug Krahmer: And the other group of customers we have such as our C.L.E.A.R. grants or all our schools...

Terry Hsu: Right.

Doug Krahmer: ...in the District...

Terry Hsu: Right.

Doug Krahmer: ...many of those are urban schools rather than rural schools.

Terry Hsu: Yes.

Terry Hsu: Yeah.

Terry Hsu: Yep. Yep.

Doug Krahmer: And...

SPEAKER: _____ (0:04:58.2)

Doug Krahmer: ...yeah and the other part is our partners, but most of our _____ (0:05:04.2)...

Terry Hsu: Partners. Santiam Water Control District.

Scott Walker: ...sent in and develop...

Doug Krahmer: Don't disagree with that.

Scott Walker: Okay. Okay. But it's all remote kind of...

Scott Walker: Right.

Terry Hancock: ...whether it's...

Terry Hsu: I don't know, just trying to fill you in on the pieces.

Terry Hancock: That's what I need to hear.

Rochelle Koch: Uh-huh.

Rochelle Koch: Yeah.

Terry Hsu: Yeah.

Terry Hancock: Yeah, so the first piece is around revenue stream and customer and the next piece I would tell you is around mission alignment with the choice where you have your office. And so it's clear when I walk in when I see a sign that might have the words Anderson which is pretty hard, you're missionally aligned with probably other people in this building, right?

Terry Hsu: Yeah.

Scott Walker: We have several subleases, people with similar missions.

Terry Hsu: Right.

SPEAKER: _____ (0:05:51.5)

Terry Hancock: Perfect. Yeah so then the question is if you were to look at, you know, you have kind of a dual responsibility in carrying out your mission that you got, so I'm gonna call partnerships loosely that are in the building alongside of you, then you need to take a look and see does, you know, does a change in location in the long term, does that help, hurt or otherwise? And...

Scott Walker: Most of our customers are there because their leases ran out in other locations and we had the space and we _____ (0:06:34.8) them because we were not paying, we were paying for space that wasn't being used.

Terry Hancock: Okay.

Scott Walker: We brought them in at I perceive, and I don't know, but my perception is, at a fairly comfortable rate for them so they didn't have to, you know, in terms of the marketplace, they got a break.

Terry Hancock: Uh-huh.

Scott Walker: I mean, that's my perception.

Doug Krahmer: But I think we're competitive, but...

Scott Walker: Yeah. That's our partnership, financially based.

Terry Hancock: Right. Exactly. No, which is wonderful, and that's the way you'd like it to be. Have some shared expenses that could go well.

Terry Hancock: The next, and I usually start with this, but the form of...'cause I was uncertain around revenue generation 'cause I wasn't sure what that looked like. And, by the way, I was very appreciative to come down to your five, your strategic plan, that was helpful and then just to understand where in Marion County you don't cover. That also gave me a better feel for okay how can I help you folks? So...

Terry Hsu: And I have that list that I emailed to everybody saying, you know...

Scott Walker: Yeah.

Terry Hsu: ...this is my thoughts about what are the important things that we should be considering as far as office space is concerned and then various people chimed in. Nobody actually added to the list, but yeah.

Doug Krahmer: Yeah, my only problem with the list was...

Terry Hsu: Yeah.

Doug Krahmer: ...I thought that list should be compiled by the Board, not by a person on the Board.

Terry Hsu: Oh I don't disagree.

SPEAKER: _____ (0:08:08.6)

Terry Hsu: I don't disagree, but that's why I just thought, I thought that a list would be helpful and so I just made one and that's why I sent it to the Board to see if they wanted to add to it, then it would've been something that the whole Board added to.

Doug Krahmer: I don't think adding is the correct word...

Terry Hsu: Or deleting.

Doug Krahmer: ...I think discussing it and deciding whether all of those things are important or whether...

(TALKING AT THE SAME TIME)

SPEAKER: _____ (0:08:35.0)

Doug Krahmer: ...there's some additional important items would've been...

Terry Hsu: Oh I guess I don't...

Doug Krahmer: ...a good exercise for the Board.

Terry Hsu: ...I don't disagree and I think maybe even today it could be a good exercise for here.

Scott Walker: But I think, Terry, _____ (0:08:51.5) the other Terry...

Terry Hancock: Yeah that's _____ (0:08:54.8)

SPEAKER: _____ (0:08:53.9)

Terry Hancock: No that's fine, so let me tell you when I got that, and I'm speaking to everyone on the Board today, when I got that list, I was actually impressed that somebody had begun to even start to think about that, which I'm sure all of you were. But in the end, what works the best for all of you is that you actually have a discussion about the prioritization on that list and what's most important. And so the reason I'm, you'll love this, this is my formal list. I have 3 things and I called Terry and I said, I've got 3 things that are on there that I'd put them pretty high on the list. And I'm gonna tell you the one I haven't told you about, is your exit strategy. Because you never want to go in to buy a piece of property without understanding exactly how you're gonna get out. 'Cause you only have 1 time to make that decision and it's when you buy. 'Cause when you buy and

you haven't figured that out, you're done, 'cause it's gonna be what it is. And so the goal here would be is to have that in mind, have your missional alignment front and center and then begin to kind of prioritize the pieces and I am certain that you would come up with some things that weren't on that list that Terry set out. So I'd applaud you first for actually even starting a list and number 2 is that we're already in that conversation and, you know, we're only 15 minutes in. It took me 3 hours on the first meeting with the V.A. Medical Center before we put them in their building and it took us about 3 months to get them to prioritize. My guess is you guys could probably, we could do that tonight and that's part of what I'm thinking. And let me...so that's just as it relates to the priority of what you should be looking for. Whether it's at this present site or it's another site, whether it's a lease or an acquisition. And so, those are actually much easier decisions. When you're a service business that isn't a retailer, and I'm giving this example...so if, you know, most are from Salem area I think or surrounding area, right?

Scott Walker: Uh-huh.

Doug Krahmer: All Marion County.

Scott Walker: Marion County.

Scott Walker: We're all throughout the district.

Terry Hancock: Okay.

SPEAKER: _____ (0:11:15.3)

Terry Hancock: Okay. And that's, and I looked at who was from what zones and I see that.

Scott Walker: Yeah.

Terry Hancock: So let me...I'm gonna give you one more example from Salem. You know, Nordstrom's knew what they were doing when they came in. They never wanted to a buy a building 'cause they wanted to be able to make a decision when they wanted to leave.

Scott Walker: Uh-huh.

Terry Hancock: Now when you're making 35% on your retail trade on the inventory you have on the ground, to be a Landlord also and make 7% or 8% return _____ (0:11:46.1) if you're lucky.

Terry Hsu: Yeah.

Scott Walker: Yeah.

Terry Hancock: In a good market. It doesn't make sense. You're much better off having all your money in inventory and turn the inventory 5 or 6 times a year 'cause that's how they make money. Now when they made a decision to leave, there were, you know, I can tell you how, you know, my disposable income went up in my home, but it wasn't a bad thing for some of us, but we lost the convenience of a great retailer when they left. Because you're service and don't necessarily have an inventory item that's returning profitability based on shelf life, your decision is actually a little easier. It's really around is this look and feel missional, this location say who we are, and then you go through your priority list. And again, it could be different for each person, so the numbers will speak for themselves and I think there's some different folks that have probably done some math on a napkin and have some ideas and we can have those in-depth conversations, but the reality is, if you're in a 10-year lease at a below-market lease in a

location, I'd say in a lot of cases, if you're not building new and you can acquire an older building that's below market when you buy it, you're gonna have it probably paid off in 15 years with the same lease amount, so there's an opportunity.

SPEAKER: Yeah.

Scott Walker: When you're running a business, you're looking at the cost of doing business and the customers and all this other stuff, we're not in that situation at all. Basically, our mission is to spend the taxpayers' dollar in a wise way, okay? And so, on my...I'll stop right there for now, but that's our, you know, why...

SPEAKER: _____ (0:13:57.1)

Scott Walker: ...spending of the tax-payer dollar. That's basically I think everybody would like to do that _____ (0:14:01.8)

Tim Bielenberg: Well, _____ (0:14:03.5) for conservation. It's not just spending the taxpayers' money, it's _____ (0:14:09.3)

Terry Hsu: To serve our mission. Right.

Tim Bielenberg: Yeah.

Terry Hsu: Conservation of soil and water.

SPEAKER: _____ (0:14:11.8) conservation. I'm not saying it's...

Tim Bielenberg: It's not just to spend the money.

Scott Walker: ...yeah well _____ (0:14:16.0) without money.

Terry Hancock: And one of my first questions that I would have, if you were each running your own private business, my question right out of the chute, which is uncomfortable sometimes, conversations don't go much longer when I ask this question, I just ask people what they have in their wallet. Because if, you know, in general practice business in today in commercial, if you've got 20% down and you're an owner occupied, we're gonna go get this deal done. If you don't...so it kind of gives you your budget based on what you have in the bank what you can go buy.

Scott Walker: You know what our financial position is?

Terry Hancock: No.

Scott Walker: We have an operating budget of about 1 million dollars, 1.1 million dollars, and we have another 1.1 million dollars in the bank on top of that. So we're in a very strong financial position.

Terry Hancock: Excellent. And I would tell, based on...and I'm not trying to read you, I'm just telling you...you appear to have a discerning spirit makeup of the individuals in the room. I think you guys could probably sharpen each other's opinion and you're gonna make a wise choice. And I had an idea that's where you're at. I do a lot with the County and have some ideas of what might and might not be here and I don't, by the way, have any conflict of interest whatsoever _____ (0:15:46.0)

Scott Walker: Yeah. _____ (0:15:45.4)

Terry Hsu: Right.

SPEAKER: _____ (0:15:47.8)

Terry Hancock: And you know what? I don't know why, I never play this card because it comes across wrong if I were to say it, but this might be the first time that...there's not many people that are in the brokerage community that take down buildings from 1938 piece by piece...

Scott Walker: Uh-huh.

Terry Hancock: ...and build a retreat home for their home at the beach and then because they want to really do the right thing and step a couple steps beyond it, they want to make sure, you know, it's either LEED certified or you're able to demonstrate sustainability and energy use and my family and I that's the way we live. And so it's actually pretty similar to what you're trying to do with money that's been given to you to be the stewards of and to manage well for people that have need for help and, you know, wetlands, soils, waterways, riparian zones...so I like who you are and what you represent and there'd be no question that it would be a wise choice to not probably carry that much in an account when it could be working for you and you wouldn't be paying some of the extra expenses that come along with being a tenant.

Scott Walker: Yeah, that's the central (0:17:15.1) question.

Terry Hancock: Right. And it's, there's no disrespect to anybody. And I'm totally comfortable, you know, we all know that. We totally get it. You know, one of the greatest moments for me as a Landlord and I've got 107,000 feet of concrete tilt, is when my tenants outgrow our space and I get to help usher them out. It's kind of like an out-of-the-nest throwing moment. And when they take flight, it's kind of fun. And, you know, it's funny, they just naturally, the spaces fill back again and you get to do this experience over and over, and, you know, you folks are growing. It's a good problem. And...

Rochelle Koch: I have a question.

Terry Hancock: Uh-huh.

Rochelle Koch: So do you have kind of like an agenda that you follow? Or is it just kind of the conversation we're gonna have? Or do you start at one point and we work through different, like the list, do we work through? Or do we work on a list or?

Terry Hancock: So I actually asked for the Board...

Rochelle Koch: Uh-huh.

Terry Hancock: ...tonight because I think that's the best thing we could do tonight...

Rochelle Koch: Okay.

Terry Hancock: ...as a Board is to get that list...first, get a list, and then second is try to prioritize it.

Rochelle Koch: Okay.

Terry Hancock: And so, and I'm happy to guide that dialogue. I also don't know if there's anything you have that you want to say or if you want to stay for that is fine. _____ (0:18:37.8) I just want to make sure that I'm _____ (0:18:40.9) okay with it.

Terry Hsu: I personally think that's a great direction to go. What do you guys think? Anybody have a differing opinion? Yeah?

SPEAKER: _____ (0:18:57.4)

Terry Hsu: Yeah.

Terry Hancock: And, you know, I've never met...have any of you met me before?

Rochelle Koch: Nuh-uh.

Terry Hancock: So this is our first meeting, great. And so we're 24 minutes in and we're already to a place where we're writing some things down. That's a good thing. But no this is what I do for a living. I try to help people either way. So let's not worry about prioritization if we could start and just, you know, my writing's it'll work, but you might have to help me with spelling sometimes. So what do you think...would you give me the first one? Could I just put the first one down? And then the rest is you.

Terry Hsu: Go for it.

Terry Hancock: Okay. Permission. Okay, so _____ (0:19:46.8) what we're doing. Okay. There's no right or wrong answers. _____ (0:19:55.0)

Scott Walker: So you're looking for what we perceive our mission to be?

Terry Hancock: No. So what our priorities would be about a location that we'd be in. Whether it's here or another location. That's the list I think we're after today.

Scott Walker: I think that my personal opinion...

Terry Hancock: Uh-huh.

Scott Walker: ...I think in the end, as long as we're able to do the work that's required, that location is not a paramount issue is my personal opinion.

Terry Hancock: Okay.

Rochelle Koch: Location should be on the list?

Scott Walker: Yes, but it's a minor one. You know what I mean?

Rochelle Koch: Right.

Terry Hancock: So you would have that low on your priority list...

Scott Walker: Yes.

Terry Hancock: ...and somebody else here might have it higher? Okay. So that's fair. Is that alright with everybody?

Rochelle Koch: Yeah, so we had...on the list that Terry had put out, he had location, proximity to public and proximity to...I can't read my writing, my glasses aren't on.

Terry Hancock: Proximity to what? Public?

Rochelle Koch: To the public and to partners.

Terry Hancock: Okay so mission, location, proximity. _____ (0:21:12.3) another one or two.

Terry Hsu: Cost.

Terry Hancock: Cost. Okay.

SPEAKER: _____ (0:21:19.8) both short-term and long-term cost particularly.

Scott Walker: Okay.

Terry Hancock: If different.

Terry Hancock: Alright.

Tim Bielenberg: Part of the location being accessibility.

Terry Hancock: Okay. Location _____ (0:21:49.8)

Rochelle Koch: That's what we all picked, proximity and accessibility.

Terry Hancock: Okay.

Darin Olson: Our workspace for the staff.

Terry Hancock: So _____ (0:22:05.8) size.

Darin Olson: Size or just layout of the building. _____ (0:22:11.9)

Rochelle Koch: Office...

Terry Hsu: Building circulation?

Darin Olson: I like that.

Terry Hancock: That's fine.

Terry Hancock: _____ (0:22:19.7) put building size and _____ (0:22:26.1)

Terry Hsu: I have parking.

Terry Hancock: Okay.

Terry Hancock: Parking.

Scott Walker: Zoning.

Terry Hancock: Good.

Scott Walker: That's sort of a location issue too.

Terry Hancock: Uh-huh. _____ (0:22:57.5), did you have anything that comes to mind?

Doug Krahmer: I know one thing that was important to us last time we were looking was how close or far away we were to I-5 here.

Terry Hancock: Okay.

Doug Krahmer: Because I-5 is such an important conduit through the county.

Terry Hancock: So I would say we'll put that separate _____ (0:23:28.6)

Scott Walker: Another thing is employee commute.

Terry Hancock: Okay.

Scott Walker: It's not a big issue, but it's an issue.

Terry Hancock: Yeah, no, that's...how many employees do we have?

Terry Hsu: We have 9? 8?

Terry Hancock: Okay.

Terry Hsu: I think it's 9?

Scott Walker: 8.

Janice Calkins: 9 right now.

Scott Walker: 9 _____ (0:23:48.0) Corvallis?

Scott Walker: 8 ½?

Janice Calkins: One's Corvallis. Yeah. Yeah.

Scott Walker: A couple of them are off campus.

Terry Hancock: Okay. Janice, anything come to mind?

Janice Calkins: So far we've touched bases on the ones I've thought of.

Terry Hancock: Okay.

SPEAKER: _____ (0:24:18.1)

Terry Hancock: Is there anything that your staff tells you that I wish we had?

Rochelle Koch: Windows. No, they want to make sure they have windows.

Janice Calkins: Yeah.

Scott Walker: They like windows, but you go around they all have shades down. That struck me.

Tim Bielenberg: You walk around the building...

Tim Bielenberg: And lights off.

Scott Walker: ...everybody _____ (0:24:34.8) down.

Janice Calkins: And lights off.

SPEAKER: _____ (0:24:37.3)

Scott Walker: Right?

Janice Calkins: Yeah.

Terry Hancock: So we have 4 windows, sections of windows, on our office, right? I told Terry when we have another meeting, I'd like to invite you into my office and the reason why is, it's not gonna help you if we meet at night, but our window sizes are 14 feet tall, 16 feet wide and there's 4 sections that size. They all face north...

SPEAKER: _____ (0:25:11.9)

Terry Hancock: ...and 2 face the west, but we've got shades that drop electronically with the push of a button and there's no glare in the building.

Janice Calkins: You don't get all that hot sun.

Terry Hancock: And so there's ways to temper what you have.

Scott Walker: I understand.

Terry Hancock: Yeah.

SPEAKER: I would...

Scott Walker: The other...I think the issue is natural light. Yeah. _____ (0:25:33.2)

Janice Calkins: Yeah, natural light is nice.

Terry Hancock: That could be either skylights in roofs or a lot of other ways too.

Janice Calkins: I was gonna say also privacy. The office is in need because you're discussing financial matters with your clients and stuff. You don't want people to overhear some things that they feel are confidential.

Scott Walker: Yeah, or at least there'd be some place if they need to go _____ (0:25:55.3)

Darin Olson: A meeting room.

Janice Calkins: Yeah.

Rochelle Koch: Yeah.

Darin Olson: Meeting rooms. That's was a big one. Last location, all the staff could get to the (0:26:01.8) ponds and everything _____ (0:26:03.3). Well, you guys would go for walks during a break.

Janice Calkins: Yeah, that was nice.

Darin Olson: Yeah, so here there's nothing, so would outdoor space be something important to staff you think?

Janice Calkins: I think it is to a good number of them and also if our partners were to move with us too, to them. We have a lot of people that like to get outdoors and exercise, so yes I would say that is very important to I'd probably say at least $\frac{3}{4}$ of the staff.

Terry Hancock: Outdoor space.

Janice Calkins: Because no one wants to sit at a desk job and believe me the pounds come on quick. I can tell you for sure.

Terry Hancock: Do any of your employees to take the bus?

Janice Calkins: No.

Scott Walker: No.

Terry Hancock: Okay.

Terry Hancock: They drive as far as Corvallis _____ (0:26:48.0)

Scott Walker: Yeah. _____ (0:26:52.0)

SPEAKER: _____ (0:26:53.0) District.

Terry Hancock: So is there, and I think we're almost done, but is there any...it doesn't matter how crazy they are, is there anything else you'd want to add to the list?

Scott Walker: You know, amenities nearby. I mean, if you have to go to the store to get something...

SPEAKER: Good.

Scott Walker: ...you know, you'd rather not have to drive 85 miles. And I don't know whether or not that's an issue, but that...

Janice Calkins: That's very good because we do have to do supplies for a lot of the events that we have. Oh I'm gonna run out, nobody told me and we're running out to Walmart or somewhere close or Costco to grab things real quick.

Scott Walker: Yeah, so...

Rochelle Koch: That'd be part of location, huh?

Scott Walker: So I, it's hard _____ (0:27:39.1)

Terry Hancock: Actually the word I would use are retail and lunch - people like to be at a place that they can go down to lunch that's close proximity-wise and I hear that a lot...

Janice Calkins: Yeah.

Terry Hancock: ...but I'm not trying to downplay anything else...

Janice Calkins: Yeah. And...

SPEAKER: _____ (0:27:54.5) you need to be able to pick up supplies, retail, and lunch.

Janice Calkins: And sometimes with the partnering groups, when the staff members go and meet, a lot of times they are doing working lunches and they actually get a lot of work done during that hour that they're eating.

Scott Walker: Yeah they eat here _____ (0:28:13.3)

Janice Calkins: Yeah or elsewhere.

SPEAKER: ..._____ (0:28:16.0)

Terry Hancock: Do you guys ever use Little Lois' Café?

Janice Calkins: Yes, we have.

Terry Hancock: Yeah. So we actually have 2 days a week that are reserved for client lunches in our office. We have 2 conference rooms and that's what works great.

Scott Walker: We had an ad hoc committee and basically were all in agreement there should be some sort of breakroom...

Terry Hancock: Okay.

Scott Walker: ...you know for the microwave and the fridge.

Terry Hancock: Yeah.

Darin Olson: So in building size and space, I mean, I would put a subcategory of possibly like a conference room.

Janice Calkins: That would be wonderful. Yes. We need something 'cause we used to...there have been meetings in the past years that I've been here almost 13+...

SPEAKER: _____ (0:28:55.0)

Janice Calkins: ...years and sometimes we can pull in 90 people easily in an event, but we can't at this location.

SPEAKER: _____ (0:29:03.1)

Scott Walker: And there's...

SPEAKER: _____ (0:29:09.5) under workspace.

Scott Walker: And probably if it's flexible so it can...

Terry Hancock: Uh-huh.

Scott Walker: ...be adjusted over time.

Terry Hancock: So, which I'm not trying to tell you need to come take over my office...so, I told you about our outdoor light...

Scott Walker: Uh-huh.

Terry Hancock: ...okay bringing natural light in. I didn't tell you about I think it's 90 panes of glass that are on the inside that are partitioning space so the natural light actually flows through the entire building.

Scott Walker: Yeah, yeah.

Terry Hancock: Now I'm...and I confessed this to the other Terry in the room, that I have a pride of ownership issue and I like to do things well, but I also like to see clients do them well and it's just a...go ahead.

Scott Walker: Can we help you?

SPEAKER: Um janitorial.

Scott Walker: Oh. _____ (0:30:00.8) Okay. Okay.

Garten Services: Janitorial of Garten Services.

Janice Calkins: Thursday nights the Garten Services is coming on Thursday.

Terry Hancock: Okay. And so there's ways to do...

Scott Walker: I've never _____ (0:30:09.6)

Terry Hancock: ...ah the layout and bring natural light through a building...

Scott Walker: Yeah.

Terry Hancock: ...ah when you're, but, you know, I started with a concrete tilt warehouse, so it was pretty easy.

Scott Walker: So the real trick here...

Scott Walker: Uh-huh.

Terry Hancock: ...list a bunch of stuff...

Terry Hancock: Yeah and advertise.

SPEAKER: ..._____ (0:30:26.5)

Scott Walker: They're not all equally important.

Terry Hancock: No.

Terry Hancock: So what would you say if we in our minds mentally look at this list and pick out in your mind what your top 3 are and let's just, we'll kind of mark those. Okay? And they're gonna be different for everybody, so I'm just gonna...

Janice Calkins: Terry, let me make sure he has his Garten Services ID card.

Terry Hsu: Yeah sure.

Terry Hancock: Just take a moment to look at it and then and we'll just ask each person to say one and we'll go around the table until we get around 3 times and we'll have some marks, so we'll have an idea. Now can I...I want to take a minute, I want to show you something. The only _____ (0:31:19.5) that financially was _____ (0:31:23.1)

Darin Olson: You want me to get some tape?

Terry Hancock: _____ (0:31:25.7) Thank you. Is that alright?

Scott Walker: Yeah, yeah.

Terry Hancock: Yeah I'm not ready, I'm gonna come right back to it.

Darin Olson: Okay.

Terry Hancock: So I just, I wanted to show you this and this is good _____ (0:31:34.7) or Independence and Monmouth, so we're gonna be okay here. So here's I-5 and what I'm gonna tell you is...and this really goes from, you know, most of Marion County, just gonna tell you...so if this is 3 miles, okay? From here to here on each side of I-5. So really I'm gonna call you the spine of value. Alright? And then you drop out here to about 6 miles, okay? And that is, that's typically about a 20% drop in value. Land, buildings, it's crazy. Now if you're a destination where factories have been built or, you know, something major and it's a destination, that kind of goes around this, but I'm just trying to tell you valuation-wise on a resale value how you...and then you get out here about, it's about 11 miles and it's off the, of course over here and it's Dallas or something and this is probably to Aumsville okay to give you an idea. That's probably another 10 to 15% off. So we're doing design/build warehouses that we're delivering at about 30 cents on the dollar of a discount in Aumsville than we are over here or here. Okay? And so the reason I'm telling you that story is the longer the commute from I-5...the cheaper the price. the cheaper the price, but the less the resale value.

Scott Walker Uh-huh.

Terry Hancock: Okay? So, and I'm just...these are factual numbers, but I'm just giving why I-5 is actually more important than you might think.

Scott Walker: I just...

Terry Hancock: Uh-huh.

Scott Walker: ...when I think about a new building, _____ (0:33:51.1) is that it'd be nice to have a building that we weren't even thinking about resale value because this organization's been around for a long time and there's no reason to believe at all it won't be around for, you know, your grandchildren, you know, basically. So if you find a place that works and has some expandability...

Terry Hancock: Right.

Scott Walker: ...you don't really have to worry about resale value. Does that make sense or not?

Terry Hancock: I think it does to you.

(LAUGHING)

Terry Hancock: So let me, I'm looking for, what I'm looking for here. _____ (0:34:35.6) it's right here. So, here's my answer. Okay. That's me and my grandson.

Scott Walker: Okay.

Terry Hancock: What was your grandson? Or grand-...do you have grandkids?

Scott Walker: I have grandkids.

Terry Hancock: Okay, what would they say when you ask that? When you say that question?

Scott Walker: They're all adults now.

Terry Hancock: Okay.

Terry Hancock: Give adult answers hopefully.

Scott Walker: If you've done your job, maybe. Yeah. _____ (0:35:04.1)

SPEAKER: _____ (0:35:04.9)

Terry Hancock: My...you see my point in the form of the question?

Scott Walker: Yeah.

Terry Hancock: If somebody's gonna get to deal with an exit strategy and I would tell you today that the people that make the choice where you go are the most equipped probably to have a direction for the exit strategy, not the next generation. They may be not as equipped as you.

Scott Walker: I guess...Nordstrom's exited because their numbers weren't working out as well and they wanted to _____ (0:35:36.6) so they have an income flow problem.

Terry Hancock: Correct.

Scott Walker: We don't...we are never going to have an income flow problem.

Terry Hancock: And I think you're in a very unique...

(TALKING AT THE SAME TIME)

SPEAKER: _____ (0:35:51.3)

Scott Walker: Tim, Tim, go ahead.

Scott Walker: ...so I agree with that.

Tim Bielenberg: So part of that is we've moved 3 times in the last 20 years? So what's to say in 5 or 6 or 10 or 15 or 20 years that for some reason we change locations? So what you're saying is valid.

Terry Hancock: Yeah.

Tim Bielenberg: You still have to look at it because nobody moves into houses stays there forever. I mean, I've been in mine for a long time, but not...

(LAUGHTER)

Tim Bielenberg: ...everybody does that.

Terry Hancock: That's true.

Tim Bielenberg: There's reasons people move.

Terry Hancock: Uh-huh.

Terry Hancock: And you're _____ (0:36:27.3) and that's...I'm trying to talk into that, but I'm also realizing I'm delivering news to some of you in this room and it's not going to be popular. So here's what I tell people around, you know, out here in the 11-mile range or _____ (0:36:46.9), which I've actually looked at the other opportunity, I think it's a wonderful opportunity and I'll show you based on comps that they are probably asking half of what they probably should be...

Scott Walker: Yeah.

Terry Hancock: And so I'm gonna tell you financially it makes all the sense in the world; however, do you think this group, based on your mission statement, should buy a building that outside of the urban growth boundary of the city?

Scott Walker: We're not...based on my clients, ones that actually come in to discuss something, are the ag community.

Terry Hancock: And I get that, but do you think that's important?

Doug Krahmer: So a lot of the farmers I know they believe in land use planning and zoning and they would rather see office space inside the urban growth boundary, not outside the urban growth boundary, so...

Terry Hancock: And nobody...Terry didn't say anything to me, I'm telling you that I would expect that that would be a conflict in this Board and it should be because it's missional alignment and I understand those that you serve would feel comfortable coming to...frankly, if I could tell you that we could engineer a building out in the middle of the wetlands and it's gonna be a romantic walk on a boardwalk to it and you standing there and there's nothing but flocks of birds and it's beautiful...that would probably sound pretty good.

Scott Walker: Not really.

Terry Hancock: However, it's not an urban growth boundary.

Scott Walker: Yeah.

Terry Hancock: So you're actually taking something _____ (0:38:25.6) and because of, you know, what you do, you can probably get by with about any zoning frankly and it's kind of an interesting...so I've not called anybody 'cause I don't have an

assignment with you yet, we haven't signed on anything, but I would tell you that's one of the first things I would do is call Joe Fennimore or one of _____ (0:38:45.9)

Scott Walker: We've talked to Joe.

Terry Hancock: Good.

Scott Walker: Okay? We know _____ (0:38:52.2) you know?

Terry Hancock: Right.

Scott Walker: It limits their ability of the church to sell their building because it has to be a church or a few other things. I mean, that's the reality of the situation, so but in terms of your response about land use, it's already a bunch of concrete, it's not like we're going to be turning up good soil to put up a concrete...

Terry Hancock: No.

Scott Walker: ...parking lot, so.

Terry Hancock: Yeah and so I...this wasn't...the intent for the discussion why I bring that out...

SPEAKER: _____ (0:39:26.6)

Terry Hancock: ...no you're good and I get that. What I already said before that it's amazing buy, a great opportunity and I actually have no problem with the building.

Scott Walker: Uh-huh.

Terry Hancock: Okay? So I'm laying that out there. On a return-on-investment basis, it would make sense. If I tell you the 2 worst listings I've had in the last 15 years of doing this business, are 2 schoolhouses that are on the EFU ground. Okay? We can't sell them. Can't sell them. Okay? Now I don't know if you know, but if you went and pulled public records, so I'll just kind of do it for you...so I represent Salem-Keizer schools...

Scott Walker: Uh-huh.

Terry Hancock: And we've had a little bond measure.

Scott Walker: Uh-huh.

Terry Hancock: Been pretty active. But we have a missional alignment to serve the kids of our community and that takes precedence, so the question would be is, okay, mission and _____ (0:40:19.3). We're still gonna look at these options, so the main thing is we have that in the back of our mind. So, I think mission is pretty important.

Terry Hsu: Can you clarify for me these schoolhouses in Salem-Keizer and mission and how...

Terry Hancock: Yeah. ____ (0:40:35.3)

Terry Hsu: ...I'm not sure I get the link.

Terry Hancock: Okay, so let me...do you guys know where Rambler is on the way up to Silverton?

Scott Walker: Yeah, I know _____ (0:40:40.9) on Howell Prairie.

Terry Hancock: Right.

Terry Hancock: The one on Howell Prairie, yeah.

Scott Walker: Yeah, Howell Prairie and Rambler.

Scott Walker: Yeah, yeah.

Terry Hancock: So we had that property, a small schoolhouse, we had that for sale about probably 4 years ago and we also had the Brooks large school, nice school, for sale. Well, that one sold for full price and we had a federal agency that needed to educate kids there and it was unbelievable. A couple million dollars. Well, at the same time, we had Rambler, which is on EFU ground, not in the city of Brooks...

Scott Walker: Uh-huh.

Terry Hancock: And I actually went to the Board and on the third Board meeting I said, I'm humbly resigning because I can't get the job done. Unless you're going to be willing to put cannabis in your building or something that's directly related to ag and discount this thing by probably 60 to 70%, I can't sell it. And I said, so what I'm gonna suggest is take my listing, I'd like to terminate today, and I'd like you to try somebody for 12 months. And when it doesn't sell at any price, I want you to call me back 'cause I'm gonna come back and I'm gonna sell it, but you're not gonna believe me until we do that. And that's exactly...my sign's back up.

Scott Walker: Uh-huh.

Terry Hancock: And, you know, about 4 months ago. And so that's totally a zoning issue and it's not easy.

Scott Walker: Yeah.

Terry Hancock: Now that doesn't mean that something in Silverton wouldn't work or something somewhere else. The other school actually is on the way out to Rickreall and that sign...we had 47 people look at it in 9 months, 47 people. Not 1 offer after we had them call the county and ask about zoning.

Scott Walker: Yeah.

Terry Hancock: Couldn't go in it. Couldn't get a buyer. And I resigned from that one 2 weeks ago, you'll see another sign up there on your way home probably _____ (0:42:33.2)

Scott Walker: On Greenwood?

Terry Hancock: Yeah, Greenwood. Yeah. And so those...and I probably am more active in the faith community than I am in the non-profit world and churches may be actually a little worse.

Scott Walker: Yeah. Yeah.

Terry Hancock: Um because they're willing to be way more remote...

Scott Walker: Uh-huh.

Terry Hancock: ...than a schoolhouse typically.

Scott Walker: They want cheaper land.

Terry Hancock: And they want to go wherever they can pitch their tent and bring in the flocks and so it's...anyway, I think to get to prioritization, I don't want to go down too many rabbit holes, but I think this one's...

Scott Walker: _____ (0:43:15.0) Okay.

Terry Hancock: I think that was an important one and I think we're gonna find another one as we...could we agree that we need to look at a mission in everything we do?

Rochelle Koch: Uh-huh.

Terry Hancock: Would you agree with that?

Janice Calkins: Uh-huh, yes.

Scott Walker: Yeah.

Rochelle Koch: Yes.

Terry Hancock: Okay, so let's just kind of put that as kind of one of...so, I'm gonna give you first shot. On this list, which one...just go and give me one, don't give me 3...

Scott Walker: Long-term cost.

Terry Hancock: Long-term cost. Okay, so I'm gonna put it right here. I'm gonna put a 1.

Scott Walker: Uh-huh.

Terry Hancock: Okay. Don't give me any more.

Darin Olson: I was gonna say cost.

Terry Hancock: Cost? Okay. So I'm gonna, I'm gonna loop all of these into 1 at the end, but you'll see what we do there.

Tim Bielenberg: _____ (0:43:57.7) location because it covers several different things.

Terry Hancock: Location. Okay. Kind of cheat when we do that, but that's okay, I'm kidding. Janice?

Janice Calkins: And we're saying which one is important to us?

Terry Hancock: I'm not making you prioritize it yet _____ (0:44:14.4)

Janice Calkins: Okay. Okay.

Rochelle Koch: Oh we're not prioritizing it?

Terry Hancock: Top 3. Your top 3.

Janice Calkins: Your top 3. Okay.

Terry Hancock: _____ (0:44:17.5) come back and narrow that down. We are prioritizing. I just want to make sure everybody gets to say something and if somebody gives a list of their top 3 _____ (0:44:27.1)

Janice Calkins: You've got my, you've got my top 3 right there.

Terry Hancock: These 3? Okay. Great.

Rochelle Koch: I can just give you my top 3 if you want to do that.

SPEAKER: _____ (0:44:34.7)

(TALKING AT THE SAME TIME)

Terry Hancock: I'm coming right back to you.

Terry Hancock: Okay.

Terry Hancock: We're gonna do this 3 times.

Terry Hancock: Got it.

Terry Hancock: You'll see why. Just give me 1.

Rochelle Koch: You're not gonna do Terry?

Terry Hancock: Oh I was coming back to him. Aren't you the Chair? He's last.

Terry Hancock: He's the Chair.

Rochelle Koch: Okay. Long-term cost.

Terry Hancock: Long-term cost. Okay. Got it. Okay.

Doug Krahmer: Proximity to public and partners.

Terry Hancock: Okay. Cool. Okay. Yours.

Terry Hsu: Yeah I'm struggling with this one a little bit. Umm, I'll go long-term cost.

Terry Hancock: Okay.

SPEAKER: _____ (0:45:14.0)

Terry Hancock: Oh, do you know what? I want to throw you for a loop. _____ (0:45:18.6)

(LAUGHING)

Scott Walker: Okay.

Terry Hancock: Yeah, you've been talking so much _____ (0:45:23.4)

Scott Walker: Okay. That's fine. I'd rather shut up _____ (0:45:24.7)

Doug Krahmer: Building size.

Terry Hancock: Building size. Okay.

Rochelle Koch: Building size.

Terry Hancock: Okay.

Rochelle Koch: But that encompasses everything, the workspace, the _____ (0:45:37.7)

Terry Hancock: Yeah and that's fine. _____ (0:45:39.6)

Rochelle Koch: Okay, the whole thing.

Terry Hancock: Yeah. Okay, _____ (0:45:41.4)

Janice Calkins: Parking is important.

Terry Hancock: Yeah.

Janice Calkins: Because we have to have...yeah. For staff...

SPEAKER: _____ (0:45:48.6)

Janice Calkins: ...and all the people that come to see us and if we have an event and we get a big enough place for a conference, bigger than this, we're gonna increase the parking spaces that we have here. We're gonna need more.

Terry Hancock: Okay.

Tim Bielenberg: The proximity to public and partners.

Terry Hancock: Okay.

Darin Olson: I want to say location.

Terry Hancock: Okay. Good.

Darin Olson: Building size.

Terry Hancock: Building size. Okay. Terry?

Terry Hsu: Proximity to public and partners.

Terry Hancock: Okay. Okay, last one. Back to you.

SPEAKER: ? Parking.

Terry Hancock: Okay. Good.

SPEAKER: Building size.

Tim Bielenberg: I-5.

Terry Hancock: Okay.

Janice Calkins: I agree, I think I-5, a main road, to make it so that people can get to us quickly.

Terry Hancock: Okay.

Rochelle Koch: Oh, location.

Terry Hancock: Okay. Great.

Tim Bielenberg: I-5.

Terry Hancock: Alright.

Terry Hancock: Terry?

Terry Hsu: Location.

Terry Hancock: Okay. Great. So, I'm supposed to say something real wise here. I've got to step back and look at this. So I'm gonna just, I'm gonna put this, I'm gonna just put this to the side. Kind of an overwhelming. So we've got a professional here I'm gonna ask a question to. So what would zoning require for an office building roughly? Your answer for parking ratios? How many parking spaces per thousand for offices?

Spike Bailey: Well, it depends on _____ (0:47:41.3), right? Is the county here 4-to-1?

Terry Hancock: So that'd be medical, but that's okay, that's close. Three-to-1.

SPEAKER: _____ (0:47:48.7)

Spike Bailey: Three-to-1 zoning in Salem.

Terry Hancock: That'd be good.

Terry Hancock: Yeah.

SPEAKER: _____ (0:47:52.4)

Terry Hancock: Right. So what medical would be 4-4 ½ if you were dentists to 1. If you're an orthodontist, you'd better have about 5 ½ to 6-to-1 'cause they turn 'em pretty quick and they got a lot of people waiting in the waiting room. Do you see what I'm saying, so 3-to-1 minimum. So what you can do, which do you happen to know what disability is parked?

Spike Bailey: It's, it's 4.2.

Terry Hancock: Is it?

SPEAKER: Yeah. _____ (0:48:20.9)

Terry Hancock: Okay. Yeah, which and I knew it was a little more. I thought it was less _____ (0:48:25.3)

SPEAKER: _____ (0:48:26.0)

Terry Hancock: But and your parking is actually quite nicer. So it's kind of interesting because if you're under 3-to-1, it ain't gonna work, it just won't work. So, it doesn't matter where you go. I would say the design along with parking, probably these 2 elements are probably I'm gonna group as 1.

Scott Walker: Yeah they're probably the same thing.

Terry Hancock: They are. And I would say that the location and proximity to public and partners are uniquely different, but I would say that location, access, egress and I-5 are actually pretty similar. Okay? There's clearly...nobody's moving 90,000 cars a day on a road other than I-5.

Scott Walker: I don't know. Sometimes I-5's slower than _____ (0:49:18.7)

Terry Hancock: Yeah, well...you know, somebody said that at an ODOT meeting I was in last night and I said, how do you count them when they're all stacked up at Wilsonville and nobody's moving? I mean, there's not 90,000 cars moving. Nobody's moving. You know? It's just...anyway.

SPEAKER: _____ (0:49:32.6)

Terry Hancock: Um, okay, so really building design, so...talk to me about proximity to other partners. Tell me, just give me 3 names of other partners that aren't in your building that you would consider to be partners.

Tim Bielenberg: NRCS.

Terry Hancock: NR..._____ (0:49:54.2) CS. Okay.

Janice Calkins: ODA.

Rochelle Koch: That's an S not F.

Terry Hancock: Oh S?

Janice Calkins: Department of Forestry.

Janice Calkins: Oregon Department of Forestry.

SPEAKER: _____ (0:50:03.0)

(TALKING AT THE SAME TIME)

SPEAKER: _____ (0:50:04.6) ODA.

Janice Calkins: ODF & W.

Scott Walker: ODF.

Terry Hancock: And so...yeah.

Terry Hancock: Okay, that's fine.

SPEAKER: _____ (0:50:10.4)

Janice Calkins: And the Water Resources Department. We work a lot with.

Terry Hancock: Okay, so I, I gotta ask the question, do you work with the County very much?

Janice Calkins: Yes, actually yes. They are a big partner.

Terry Hancock: Okay...

Scott Walker: So is the City...

Janice Calkins: Marion.

Scott Walker: ...right now.

Janice Calkins: And the City of Salem. Yeah. And some smaller cities we work with too. Yeah.

SPEAKER: _____ (0:50:34.3) cities.

Janice Calkins: We're with all of them, we do little bits each year with them all.

Terry Hancock: I just want to get an idea. So other allied partners that are in the tree that you're in that are helping _____ (0:50:49.0)

Janice Calkins: Yeah.

Scott Walker: And similar.

Terry Hancock: Right. Okay. So, okay. So I think in my mind, I mean you're I'd say you're between the location, the design of the building, and partners are probably those 3 and I think your cost. Now let me...how many square feet are in this...

Scott Walker: 9,000.

Terry Hancock: 9,000. So, gonna ask another question and you guys...I'm gonna write my answer down first so you know that I didn't change it. I'm gonna just write it down right now. Okay? So if you had to rebuild this building today, how much a square foot do you think it would cost?

(LAUGHING)

Terry Hancock: My answer's right here and everybody can see _____ (0:51:43.0)

SPEAKER: _____ (0:51:43.3)

Terry Hancock: ? Don't say anything.

Spike Bailey: I think we're gonna be over 200. I don't know how much over 200. I'd have to say, probably 230.

Terry Hancock: Have you built anything lately with _____ (0:51:56.9) in Salem?

Spike Bailey: No.

Terry Hancock: No.

Terry Hancock: Do you know that they told us 1 day in advance when they were going up this year?

Spike Bailey: Really?

Terry Hancock: And they've been going up every 3 years like _____ (0:52:05.8) and, you know, I'd just put in a 10-inch waterline for fire suppression in one of my buildings and I was surprised it was only \$185,000.00 _____ (0:52:16.3) let's see _____ (0:52:19.9) yeah about 18 feet. Yeah. Anyway, 250. I didn't even ask you. So I just, I'm not trying to put, but it's...so here's 3 people that are in the Landlord business and, you know, you go build a stick frame, so what tells me that if you can go buy a building that's under \$125 bucks a foot, you just, you just bought part of your exit strategy. See you never thought I was gonna say that did you? So buying it cheaper is part of your exit strategy because if you have less in it, it's easier to get out. And my favorite part is, it's actually easy to walk away from if you can't sell it. Give it to somebody. And that's crazy, but, you know, that's one of the things we've been doing on churches and schoolhouses.

Scott Walker: So how long would you plan for in terms of _____ (0:53:10.9) 5 years, 10 years, 15 years before you _____ (0:53:16.4).

Scott Walker: On a 5-year lease?

Scott Walker: Some real estate guy talking about capitalization rate or something like that.

Terry Hancock: Yeah. Yeah.

Scott Walker: So explain that.

Terry Hancock: Sure. So a cap rate is what everybody calls it. It's a return on capital. It's what capital is put into a property and what your return should be. I've already, I told you earlier, most folks in the Landlord business are seeing a 7 to I'd say a 10% return on money and or on cap, capitalization. So you're...the more debt you borrow at 4 or 5%, the more you can make on the capital you put in so as an investor. I, you know, I showed you, you know, I got...my eye is on right here is on legacy, you know, it's on grandkids and my kids don't like it, but I've heard, you know, well they used to not give to their kids, they only gave to their grandkids. They stopped a generation because it was smarter 'cause you had more influence and so I would tell you to think longer _____ (0:54:24.9) think longer yeah. Think how this is gonna turn over and how you can put \$1,000,000.00 dollars into something, which I'm not saying that you spend \$1,000,000.00, but let's say you spent \$500,000.00 dollars in today's terms and

what return is that gonna bring in 15 years to this organization if it had a 3% growth. And we can do all the math. We can lay out your expenses or we can tell you how not to overbill. And then you'd want to look at your historical revenue stream and see what the fluctuations were.

Scott Walker: We kind of discounted building because the upfront cost is so high, we were probably just looking at buildings for remodeling that meet our requirements. That's been our thinking.

Terry Hancock: Right. So I believe that is probably true, but I don't...I tell you I don't know if that's the wisest...you know, it's not our top 3 probably, but, you know, if you bring your employees in here, all their stuff's down here and it's not on your list.

SPEAKER: _____ (0:55:32.7) 1, 2 and 3.

Terry Hancock: Well actually, you know what? If they had _____ (0:55:37.3) daylighting and the space was so amazing to come to, culturally, in our business, my employees want to come to work.

Scott Walker: Uh-huh.

Terry Hancock: And especially in the wintertime, which is crazy. So I _____ (0:55:49.8)

Rochelle Koch: Terry, I was gonna say, I think part of the future of our organization, because we've seen it with other counties...

Terry Hancock: Uh-huh.

Rochelle Koch: Is a lot of...the employees will be doing work at home...

Terry Hancock: Uh-huh.

Rochelle Koch: And they're not going to be using the office as much as they are now. And we got to go visit another facility that's being built...

Terry Hancock: Uh-huh.

Rochelle Koch: ...and that's actually in the works that they have cubicles because the employees all don't need an office with a window because they're going to be doing a lot of their work at home.

Terry Hancock: Yeah and I'm not disagreeing with that...

Rochelle Koch: Yeah.

Terry Hancock: ...but there's a huge turn in major cities that, you know, _____ (0:56:34.6) co-work space now and people want to be with people. They want to be integrated with...even if they're not in the same business, they want to be working alongside of others and...

Rochelle Koch: Well we actually...Meredith's working at home 1 or 2 days a week, right? And Tom's working at home. _____ (0:56:48.9)

Janice Calkins: Uh-huh. But I know what you're saying too. I have a lot of career friends who have worked from home the last 20-30 years, they're tired of it. They want to get back and socialize now.

Scott Walker: Well...

Janice Calkins: And have more contacts is what they're telling me.

Terry Hancock: So you...I'm just reading your mission right over your head, _____ (0:57:05.3) is to protect, conserve and improve the quality of soil and water in Marion County through planning, technical assistance and education. Okay, well let's see, planning usually takes more than 1, technical assistance means somebody is assisting someone, and oh that's right, education means somebody's telling somebody something, so that's not being at home alone.

Rochelle Koch: Uh-huh.

Terry Hancock: And those are technically your mission, so not telling you that you're wrong, I'm just telling you...

Terry Hancock: What you...

Terry Hancock: ...that I think an error, a grievous error, would be to not have enough space to be able to take on growth and I think one of the beauties is you've got partnerships that want to be next to you and my guess is you might have more cash to build something that they could be tenants in than they would if you were their tenant. So...

Scott Walker: They operate a softer money flow too.

Terry Hancock: Right. Anyway, but if we're, I mean I'm not trying to go in a circle here. These are all things that have probably been going on in your mind and the reality of this is you're going to know in your gut, I could put a stake here. I know this is right. And I don't know that we're there yet, but what we do know is it's pretty dang important that we know where the location is and we know that the design is important and I think it should take into account that some people are working at home, some aren't, and when those folks that are working at home do come in that they feel welcome and they feel like this is home. And, you know, it might mean that you've got more conference rooms. So I missed a little design feature in our office. My office was the same size as our large conference. Well, about 3 years later, I realized that the only guy that had blew it was me and I needed to move out, so I moved out, so now we have our 2 larger conference rooms. They're a little smaller than this, but about the same, and, you know, I moved into one of the cubicles with everybody else. I want to say cubicles, they're glass and they're nice, but and have doors, but, you know, I also realize that it was kind of lonely over there and so what we did it we put glass doors and walls down the middle between Associates and Brokers. So we've actually got 8 people in a pretty tight space, but we are forcing the communication. And so when they're there and, you know, they're all stand/sit desks and a lot of natural light...I'm just telling you that there's a lot that goes into this now.

Scott Walker: _____ (0:59:41.5) I'm going through with right now is the fundamental question lease or purchase. Okay? Given the nature of our organization.

Terry Hancock: _____ (0:59:52.4) okay.

Scott Walker: And I'm getting you back off the track, I want to apologize for that...

Terry Hancock: _____ (1:00:00.4) it's what I expected.

Scott Walker: I think that's a fundamental question...

Terry Hancock: Uh-huh.

Scott Walker: ..._____ (1:00:05.1), but my personal opinion is _____ (1:00:11.9) running a business because a business _____ (1:00:14.6), but for a government agency that has its own funding source _____ (1:00:25.9), it seems to me like purchase would be better _____ (1:00:32.6)

Terry Hancock: I, what I _____ (1:00:36.6)

SPEAKER: _____ (1:00:37.6) my 2 cents...

Terry Hancock: I'm gonna tell you that to me and it's part of why you asked me here, my opinion, which I'm okay going to my car at any time, so is I'm telling you that to be good stewards of what you've been given and the responsibility you have, I think you probably need to buy something and the reason why is because it will actually long term reduce your costs.

Scott Walker: Uh-huh.

Terry Hancock: And again with all due respect _____ (1:01:11.1) there might be a Landlord in the room, is all of a sudden those escalators that were gonna be yours, you're still gonna have escalation in costs...

Scott Walker: Uh-huh.

Terry Hancock: ...associated with, you know, appreciation and _____ (1:01:23.5) and expenses, but they're gonna be less than a 3% annual kicker. They're gonna be probably 1.5 to 2, so when we do...like we did the State Police headquarters, we signed at 2%. Now the reason we did that is because we signed a 19 ½-year lease first term.

Scott Walker: Yeah. Okay.

Terry Hancock: With 3/10ths, so I mean with a 50-year lease you can cut that back, but on a 5 or 10-year lease, you're gonna see a 3% escalation. We've done a couple down at 1.5 of federal government, but I would tell you that...but to choose wisely how to make sure that building is in the right location...

Scott Walker: That works.

Terry Hancock: ...has proximity to public access and the cost makes sense and one of the things you do, you compare your cost to a buy against your existing lease and what your current Landlord's willing to do. And that's the fundamental math equation that you want to have. Okay? And I think this is actually great that, you know, you're open and you're here. We don't get to do that very often.

Terry Hsu: Yeah Tim.

Tim Bielenberg: Okay, I kind of disagree with the purchase part primarily because the taxpayers put this in for conservation projects...

Terry Hancock: Uh-huh.

Tim Bielenberg: ...not to build buildings or invest money in buildings. And the reason we have this money is because the first years when we had the tax base it was more than they were spending and accumulating.

Terry Hancock: Okay.

Tim Bielenberg: And it's still there for conservation projects not to be investing it for the taxpayers. So it wasn't given...

Terry Hsu: Yeah.

Tim Bielenberg: ...to invest their money.

Terry Hsu: Right.

Tim Bielenberg: It was taxed to do conservation projects and that's _____ (1:03:17.4)

Terry Hsu: Let's hear Terry's thoughts.

Scott Walker: Actually, the _____ (1:03:22.3) doesn't speak to either side. Doesn't speak to renting or doesn't speak to owning. It's not in...

Terry Hsu: I'm curious about Terry's thoughts, Scott. Let's hear what he has to say.

SPEAKER: _____ (1:03:33.5)

Terry Hancock: So I'm trying to explain this a way that...have you ever heard of the Salem Foundation? Have you ever heard of that?

Terry Hsu: Yes.

SPEAKER: ? Yeah.

Terry Hancock: It's a pretty quiet group. It's managed at the local bank and they give to a lot of nonprofits and it's interesting because the County Commissioner has asked me to serve in their position that they get 1 vote and I do their vote. And we have to give money away twice a year to non-profit grant applications that further this community to a higher standard. And what I would tell you is our fundamental mission is to give, that's everything we do. And the only thing we have to keep an eye on, however, is to make sure we have income...

SPEAKER: ? Uh-huh.

SPEAKER: ...from the basis...

SPEAKER: ? Uh-huh.

Terry Hancock: ...to cover the giving every year. And I think it's a very similar thing that you got in front of you. Your charge, in my mind, your mission is to be able to be in a position to continue to give that support and be in conservation and to do what your mission statement says. If we can present a reason how you can do that better with more stability on a long-term basis because you own rather than lease, I think it would make sense to see that. And I would tell you that I would hope there'd be more than even 1 person that might feel the way you do. And I appreciate it because what it tells me is that you're really missionally aligned with what this organization's about. So I think it's important that we have that voice on this Board, so I'm not disagreeing with you.

Terry Hsu: Go ahead, Tim.

Tim Bielenberg: _____ (1:05:42.6) I'd like to make an additional comment. The other part, when you own a building, you have a lot of other issues you've got to deal with. So that's also going to draw you away from what your mission is, dealing with problems with the building. You got a leaky roof, plugged up toilet, somebody ran through the fence...so now all of a sudden you've got somebody spending their time dealing with property owner things where on a lease you don't have to deal with that.

Terry Hancock: So I'm a tenant. Hancock Real Estate is in a building that Terry and Theresa Hancock own. So I'm both a Landlord and...

Tim Bielenberg: Yeah.

Terry Hancock: ..._____ (1:06:31.0) When I write the rent check to the Landlord, you're gonna love what the Landlord does. They've hired a Property Manager, Broker, to

manage the property. So, crazy, but the Brokers at Hancock Real Estate that I employ, manage my property. I don't touch it. Now it's the same thing, and we do it at half again, I'll look to some others. Typical management fees are about 5-6%. Owner-occupied, we do it at 3% because we can make a decision in about 15 seconds on anything that comes our way. And when you own your building, you can make decisions. Now what I would do is I'd tell the management team that they have a cap what they can spend towards the building without prior approval from the Board. And it might only be \$500.00 dollars, but it's actually very efficient and I would not...and, you know what, you're not gonna like this Scott, but I'm gonna say, it's why I built something new. I wouldn't _____ (1:07:42.8) because the maintenance on an older building is an unknown and if we go back to exit strategy and mission and how do we plan, you got designers, you know people that can technically assist you to build something that is gonna outlast anything. And it's kind of fun, I didn't think I was gonna invite you down to the beach, but if you come to Neskowin, you'll see somebody that built a home that way, you know? You can build something sturdier because you know you don't want maintenance.

Scott Walker: Doesn't that sort of depend on the building you choose in a sense though?

Terry Hancock: It...

Scott Walker: _____ (1:08:23.9) when we were talking about 14 years old I think...

Terry Hancock: The one property that you're considering as an older property, yes I understand that, but do you know it's funny, nobody's asked, you know, what I think is available on the market.

Scott Walker: Yeah.

Terry Hancock: And, you know, I'm gonna tell you, I didn't waste my time looking, 'cause I don't think you're ready. Now I'm gonna tell you one thing that came to mind and I told Terry this, I said, I told you that the City of Salem's got about a 5-acre wetland over in Fairview and Dalke Construction owns a 1-acre partial that's backed up to it and they're willing to do a design build for somebody. And you got 5 acres of wetlands right outside your back window that is exactly what you're all about. That, to me, and I'm not saying...yes, I had that listed and I'm not trying to sell you something I listed, I'm just telling you that when I started to read your mission and that's one that came to mind. I didn't pull up the computer, I just was thinking about it. And there are other...what we should do is look at the _____ (1:09:32.4) inventory in the City of Salem. Somebody else is doing all the maintenance _____ (1:09:37.2). It doesn't cost you a dime, but it's an amenity that you bring in to your boss. Something of that nature. And maybe you don't build as big as you thought you would to cut your cost.

Darin Olson: Or give you the option to add on at a future date.

Terry Hancock: Right. Yeah.

Terry Hancock: You phase it. And it's, you know, you're gonna do a stick frame building, you're not gonna have, you don't have the mass to go the concrete tilt or anything to try to save money, the cheapest thing is gonna be stick frame construction like this building. And there's some amazing design people that, I mean, you guys know and _____ (1:10:15.3)

Scott Walker: So, but if construction costs \$200.00 dollars a square foot...

Terry Hancock: Uh-huh.

Scott Walker: ...plus the land purchase cost. One of our neighboring organizations in Clackamas, spent \$500,000.00-\$600,000.00 dollars buying land and they're spending another \$5,500,000.00 dollars building the building, so they have _____ (1:10:35.3) about \$6,000,000.00 dollars and then taking out a 20-year mortgage.

Terry Hancock: How big a building is that?

Scott Walker: It is, well see they built it with some extra space. They actually _____ (1:10:46.2) 11,000 square feet, they're bigger than we are, and they have another...I'm sorry, they have a 9,000 square feet, then they have another 2,000 square feet that they're trying to get the Feds to buy.

Rochelle Koch: To buying or to leasing? I thought they were going to lease that other portion of it out.

Scott Walker: Well yeah, leasing to the Fed, that space. Right. _____ (1:11:13.0) our sister agency. But that's a big number.

Terry Hancock: Yeah, no that isn't gonna fly in this community and this wouldn't take that kind of money.

Rochelle Koch: So I'd like to put my 2 cents in.

Terry Hancock: Sure.

Rochelle Koch: I am a very strong advocate that we buy something. I hear what you say Tim, I just feel like in my capacity, I built a couple of houses with my husband, it's not been easy, our marriage is still very strong, but it's not easy, and I couldn't imagine building with this group I get to work with because we have such diverse opinions...

SPEAKER: ? Yeah.

Rochelle Koch: ...and personalities. I think it would be even more difficult with them than with my husband making designs, making decisions...

Darin Olson: Well, we're not going home with you though.

(LAUGHING)

Rochelle Koch: But I think it would just be...the thought of it is daunting and it's not something that I would personally at this point in time want to think about just building a building. I would prefer to purchase a building. I'm a very strong advocate about purchasing something that once it's paid off will have even that much more money to offer programs for our taxpayers. Not to say that...I couldn't see us building, not to say I would ever be against it because we did get to go see the other facility and it's beautiful and I was really impressed with it, but I would not be an advocate of building. I'm a very strong advocate of purchasing, very strong advocate.

Terry Hancock: Okay and I think _____ (1:13:00.4) been quite a while ago, but remember exit strategy and one of the quickest ways to develop a great exit strategy is buy cheap and there's no buys in building today.

Rochelle Koch: Uh-huh.

Terry Hancock: So, you know, we're 25 to 30% over what we were, you know, 7 years ago and it's...but I would tell you there's only a few people that I could even suggest could manage your way through that you...and I will tell you one of them

designed what we built at the coast, my wife and I when we were done, we thought he was a better marriage counselor than he was actually an architect. Now and, you know, my wife thinks she got everything she wanted and you know what, I actually think I got everything I wanted. And what's weird is that's what makes a great project:

Rochelle Koch: Uh-huh.

Terry Hancock: And it's when people are a little bit toe-to-toe and, you know, you're gonna have that whether you buy old or new and I hate to tell you that, but you're not gonna like where the walls are, you're not gonna like the color of the carpet, you're gonna _____ (1:14:04.4)

Rochelle Koch: Yeah. It's a different beast though when it's brand new than when it's already built.

Terry Hancock: No I _____ (1:14:11.4) So the last part I would say on the design side is, which it's nowhere here, but in the design piece, I think when you've got people going into the field on a regular basis and educating others or assisting others whether they've got instrumentation they take with them or mud boots or whatever they take, you've got to have flexibility in a work space that has another door that allows people to come in and hose off and clean up and, you know, I would, you know, we've got a lot of roll-up doors, we've got a lot of man doors, we've got retail glass door fronts, but I think the flexibility of your design to be able to take on anything also helps you with your exit strategy. Because if you shrink or let's say...there will be a day that people aren't able to pay some of their property taxes, you know?

Darin Olson: So, I'm not advocating for this, but um if we had an architect do a design for us _____ (1:15:19.6) what building you're thinking of. What would kind of be our just architectural cost for that? It would be 5, 10 or any idea what _____ (1:15:29.8)

Terry Hancock: _____ (1:15:29.8) I could tell you the thing to do is to do kind of a master planning approach where somebody comes in and does a design charrette with you and designs and doesn't spend money, put in an autoCAD, and tries to get something framed out to see whether you'd want to do that. And it...that could be kind of parallel with looking at a building that you might want to buy.

SPEAKER: ? Yeah.

Terry Hancock: And they'd be doing the design on how to I'd say bring whatever building you were to buy into the current age.

Terry Hsu: So under what circumstances do you think would it make sense to rent?

Terry Hancock: Um...

Terry Hancock: I mean, you painted the Nordstrom scenario...

Terry Hancock: Yeah.

Terry Hsu: ...say you're a public agency, when would you rent?

Terry Hancock: Yeah so I'll tell you where it totally makes sense to rent, when you're gonna start a business, you're in the gross cycle, you need capital, you need cash, and you literally walk in and you write a check for your first month and a deposit equal to a month and somebody delivers you a building...and I'm gonna tell you, just like this one. You had no added cost. Your exit strategy is easy, you know?

Scott Walker: 'Til the calendar comes around? (chuckle)

Terry Hancock: _____ (1:16:54.6) you know you've got a fixed term and then you've got adjustment periods when you get to say I'm gonna stay here or go or it's really an easier business than one would think, but I would tell you that clearly start of businesses or ones that are capital intensive. You know, when the economy...I wouldn't say failed, but dropped in 2008 to '10 the way it did, we did a lot of recapitalization and what we did is we brought in investors into businesses that they had no activity and they were having tough times making payables. We actually bought their building from underneath them and they stayed in the building. Part of the deal was that we at close, we'd take some of the cash that was going to go to them to buy their building to replenish their cash flow because they were struggling with their payables, we'd actually take prepaid rent right out of escrow at the close of escrow so they'd have 2 to 3 years where their rent's prepaid, so they didn't have to worry about rent. And you know what? It was amazing how many businesses in this community that we did that with and it kept them alive. And I actually don't know any of those that actually chose that hard pill to take that didn't survive. It's the ones that didn't choose that direction that didn't survive. _____ (1:18:18.4) but I do a lot with quite a few banks in town, so I think that cash flow, you know, downtrends in the economy, and then I would say another one is...a great example is, you know, dentists and doctors, they get out of school now and they owe \$2-300,000.00 dollars of debt, but we've got banks that will give them 100% financing.

Scott Walker: Yeah.

Terry Hancock: Because they know they're gonna make their money back quick. Well, so the easiest way to do that is to lease a building and put the dentist in there with equipment, but after they're stabilized after 3 years, you know, that same tenant is moved out and they're building their own building because, you know, again, their cash flow is back in a better place. So my...they're all cash related ah _____ (1:19:12.3)

Scott Walker: Not an issue we really have. _____ (1:19:14.9)

Spike Bailey: Guys, we're gonna take off...

Bodie Bemrose:
(Landlord's broker) Yeah I was just gonna chime in. I didn't get a chance to introduce myself. I recognize a lot of you from when we did the original lease negotiations. My name is Bodie Bemrose, I own B C Bemrose & Company. I'm a Commercial Real Estate Broker just like Terry and also a Commercial Landlord as well on some property.

Rochelle Koch: Are you in Salem?

Bodie Bemrose: I live in Salem, but my office is in Monmouth where we own some downtown properties. I was gonna say, I've been involved with this property through a lot of different transactions from before when Dick _____ (1:19:58.5) developed this property and then I was the Broker that handled the sales transaction, but he sold it to an accounting firm, Creamer & Associates, and then when the accounting firm merged with AKT down the road, I was hired again as a Broker to sell or lease and it was a busy time because I sold it to my client here, Spike Bailey, and then we actually had another party, it was a mortgage company at the time, that was kind of competing with the Water District at that time for the building and then I worked with _____ (1:20:36.4) and we did this lease deal.

Scott Walker: _____ (1:20:38.7) building was intended when they built it. Do you know what the thinking was when they built this building in terms of what its use was in terms of it has the outside offices and the cubicles inside and the upstairs.

Scott Walker: What were they _____ (1:20:54.9) target market?

Bodie Bemrose: Well it was a finance company and then they had a mortgage company upstairs on the second floor and they outgrew the space and they bought a building down the road here just across from...

Scott Walker: Okay.

Bodie Bemrose: Costco. So they outgrew the building and I was representing at that time the accounting firm. They wanted to be in their own building...

Scott Walker: Okay.

SPEAKER: ...be a _____ (1:21:22.6)

Scott Walker: Okay. I understand it. But the building was set up for the finance operation?

Bodie Bemrose: Yes, always administrative office. And it was great because yeah because of the parking, great parking, identity, signage whether...

SPEAKER: _____ (1:21:35.3)

Bodie Bemrose: ...and then I-5 as well. Location was great, access, all these lists right here I remember going over because we were looking at a lot of different buildings in Salem and _____ (1:21:45.9) But anyway, I mean Terry, he's a veteran, you're in good hands. His job is to represent his client, which is you guys, my job is to represent my client, the Landlord. So Spike called me and says, I might need to get you involved because I might end up having to, you know, find another tenant, and start marketing this. And of course, as you know, the more time you have, the better to secure a building. It's not like leasing a 1500 square foot space.

Scott Walker: That's why we're talking about it now.

Bodie Bemrose: Yeah.

Scott Walker: We're still got...

Bodie Bemrose: So, it is...

Scott Walker: ...a few years to go.

Bodie Bemrose: Yeah. So my allegiance is to my client...

Scott Walker: Yeah, I understand.

Bodie Bemrose: ...and so everyone's needs, and especially as a business or organization they're all different and they change and they evolve and that's business, right? So you're in good hands with Terry and I would just say that what would be helpful is as you guys are working through this process, just communicate. That'd be great. That'll help us and then if there is going to be a transition, it'll just be smoother and, you know, no surprises and stuff like that. We can plan ahead. Yeah, because I already have 2 potential users for this, but I don't want to get ahead of the game either. So I think Spike in his best interest is to retain these tenants. I mean, that's what I told him. It's just easier. I'm a Landlord too, so I know, turnover can work really good, it can work to your benefit, lease-rate

wise of the Landlord, but then again you don't know when the tenants gonna come or what their tenant improvement requirements are going to be _____ (1:23:28.1) the building to accommodate them. So it's that uncertainty everyone is trying to figure out. Okay, we want to eliminate risk, we want to eliminate uncertainty, and the one way to do that is what you're doing plan, plan, plan. Right?

Spike Bailey: So thanks a lot. We really appreciate it. Terry did a great job. As a Landlord, the sooner we know, the better it is because we can start to find somebody to fill the hole. So as much as I hate to lose a tenant, it's part of the plan. You know? It's part of owning property. It's not like cattle.

Darin Olson: Nothing's decided yet.

Terry Hsu: Yeah.

Terry Hsu: But thank you.

Darin Olson: But thank you for _____ (1:24:19.0)

(TALKING AT THE SAME TIME)

Terry Hsu: Thank you, Spike.

(TALKING AT THE SAME TIME)

Scott Walker: On your wetland thing, just for discussion purposes, we now have September 21 is when our lease is up here.

Terry Hancock: Okay.

Scott Walker: And I just don't know whether or not the design process, that the build process, is going to be adequate time to do that kind of thing. Is that true or not?

Terry Hsu: Right.

Scott Walker: That's the question _____ (1:24:51.5)

Terry Hancock: No there's not enough time to design and build. And I'm not involved in the day to day to know how you feel _____ (1:25:04.1), but they are professionals, they know what they're doing, and, you know, if somebody came to me as a tenant and said we're gonna design, build, and we're gonna be upfront with you about it, we can move temporarily, but we'd like to stay here, we'd like to ink another, you know, 12 months, and, you know, there's no move-out cost for that, income flow keeps coming, Landlord doesn't have to pay any money to put new paint down, and everybody gets along. So I'm just gonna tell you, you need to focus on mission, location, cost, building size, design, you need to think through what you want, and you need somebody to guide you to do that and I would say new or used is probably first _____ (1:25:57.5)...

Terry Hsu: Are you talking about...I mean, who would be the kind of guy to guide us through this?

Terry Hancock: Yeah. Ummm.

Terry Hsu: Architect or?

Terry Hancock: You need somebody that's gonna be able to show you essentially where _____ (1:26:13.5) analysis is on your lease and where that crosses a line into buying and that's the first piece. I think with the cash posture you're in, to buy it would

eliminate...I can tell you, the math is gonna be in your favor. It might be somewhere between your 9 and 12, but you'll be stunned how quickly moving into your own building will pay for itself. It just will be stunning to you.

Darin Olson: So give me your recommendations who could help us get those numbers with us.

Terry Hancock: Yeah, so...

Darin Olson: So like an office?

Terry Hancock: We typically have decided somebody's guided us to the place with clients whether we're gonna buy used or we're gonna go design and build and once we've made that decision, then what we do on the used, it's very similar, but you find the right locations that based on your priorities you get the top 3, you get there as quick as you can, and then you narrow in on 1. You try to get under contract before...you don't spend money frankly. And when the market's been...it's been good in commercial real estate. You know, we don't need to put big earnest money down. I typically don't offer any earnest money. We get through due diligence to make sure we want the property and then in that process you bring out an architect. Every client make up is a little different. So in this particular group, I'd want somebody kind of like that marriage counselor architect because it would be able to manage different opinions, which that's important. You know? When I hire somebody to build two 15,000-foot concrete tilt buildings and I'm the only guy that has a vote, I don't need a marriage counselor _____ (1:28:14.3)

Terry Hsu: So do you have any suggestions for architects that we would talk to?

Terry Hancock: You know, I do. So I think you would do really well with Nathan Good is...

Scott Walker: Yeah.

Terry Hancock: He is the architect I used at the coast. I'm gonna be upfront with you. And I coached his son in soccer and I've seen him for 25 years. They're not super close friends, but they're good friends. I would tell you that Aaron Terpening...

Rochelle Koch: Isn't he known for being like the green architect...

Terry Hancock: Yes.

Scott Walker: ...in Salem?

Terry Hancock: Absolutely. He's won national awards...

Scott Walker: Yes we met with him once.

SPEAKER: ? So Nate, Nathan, who's the second one _____ (1:28:55.4)

Terry Hancock: Aaron Terpening. He's with CB Two. Aaron is a great human being and he's, you know, don't hold him against him, he's a corn husker, but he's, you know, from Nebraska, but he's got a real heart for farming and you would do well with him.

SPEAKER: ? What's his last name again?

Terry Hancock: Ah Tarpening. I'll send both of the contact information on these 2. There's probably a longer list in the 3 position, but there's...I would use somebody from Marion County. I wouldn't go north. It's gonna cost you 30% more money...

Terry Hancock: _____ (1:29:44.5) Nathan went up to Portland?

Terry Hancock: No he's doing stuff in Mexico, Washington, everywhere. It's really interesting, in today's worth, once you have the topography down and you go to see the site and you watch the sunset and the sunrise, it's pretty much back to the shop and get a design.

Terry Hsu: So look for land?

SPEAKER: ? Yeah.

Scott Walker" So just related to _____ (1:30:13.3), but if we're interested in buying some building and remodeling...

Terry Hancock: Yeah. Same. Same guys.

Scott Walker: ...because of the time issues and just whatever reason, okay? In the purchase process, you can put in a lot of contingencies, you know? Like zoning could be a contingency _____ (1:30:36.6)...

Terry Hancock: I have a fail-proof document. You will not be buying anything that doesn't pass the litmus test and you'll have 20 ways out before you get stuck putting a dime into the property, so that's what I do. And I'm telling you what, we don't lose client's money. We get them done. So that's easy. I know what to do on the real estate side. The key is to get the design team that you're comfortable with that's running parallel with the real estate side and you essentially bring in your S.W.A.T. team to deliver on what you want. And I'm gonna preface this and it goes for, you know, it doesn't matter if you think we should buy, you know, used or we should lease or we design and build, the same answer if for everybody at the table, is the timing is yours. You're under contract and you get to lease this building for the timing you have. When you're in a position to say, we can't buy a used building and get it ready soon enough, the sooner we give this Landlord and his Broker notice that we need another, you know, 9 months, 12 months, and, you know, part of that tradeoff can be we can allow them to market the property...

Scott Walker: Uh-huh.

Terry Hancock: ...while you're still in it. But there's ways we can mitigate and get that timing really tight. The only issue I would have for you is you don't want to have to be out 1 minute sooner than they got the next tenant moving in. And you want the control on your side.

Darin Olson: Uh-huh.

Terry Hancock: That you're the guy paying, woman, man, we're the people paying, so we get to design what we want. They don't want somebody moving in _____ (1:32:25.2) tenants _____ (1:32:25.9)

Darin Olson: This is being recorded and is a public meeting.

(LAUGHING)

Scott Walker: Is it still being recorded _____ (1:32:33.0)

Darin Olson: Yes, you're in a public meeting still.

(TALKING AT THE SAME TIME)

(LAUGHING)

Terry Hancock: I'm in the business. I'm telling you.

Darin Olson: Just to remind you.

(LAUGHING)

SPEAKER: _____ (1:32:43.9)

Terry Hancock: We know each other well, he does a ton over in Independence/Monmouth area. In class B and C spaces in this community...

Rochelle Koch: When you said that.

Terry Hancock: ...there's 50 locations today we could take you to. _____ (1:33:06.5), alright?

Tim Bielenberg: So what kind of rent are those 50 locations?

Scott Walker: _____ (1:33:09.2) 12th Street, the one down there on 12th Street near the Urology clinic.

Terry Hancock: Okay. The one that's being designed? What is...

Scott Walker: Existing right now. It's set back _____ (1:33:21.9)

Terry Hancock: Okay, so the 12th and 13th corridor and McGilchrist there's a lot. So...

Scott Walker: Yeah. Yeah. But it's set back under the trees. It's not fairly large, but it's right about where the split occurs 12 and 13.

Terry Hancock: At the south end?

Scott Walker: Yeah, yeah.

Terry Hancock: Yeah. That's all right.

SPEAKER: _____ (1:33:44.6)

Terry Hancock: So I'll you, in that area, it's gonna be \$1.10 to \$1.35 _____ (1:33:52.0)

Darin Olson: A month.

Terry Hancock: Per month per square foot. Yeah.

Scott Walker: So we're paying \$1.85.

Terry Hancock: Yeah it's full service plus janitorial or do they do the janitorial?

Scott Walker: _____ (1:34:05.9) space we don't use. That's our big problem.

Terry Hancock: Yeah. Yeah. So you're...

Terry Hsu: So you mentioned our first step is to look for land.

Terry Hancock: No.

Terry Hsu: No?

Terry Hancock: No your first step is to determine what you want.

Doug Krahmer: Okay.

Terry Hancock: Yeah.

SPEAKER: _____ (1:34:22.0)

(TALKING AT THE SAME TIME)

Terry Hancock: I would suggest that that's what you do. I want to speak directly to the property that we're aware of over in the Silverton area, that's not a bad opportunity. It can be bought, right? But the question I ask clients all the time is if replacement and it's on the tax roll and the county has every other building that size in their mind it should be over \$600,000.00 dollars, why is it being offered for so little?

Scott Walker: Because the zoning issues, it's all about the zoning.

Tim Bielenberg: Maybe.

Terry Hancock: Zoning's part of it. I would tell you outside of the growth boundary _____ (1:35:09.8) The proximity to other businesses is not as good. There's...my point is that you don't want to be...let's say this organization continues to grow and we outgrow that building even though you can add onto it, and we're in the same place when we go to sell the building. Now, again, if we, you know, we pay, you know, under 400 for it, you're going to be fine because...

Darin Olson: Assuming we can sell it.

Terry Hancock: Yeah.

Tim Bielenberg: So I've got a question. On that particular building, it's got its own septic system, which is kind of a big issue, and it's on a well. It's not on city either way.

Terry Hancock: Uh-huh.

SPEAKER: _____ (1:35:54.4)

Tim Bielenberg: It's kind of a scary deal.

SPEAKER: _____ (1:35:56.6)

Tim Bielenberg: It's kind of a scary thing too.

Terry Hancock: _____ (1:35:58.8) or the urban growth boundary and I looked up _____ (1:36:02.8) and you're not in any trouble there, but, you know, it's...

Scott Walker: _____ (1:36:09.0) inspection, that's contingency.

SPEAKER: ? Well it's still...

Terry Hancock: It is. I don't personally own properties with septic fill and I never will.

SPEAKER: ? Because...

Terry Hancock: Because I think stuff was meant to flow down _____ (1:36:24.5) for a reason.

(LAUGHING)

Terry Hancock: And I don't want to be anywhere near it and I don't want _____ (1:36:29.3)

Rochelle Koch: Well you don't live out in farmland then.

Terry Hancock: No. I have and I've owned property in that _____ (1:36:36.9), but I just...city services for commercial business is a nice clean way of operating. It really is. And that's not an option in the county in where probably a lot of people live, especially in the community of farming. Totally get that. So I don't...but I'm a

long-term hold-kind of person, I'm not...your typical developer will design, build, get a tenant in, after 3 years they'll sell the whole thing. You know? Take their money and they'll go do the next deal. That is not what you want to do. You want to have a little bit of pride of ownership whether you buy this place in Silverton or you do something else. But knowing what I know, I mean I would tell you, you know, you can buy probably Rambler for about the same kind of price...

Scott Walker: Yeah and probably less.

Terry Hancock: Yeah.

Scott Walker: Because it's an older building, much older.

Terry Hancock: In the end, yeah. I don't know. But my point is, you know, you could get twice the square footage, an old schoolhouse...

Scott Walker: Yeah.

Terry Hancock: ...make it kind of retro and it might be kind of a fun thing. That's an option we know of, but I would look for other properties. That one is still out in the weeds, you know? If you _____ (1:37:50.4) next door...

Scott Walker: _____ (1:37:52.5) further out _____ (1:37:53.0)

Terry Hancock: I'd rather be...and I look at your partners and where your revenue source is and primarily...

(TALKING AT THE SAME TIME)

SPEAKER: _____ (1:38:02.5) Do that whole green development that Fish and Wildlife is in.

Scott Walker: Most of our partners came in the last 6 months or so.

SPEAKER: ? And, you know, that property...

Darin Olson: _____ (1:38:09.3) development, Fish and Wildlife's out there.

SPEAKER: So do you know who used to own that building?

SPEAKER: What one?

SPEAKER: The Fish and Wildlife.

SPEAKER: It used to be Western Tool.

SPEAKER: Yeah.

Terry Hancock: They failed. They never owned the building, the Dalkes were partners in that. The Dalkes went to the State and they converted the whole building and they did a lease...

Darin Olson: They did an amazing job.

Terry Hancock: ...for 2 years and then the State bought it. And, you know, I'm trying to remember the...I represented the buyer, the engineers, the architectural team, the builders, the everything on that State Police headquarters. And that didn't go through the legislative approval process in the way a normal design and build would because we actually were able to build something brand new and...

Scott Walker: Yeah.

Terry Hancock: ...beat what they were paying on their 7 other sites for older buildings.

Darin Olson: _____ (1:39:08.5) be a lawsuit on that building?

SPEAKER: _____ (1:39:12.0)

(TALKING AT THE SAME TIME)

Terry Hsu: So you mentioned as a first step, we need to decide what we want to do.

Terry Hancock: Right.

Terry Hsu: So that requires the 6 of us to get together and talk and sort of come to some meetings of the minds in agreement.

SPEAKER: _____ (1:39:26.5)

Terry Hsu: And it seems like...and none of us are real estate savvy like you're real estate savvy. So there's, you know, we're looking at buildings that we would buy, we're looking at land that we would buy. And it would be I think very difficult for us and I, you know, certainly chime in if people disagree, I think it would be very difficult for us to say with competence, okay, yeah, we really think we should buy this one, or yeah, we really think we should buy this piece of land or something. I don't know if I...yeah Darin.

Darin Olson: So I don't mind voicing my opinion, but I don't want to take a vote, at least to think about it, but I just want people to think about some of the opinions people have. I'm actually interested in design and build just to see what kind of cost it is. I mean yes there's some negatives _____ (1:40:11.7) I think we owe it to ourselves and the taxpayers just to consider all options. You know, Terry's made some good points about it and I'm not saying I'd vote for that for sure, but I'd like to at least look at that kind of _____ (1:40:26.3) with an architect and they can help us work with maybe even a remodel if we found something along the way. That's kind of my feeling right now.

Terry Hsu: Do you think that that would be a reasonable course of action?

Terry Hancock: I think to look at those options from maybe 5,000 feet and to develop a plan that's not going to work, but to have looked at it so that you're never looking back over your shoulder in the rearview mirror going, jeez, you know, this ended up being a lot more money going this route and wish we would've at least looked. And you have the ability to do that. If your cash was real tight, I would tell you...you have the luxury of actually making sure you make the right choice. There's not a timing element here that's going to force you. You're going to have to tell your Landlord that you need more time or you're going, but that's okay.

Scott Walker: Speaking of timing, _____ (1:41:29.5) Darin talked about in terms of getting us some real numbers and some real estimate numbers about design and build, after you've met with an architect and figure out what you'd want, what's the timeframe for getting that kind of information generally?

Terry Hancock: So this is a 1-page and I brought this because I wasn't sure if this was public or not, but this is a building my wife and I built, okay? And this is the total construction cost for 29,000 square feet and it goes down to everything all the way down to title insurance, when we close in escrow and it was on new ground. And it spreads all the assumptions that you would have all the way down to making sure your parking lot is, you know, taken care of...no, I'm talking all maintenance you would expect for the next 10 years and then we had the design

elements were rough from a site plan side, but we brought a contractor on board to give us numbers so they were accurate.

Scott Walker: Uh-huh.

Terry Hancock: Most architects can get you a ____ (1:42:45.4) that's, you know, it's close.

Scott Walker: Uh-huh.

Terry Hancock: I mean, and I don't think, you know, if you went with a single story...

Scott Walker: Yeah.

Terry Hancock: ...you know, stick frame building, it's not gonna be 250, it'll be less. But, you know, depending on how much you want in your conference rooms and some of the amenities, you need to add everything in. And so I think timing is the other question you had.

(TALKING AT THE SAME TIME)

SPEAKER: _____ (1:43:16.2) question...

Terry Hancock: We...

Scott Walker: It takes 6 months _____ (1:43:17.7)

(TALKING AT THE SAME TIME)

Terry Hancock: ...I'd say the design process and to look at what other options are out there to have someone to compare it to, it's probably going to take you 3 months. And that's when I'd get a contractor to give you a real, you know, hard numbers, but it gives you enough to know whether you'd want to go further. And that's...

Terry Hancock: So...

Terry Hancock: ...most of our architect friends would tell you, take longer, but...

Darin Olson: _____ (1:43:47.9) are you, the other Board members, are you guys..._____ (1:43:52.1) your opinion, but are you willing to entertain this option. I'd really like to work as a Board on this and not have...

Doug Krahmer: I'm 100% behind the architecture part because until we have a clear idea what we want and where we're going, it's hard to say what we should be doing.

Darin Olson: I agree. I want to make sure...

Terry Hancock: Yeah. What do you think Rochelle?

SPEAKER: ... we're all together. Let's move forward as a group. _____ (1:44:20.4)

Rochelle Koch: So we would still use an architect whether we purchase or whether we build new.

SPEAKER: _____ (1:44:29.4)

Rochelle Koch: I'm all for it.

Terry Hsu: I am too. Tim?

Tim Bielenberg: Well I think you need to get some costs down to compare it against a lease. You haven't hardly mentioned much about what the lease option is.

SPEAKER: Right.

SPEAKER: For here.

Tim Bielenberg: Well I _____ (1:44:44.1)

Tim Bielenberg: Well, so anyway, you know, you probably have to have some of that to compare it to.

Tim Bielenberg: I think I...

Tim Bielenberg: I think you need to get it down so you can compare what our option is and what's the cheapest way.

(TALKING AT THE SAME TIME)

Terry Hancock: _____ (1:44:55.6) I'm gonna need to take a look at your lease and I'm gonna be able to put that together.

Tim Bielenberg: Right.

Terry Hancock: And we spread that and we can show you...and I will tell you that over a 10-year period, it's gonna look pretty favorable to the lease. In about year 12, because construction costs are a little high, maybe year 13, it's gonna start looking a little favorable to design and build. And so that's about where the cut off is.

Rochelle Koch: So...they actually gave us some new options. They had given...

Terry Hsu: I sent that to you, yeah.

Rochelle Koch: Oh you did get that?

Terry Hancock: Yeah, I have those.

Rochelle Koch: Okay.

Terry Hancock: But I need the original lease to be able to see if there's any red herring in the document around, you know, escalators or _____ (1:45:36.8)...

Terry Hsu: Yeah.

SPEAKER: ..._____ (1:45:37.8)

Scott Walker: _____ (1:45:38.4) lease _____ (1:45:40.2)

(TALKING AT THE SAME TIME)

Rochelle Koch: So you, this is what you do? This is what you do? That's great.

Terry Hancock: Yeah. Now I also need to tell you that I'm not an attorney and that it's always good to have an attorney look over legal documents, that's what I tell every client. But I'm confident that we will have a good feel for what we know about the lease. I can help you through that. (LOTS OF BACKGROUND NOISE) Everything on the acquisition side, on the sale side, on the lease side, that's _____ (1:46:08.0). I'm very popular with the architects because we _____ (1:46:12.9) client and _____ (1:46:16.9) is to blend all your ideas together and to fruition to a finished product. I will tell you that I think that is what you need to do first. Think about what you like first about this older building, this specific building. Try to design what the dream is, and then when the right building that you find in the process and that dream fits into it. It's much easier than to try to go make a dream out of...

Rochelle Koch: Well I'd like to say I think it'd be worth everyone's time to go out and visit the building that we visited...

Scott Walker: I'm...

Rochelle Koch: ...you know, it was laid out very well and there'd be a few things that I would change, but in terms of they're doing what we're doing...

Scott Walker: Yeah.

Rochelle Koch: ...I would love these guys just to see it and get something in their head to start with.

Scott Walker: I _____ (1:47:11.5) heavily in favor of the lease in terms of, in the way they did the calculations so then we'd really...but beside that...

Rochelle Koch: What numbers did you load up?

Scott Walker: ...I guess my concern...

Rochelle Koch: I'm sorry.

Scott Walker: I'm saying, putting \$27,000 a year in building and operating costs is a huge number for a building that's going to use, you know, 5 days a week, 8 hours a day. Okay?

Terry Hancock: Yeah.

Scott Walker: For 4,000 square feet that's only 14 years old. I mean, I put it in because I wanted to hold up the worst possibilities, okay? And I also favor the current lease because I made the assumption that we took the cheapest possible option that they have and then I also ran it with the tenants.

Rochelle Koch: Did you see those numbers that he's taking about?

Scott Walker: ...staying there and paying _____ (1:48:10.7)

(TALKING AT THE SAME TIME)

Rochelle Koch: The numbers he's talking about? You saw those numbers? Okay.

Scott Walker: ...built to be favorable to the existing lease.

Terry Hancock: Right and that's a 4,000 square foot space. Right?

SPEAKER: Yeah, so...

Terry Hancock: 4,000.

Scott Walker: ...but my concern is this and _____ (1:48:23.6) upfront about it is that I know that building the _____ (1:48:28.1) has been on the market for some time and it's mostly because, as I understand it, the real estate people _____ (1:48:38.1) every time they get an offer, the zoning issue that stops the thing. And we talked to Joe Fennimore about it twice, okay? He can't speak of what the final result is, but he encouraged us if we wanted to do it, to file an application.

(LOTS OF BACKGROUND NOISE)

SPEAKER: _____ (1:48:55.5)

Scott Walker: And my concern right now is that I'd hate to see something that is below market value that in my opinion meets our requirements, although it depends on how tight you get on your requirements, okay, and see it go away. That's my timing issue. I mean that's life though. If that's what happens, that's what happens.

Terry Hancock: Right. And I understand that. So if that building sells...

Scott Walker: Congratulations.

Terry Hancock: ...sure...at the price it is. You need to be willing to let go because I'm gonna tell you something. I don't give listings back to clients. Okay? And that's the exact same kind of listing that I gave back twice. It's the only kind I've ever given back that you can't get the zoning to work. There's no question that what you do and being in the ag community in that particular property there will be an easy way, if you wanted to buy that building, to get your business in there. That's not my concern. My concern is who's going to move in when you leave? And that problem doesn't go away because you move in. So that's...

Scott Walker: I'm looking at whatever we do, frankly being a forever home.

Terry Hancock: And that's good.

Darin Olson: But we're not going to be the Board forever. Other people will come in...

Tim Bielenberg: Forever changes pretty quick.

Terry Hsu: Yeah.

(TALKING AT THE SAME TIME)

SPEAKER: _____ (1:50:25.9) Board member _____ (1:50:26.3)

Terry Hsu: It takes 1 election.

Scott Walker: _____ (1:50:28.9) my perception of what I'm looking at because...

Terry Hancock: And that's a perception that is yours and there's nothing wrong...

SPEAKER: _____ (1:50:35.4) yeah.

Terry Hancock: Yeah. It hasn't worked for this group, not you, but this organization has been moving. Okay? Now when you buy something, you change. You stay for a lot longer, but you still move.

SPEAKER: Uh-huh.

Terry Hancock: So I think you'd be really well served and I can get you through lease cost...as an example, your expenses on that building, they're double what the industry will tell you they should be.

Scott Walker: Uh-huh.

Terry Hancock: I just ran the numbers. It should be \$0.28 to \$0.32 cents a foot per month and that's about \$12,000.000 to \$13,000.00 dollars. You had \$27,000.00 dollars?

Scott Walker: Yeah.

Terry Hancock: I just want to confirm for you that I know you loaded them heavy. _____ (1:51:14.1) I mean they're double.

Scott Walker: Yeah.

Terry Hancock: But you know what? I'm not concerned about that. My concern is does this work well for you?

Scott Walker: Well...

Terry Hancock: If it doesn't, you shouldn't do it.

Rochelle Koch: You think Nathan could take that place and...

SPEAKER: He's not...

Rochelle Koch: ...could he...

Terry Hancock: Yeah, no. He does amazing work. He really does. And very creative and he's got a great team.

Rochelle Koch: Uh-huh.

Terry Hancock: So...I think he fits your mission a lot.

Doug Krahmer: Yeah.

Doug Krahmer: Yeah. I want to make sure that if we authorize an architect to get something on paper that we can all agree on, we're not trying to put it into a building that you guys have in mind. I'm not in favor of that building at this point in time and what we've been talking about or what Terry's been talking about is get this architecture, no...

Doug Krahmer: Architect.

Terry Hsu: Architect.

Doug Krahmer: ...to come in and put our dreams on paper...

Terry Hsu: I think that...

Doug Krahmer: ...that all of us can agree to...

(TALKING AT THE SAME TIME)

Scott Walker: I_____ (1:52:28.6)

Doug Krahmer: ...and at that point, then let's start...

Terry Hsu: Yeah.

Doug Krahmer; ...you know, then can make a decision...

Terry Hsu: I...

SPEAKER: But for...

Doug Krahmer: I'm...

Doug Krahmer: ...whether it's design/build, whether we go to a used building...

Tim Bielenberg: You need to forget about that building.

Doug Krahmer: ...whether we stay here...all those options are still open.

Scott Walker: And okay _____ (1:52:47.8)

(TALKING AT THE SAME TIME)

Doug Krahmer: And, as long as that is what we're looking at going into it, I'm okay. If we're trying to get an architect to come shoehorn us into a building you guys have in mind, I'm voting against that.

Scott Walker: Okay, well you told me from the get go no matter what, you know, you didn't want...so let's not worry about that. I happen to agree that we have to take the risk and go ahead and spend 2 months or whatever 3 months to put some numbers together...

Terry Hancock: _____ (1:53:20.7) Nathan or whoever you choose I tell you because _____ (1:53:23.4)

(TALKING AT THE SAME TIME)

Scott Walker: ...on building a house that meets everybody's perceived requirements, okay?

Terry Hancock: Yeah.

Scott Walker: And I don't have an issue with that at all.

Terry Hsu: So...

Scott Walker: But I'm just...all I was sharing was my concern. That's all.

Terry Hsu: So I guess I would suggest maybe we just. We've talked about a lot of stuff and maybe we just all go back and just sort of digest it a little bit. I think we have Terry's general recommendation to talk to an architect and get some dreams on paper.

Scott Walker: Okay.

Terry Hsu: And, you know, maybe December Board meeting we can discuss how we want to progress.

SPEAKER: _____ (1:54:03.9)

Scott Walker: Yeah. Um.

Scott Walker: I do want to point out that our appropriation, we had a lengthy conversation, or in budget meeting, and one of our appropriations we fattened up a line to handle consultants and architects and things like that, so that was actually in the budget to do that kind of thing, okay? So...

Terry Hsu: Yeah.

Scott Walker: ...I'm just saying.

Terry Hsu: I mean the first December board is like 2 ½ weeks from now, so...

Rochelle Koch: Yep.

Terry Hsu: ...let's just...that gives us 2 ½ weeks to just sort of absorb a little bit.

Scott Walker: So the idea would be we would make a decision at the December about _____ (1:54:39.0) hiring an architect or what?

Rochelle Koch: Could we not go ahead tonight with that or no?

Terry Hsu: I mean, we could.

Rochelle Koch: You said you weren't ready to vote.

Darin Olson: Yeah. _____ (1:54:47.8) a lot of things. I think 2 weeks is not going to kill anyone and let's just make sure we're all on the same page. You know, sometimes we've kind of had some disagreements over this. Let's just _____ (1:54:59.1) get on the same page and try to move forward. I think we'd all be much happier. In my...

Rochelle Koch: Yeah.

SPEAKER: ...recommendation to the Board.

Terry Hsu: Yeah. I agree with that.

Rochelle Koch: Yeah.

Terry Hsu: Yeah.

SPEAKER: _____(1:55:09.8) accomplish on the December meeting?

Terry Hsu: Well, I mean, I think at the December meeting we just sort of review our, you know, what we discussed here and I think it seems like everybody is on board with this whole idea of talking to an architect and getting some dreams on paper, and then after a couple 2 ½ weeks or something and after we're a little bit...I mean, we've been sitting here now...

Scott Walker: Okay.

Terry Hsu: ...a couple of hours and it's getting late and let's, you know, after a little bit clear headed about it, then we decide.

Darin Olson: It'd be nice to have...

Terry Hsu: If that truly is what we want to do.

Darin Olson: It'd be nice to have the Manager also part of that conversation _____ (1:55:46.0)

(TALKING AT THE SAME TIME)

SPEAKER: _____ (1:55:47.9) Board _____ (1:55:50.0)

Terry Hsu: And maybe we get some thoughts from staff that...

Darin Olson: Yeah.

Terry Hsu: ...impact our decision or we didn't consider bringing up here.

Terry Hancock: I think they're gonna _____ (1:56:01.9)

Terry Hsu: Yeah. Oh yeah.

Terry Hancock: Just didn't get any red ink.

Terry Hsu: Yeah.

Scott Walker: Yeah.

Scott Walker: Okay so the way I understand it is, we think about it, we'll come to a decision for the December meeting theoretically, perhaps vote on having an architect _____ (1:56:16.4)...

Terry Hsu: I mean I guess the other thing you recommended too are 2 architects. Should we interview both of them in your opinion?

Terry Hancock: Yeah. I think it's always good to do that. You know, one architect may bring something up that frankly the one you think you'll do better with _____ (1:56:33.1) and I mean you always learn something in that process...

Terry Hsu: Yeah.

Terry Hancock: ...and I think it's wise.

Terry Hsu: Yeah.

Terry Hsu: Yeah. Darin?

Darin Olson: I'd have no problems if the Chair and the Manager decided they wanted to have a _____ (1:56:43.6) meeting in the next 2 weeks with the 2 architects that were recommended just to kind of feel them out and make sure that they would be on board for the District. Assuming we won't hire them until full Board approval, but just to kind of feel them out, I'd have no problem with that.

Terry Hsu: Anybody else think that is acceptable?

Rochelle Koch: I think it's a great idea. Do you have time in your busy...

SPEAKER: Yeah.

SPEAKER: ..._____ (1:57:07.0)

(TALKING AT THE SAME TIME)

Terry Hsu: Two architects it's fine.

Scott Walker: Yes.

Scott Walker: What Clackamas did on their building was they had a sub-committee of the Board manage it.

Doug Krahmer: Yeah when we get to that point...

Terry Hsu: Yeah.

(TALKING AT THE SAME TIME)

Terry Hsu: ...that's _____ (1:57:21.3)

SPEAKER: Yeah.

Terry Hsu: I mean, I think those are all some good things we can talk about in the December Board meeting.

Terry Hancock: So now that I know you a little better, the way I would come in a second meeting or if I was involved, we'd have an agenda and we'd go through it line item by line item, but part of this is, you guys exposed yourself a little bit today and you can see I have opinions and you didn't agree with some of my thoughts and I'm okay with that. So the goal would be that you kind of learn how to lean into each other. I think you guys are going to make a great choice for this organization and if you were all thinking the same way, you know, I'd think it was a disaster. Honestly. Because you'll get the right thing out of this.

Scott Walker: Well, you know, it's a journey, as they say.

(LAUGHING)

Terry Hsu: Um, so I guess I'd move that we just call it a meeting. What do you guys say?

All: Adjourned.

Terry Hsu: Alright.

Darin Olson: Thank you, Terry.

(TALKING AT THE SAME TIME)

Darin Olson: _____ (1:58:28.6) recommendations out there...

Rochelle Koch: Alright. So we're gonna see you next Thursday.

Darin Olson: Next Thursday for...

SPEAKER: _____ (1:58:33.9)

(TALKING AT THE SAME TIME)

(RECORDING ENDS 1:58:53.2)