

EAGLE SEWER DISTRICT

August 3, 2009

Special Meeting

2:00 p.m.

Minutes

I. Roll Call

Chairman Jim Brooks called the meeting to order at 2:05 p.m. Board members present: Ed Hendershot, Jim Gruber, Jim Brooks, Chuck Ferguson, and Erv Ballou. A quorum is present.

Consultants present: Evan Robertson, legal counsel and Phil Johnson, MWH Engineering.

Staff present: Lynn Moser, General Manager; RJ Lake, Operations Manager; and Lynne Sedlacek, Business Manager.

II. New Business

A. Idaho Viticulture Research Center/Lloyd Mahaffey - Mr. Mahaffey was called and it was determined that he will be few minutes late.

Chairman Brooks used the time to explain that the purpose of today's special meeting is to gather more information on the Idaho Viticulture Research Center (IVRC), the pertinent grant application(s), and the Real Estate Agreement between Eagle Sewer District (ESD) and Tri Cedars Management Co., LLC. The Board will use this information for discussion at the Board's regular monthly meeting on Monday, August 10.

Brooks also reported that while on a walk this past Saturday he had run into Ed Priddy, a principal with Tri Cedars Management Co. Mr. Priddy has suggested that ESD board member Jim Gruber should recuse himself from Board discussion on the IVRC because Gruber works for Sage Community Resources, the agency that will be administering the grant(s). Brooks asked Robertson to address this issue.

Robertson stated that there is no reason for Gruber to recuse himself from the current issues that are being discussed. Robertson stated that if and when a different proposal comes forward, he will review the matter again.

Mr. Mahaffey arrived at 2:10 p.m. Lloyd Mahaffey, 3350 Ballantyne Lane, Eagle gave a presentation on the proposed Idaho Viticulture Research Center. Vinemakers LLC, a partnership that includes Mahaffey, has joined with Boise State University and the College of Western Idaho to develop a teaching winery that will include classrooms, a crush pad, a testing laboratory, and a tasting room. The facility will also serve as a co-op winery that will allow start up wineries to share equipment. The College of Western Idaho is forming classes on how to build and operate a winery. The IVRC will make use of Boise State research and it is hoped that BSU will expand WCI's two-year course with additional emphasis on research and business management.

Mahaffey stated that they are proposing a 3500 square-foot building that they hope to have constructed and opened by April 2010. The building will be built with private funds, a \$300,000 Idaho Block Grant will build the infrastructure to the facility. The building pad will be donated by Tri Cedars Management Co.

Brooks asked about the \$1.5 million grant that has been discussed. Mahaffey stated that particular grant is not for the IVRC. The \$1.5 million grant is being solicited for the Stillwater Technology Park owned by Tri Cedars Management Co. These proposed grant funds would come from the US Department of Commerce through their Economic Development Administration and would be used to build the infrastructure throughout the Stillwater Technology Park.

Robertson asked for clarification about the land donation; specifically, where is the land located? Mahaffey stated the 22,000 square-foot lot would be in the Stillwater Technology Park, but the exact location has not been decided.

Gruber asked about a proposal to lease land from ESD. Mahaffey stated that he would be interested in trying to grow wine in a location near the Boise River and he feels a teaching vineyard near the IVRC facility would be an asset; however, at this time he needs to see how the existing land proposal works out and where the building will eventually be located.

Brooks asked, if access to the facility is not an issue, can the project be put together without the ESD property? Mahaffey stated, "Yes".

B. Board Discussion on the Tri-Cedars Management's Property Contract – Bill Sali represented Tri Cedars Management Co., LLC. and he provided a handout to the Board. A letter from Ed Priddy, a principal in Tri Cedars Management Co., was received by email this afternoon and Moser distributed a copy of the letter to the Board members. Sali stated that the IVRC and Tri Cedars' Stillwater Technology Park are separate ventures and will each be successful independently, but they are partners in wanting each other to succeed.

Sali gave a brief overview of the proposed Stillwater Technology Park. Sali stated that keeping land prices low will be the incentive to getting businesses to locate in Eagle. He stated this effort would require "philanthropy and partnership." The value of the Idaho Block Grant and the federal EDA Grant will be used to lower the price of the lots in Stillwater so that businesses cannot say "no" to locating in the Stillwater Technology Park.

Brooks stated that the ESD board of directors agrees with the concept of the Stillwater Technology Park and the IVRC; but, ESD is the only agency being asked to give up anything (property). Brooks stated that a real estate agreement between ESD and Tri Cedars is in place and just because Tri Cedars feels they paid too much for the property, that doesn't mean that the ESD board of directors can just walk away from the agreement.

Sali responded that he is not in a position to negotiate any conditions of the existing real estate agreement.

Brooks stated that the Priddys (as representatives of Tri Cedars) were invited to attend this special meeting and they did not have the courtesy to show up and discuss this issue in a public forum.

Moser reported that Ed Priddy's email that was received just prior to the meeting contains proposals that were not discussed when he and Gruber met with Sali and Ed and John Priddy last week.

There was substantial discussion regarding the existing real estate agreement between Tri Cedars and ESD and possible modifications that could be made to the agreement. Brooks restated ESD's current counter proposal and stated that the board members would review the information received in Ed Priddy's email today. Brooks asked the Board to review all the information presented at today's meeting and to be prepared to discuss the matter at the Board's August 10 Regular Meeting.

Ballou moved, Hendershot seconded, to adjourn the meeting. The motion passes unanimously. The special meeting adjourned at 4:10 p.m.

Respectfully submitted:

Lynne Sedlacek, Business Manager
Eagle Sewer District