



STAFF PHOTO BY GARY L. WEST

The main event center building at the Eastern Oregon Trade and Event Center site is illuminated by the setting sun during a tour of the ground on Monday, Oct. 26.

## EOTEC authority discusses Byron Smith joining board

By **JADE McDOWELL**  
Staff Writer

The Eastern Oregon Trade and Event Center authority board discussed the implications of the city of Hermiston's \$600,000 contribution during its Friday meeting.

The city council voted unanimously on Monday to kick in the \$600,000 toward construction costs with the stipulation that a city administrator join the EOTEC board.

During Friday's EOTEC meeting chairman Ed Brookshier said he and the other executive committee members "absolutely" felt that city administrator should be Byron Smith, and that he should replace Brookshier on the board when his term is up at the end of December.

Brookshier, who was Hermiston city manager when he first joined the EOTEC board, said he felt confident that Smith is committed to making EOTEC a success and would be a good addition to the board.

Kim Puzey said while he agreed that Smith would make a great addition to the board, he also wanted to express that Brookshier's vision had been crucial to the project, as has his willingness to step up into the chair position after former board chair Chet Prior died.

"You certainly have my appreciation," Puzey said.

Don Miller agreed, noting that he was concerned about losing Brookshier's expertise and wondered if a non-voting "ex-officio" position could be created.

Brookshier assured them that no longer being a member of the board would in no way lessen his commitment to the project. He would continue to attend meetings and was available to help see issues like the water rights negotiations through to the end.

"I am absolutely willing to help any way I can," he said.

During the public comment section of the meeting, former board

member Dennis Doherty said he was disappointed Brookshier was going to step down and said it was worth asking the city and county more about what they wanted out of the project so that "they can take some ownership."

The meeting also included a brief update from business manager Heather Cannell and project manager Gary Winsand of Frew Development.

Cannell said the new design for [www.eotechermiston.com](http://www.eotechermiston.com) was complete and the website was once again functional. She

said she was working on making arrangements for flooring, paint, furniture, kitchen appliances, electrical outlets and audio-visual technology for the exhibit and event center.

Winsand said the center, which is currently under construction by G2 Construction, is on schedule to be completed in March 2016. He said design work on the barns is underway and design for the rodeo arena is expected to be finished in February 2016. The arena will take seven to eight months to build, Winsand said, necessitating a "very aggressive" schedule once the design is complete.

Brookshier said the EOTEC board should have the additional \$2.2 million it is seeking by then.

The city of Hermiston has already given \$600,000 and the EOTEC board plans to approach the Umatilla County Board of Commissioners for the same amount. According to what board members told the city on Oct. 26, local hoteliers have offered to raise their \$1 per room per night Tourism Promotion Assessment to \$2 per night and use the extra revenue to incrementally pay off a \$1 million municipal bond at a rate of about \$100,000 a year.

"We've had a tremendous amount of help from the outside and it's time we step up and do this right," Brookshier said.

# PGG CONSIDERS SALE OF NAMESAKE GRAIN DIVISION

Board to consider long-term options

By **GEORGE PLAVEN**  
Staff Writer

Pendleton Grain Growers, the local farmers' co-op that has been a signature brand of Eastern Oregon agriculture for 85 years, is in danger of losing its grain division amid slumping production and increased competition.

Despite the announcement last week, General Manager Rick Jacobson insisted the news is "not the end of the world" for PGG.

The co-op's board of directors will weigh offers to sell, lease or merge grain assets with another company after a disappointing 2015 harvest. That means the McNary river terminal, Feedville piles and 19 grain elevators could soon be taken over by an outside firm.

Jacobson said their preference is to stay within the co-op model. He said a number of entities have expressed interest in a deal, but did not specify which ones.

"This whole market is tough on the growers. Price is down. Yield is down," Jacobson said. "Our responsibility is to make sure they have a good company to deliver their grain."

Board chairman Tim Hawkins said the division didn't bring in enough wheat from growers to justify continuing service. Grain is a business that requires scale to stay competitive, he said, and without enough volume it doesn't make economic sense for PGG to maintain those assets.

"We had informed the growers in meetings that the future of the grain business would be evaluated based on the size of the handle this year," Hawkins said in a statement. "PGG greatly appreciates the support of the producers that brought us their grain, but there simply were not enough of them."

PGG usually handles about 12-13 million bushels per year, but handled only 5 million bushels in 2015. Jacobson pointed to a number of likely factors, including a third straight summer of drought that cut wheat yields in half in some areas.

Meanwhile, soft white wheat prices have fallen to \$5.69 per bushel in Portland, compared to \$7 last year. With such lean margins, farmers have started hedging their bets with other grain handlers in Umatilla County, including Gavilon, owned



STAFF PHOTO BY KATHY ANEY

Pendleton Grain Growers' Rew Elevator stands as a longtime landmark west of Pendleton just off Interstate 84. PGG has announced plans to divest assets of the company's grain division.

by the multi-billion dollar Marubeni Corporation.

"They can be pretty price-competitive," Jacobson said. "Some growers had that additional option."

Umatilla County farmers grow the most wheat in Oregon by a wide margin. PGG was incorporated in 1930 after the stock market crash a year earlier, as local growers united to protect themselves against falling wheat prices.

The co-op has suffered through difficult times in recent years. Jacobson was brought out of retirement to manage PGG following the resignation of former CEO Allen Waggoner in May 2012. Waggoner's resignation came three months after the U.S. Department of Agriculture suspended PGG's warehousing license based on discrepancies found during a routine audit of grain transactions.

Since last year, PGG closed all six of their retail stores across Eastern Oregon as well as the automotive service center in Pendleton. It also sold the agronomy fleet to Crop Production Services based in Colorado.

The co-op lost \$7.9 million in 2014. However, Jacobson remains optimistic, pointing out PGG's total earnings at the end of June were \$4 million better than last year.

PGG has consolidated its debt through CoBank and secured a \$20 million line of credit in June. Jacobson said other aspects of the business, including seed, energy and irrigation subsidiary Precision Rain, continue to do well.

Selling the grain division is not a catastrophe, Jacobson said, but rather a prudent decision.

"You have to look at the long term, not just the short



FILE PHOTO

The Hermiston PGG store as it looked when it was announced the store would have a close-out sale in 2014. The former store location is now home to Hermiston Auto Parts.

term," he said. "We could either be a marginal company, or merge some of these assets and be a good, strong company."

There is no timetable for a decision about the grain division. The PGG

board will evaluate offers before bringing any proposal to a full vote of the members. Until then, PGG will continue to buy grain and operate as normal until a transaction is completed.

## Hermiston Herald

VOLUME 109 • NUMBER 59

**Gary L. West**  
Editor  
gwest@hermistonherald.com  
541-564-4532

**Tammy Malgesini**  
Community Editor  
tmalgesini@eastoregonian.com  
541-564-4539

**Sam Barbee**  
Sports Reporter  
sbarbee@hermistonherald.com  
541-564-4542

**Kim La Plant**  
Multi-media Consultant  
klaplant@hermistonherald.com  
541-564-4530

**Jade McDowell**  
Reporter  
jmcowell@eastoregonian.com  
541-564-4536

**Sean Hart**  
Reporter  
smhart@hermistonherald.com  
541-564-4534

**Jeanne Jewett**  
Multi-Media Consultant  
jjewett@hermistonherald.com  
541-564-4531



To contact the Hermiston Herald for news, advertising or subscription information:  
• call 541-567-6457  
• e-mail info@hermistonherald.com  
• stop by our offices at 333 E. Main St.  
• visit us online at: [hermistonherald.com](http://hermistonherald.com)

The Hermiston Herald (USPS 242220, ISSN 8750-4782) is published weekly at Hermiston Herald, 333 E. Main St., Hermiston, OR 97838, (541) 567-6457, FAX (541) 567-1764.

**ANNUAL SUBSCRIPTION RATES**  
Delivered by carrier and mail Wednesdays  
Inside Umatilla/Morrow counties..... \$42.60  
Outside Umatilla/Morrow counties..... \$53.90

Periodical postage paid at Hermiston, OR.  
Postmaster, send address changes to Hermiston Herald, 333 E. Main St., Hermiston, OR 97838.

Member of EO Media Group Copyright ©2015

### BRIEF CASE

#### Irrigon hosts special Veterans Day luncheon

Earl "Bud" Costello, a World War II veteran from Irrigon, is the featured guest during the upcoming Irrigon Chamber of Commerce meeting.

The no-host luncheon gathering is Wednesday, Nov. 11, at noon at Stokes Landing Senior Center, 195 Opal Place, Irrigon. The cost is \$8 for members and \$10 for non-members.

Costello recently traveled to Washington, D.C., with a group of 50 veterans as part of the Honor Flight Network of Eastern Oregon Portland chapter's group. A nonprofit organization provides all-expenses-paid trips to the nation's capital for World War II to visit sites like the World War II Memorial, U.S. Capital, Arlington National Cemetery and

the Tomb of the Unknown Soldier, as well as memorials for the Korean and Vietnam wars.

Costello will show pictures from his trip and talk about the experience. All veterans are urged to attend.

For more information,

contact Phyllis Danielson at [irrigonchamber@irrigonchamber.com](mailto:irrigonchamber@irrigonchamber.com) or 541-922-3857.

*The Hermiston Herald accepts news announcements about job changes and promotions, business*

*ownership changes, renovations, remodels, changes in business hours, new business openings, business owner retirements and related items. Submit your business news and photos to [newsroom@hermistonherald.com](mailto:newsroom@hermistonherald.com).*



#### JOHN & RUTH NICHOLS

celebrate their 50th anniversary! They married October 30, 1965 in Michigan City, Indiana. Immediately after their wedding John served three tours in Vietnam, retiring from the Navy in 1987. Ruth has always worked in bookkeeping & accounting except for homemaking while the children were younger. Along the way they

adopted five children (eight grandchildren) and loved them as their own. They also had a hand raising over 300 foster children through the years. Their love for each other has always been the unshakable foundation of family, work and health.

We love you Mom & Dad, Cindy, Sheryl, Peggy, Shannon and Brianne

## STUDENT OF THE WEEK

**Bradey Cope**  
GRISWOLD HIGH SCHOOL



Griswold High School is proud to name Bradey Cope as the student of the week. Bradey is a member of FBLA and National Honor Society. Last year he took home state awards for his NHD (National History day) project which took him all the way to Washington DC to compete at the national level. In addition, he is an all American athlete participating in cross country, basketball and track! Bradey was also a Umatilla County 4-H Ambassador last year, and he is the current ASB President. Congratulations Bradey and keep up the good work!

Proudly Sponsored by



2801 St. Anthony Way, Pendleton, OR • 541-276-5121