

**OREGON INTERNATIONAL PORT OF COOS BAY**  
**Coos Bay, Oregon**  
**REGULAR COMMISSION MEETING**  
**Thursday, January 17, 2008**  
**7:00 p.m.**  
**Coos Bay City Hall**

**ATTENDANCE**

**Commission:** David Kronsteiner, President; Caddy McKeown, Vice President; Dan Smith, Secretary; Jerry Hampel, Commissioner; Brady Scott was absent.

**Staff:** Jeffrey Bishop, Executive Director; Mike Gaul, Deputy Executive Director; Donna Nichols, Director of Finance and Administration; Aaron Simons, Interim Marina Facilities Manager; Bob Thomas Port Counsel; Andrea Wall, Executive Assistant; Martin Callery was absent.

**Media & Guests:** Elise Hamner, The World; Gordon Young, Channel 14; Dian Courtright; Dana Goals; Eldon Rollins, Ken Messerle; Jeff Hill; Jerry White; John Griffith; Kate Jones; Nerine Newton; Shirley and Mary Geddry; Jody McCaffree; Richard Knablin Jeff Reeves; Rick Goche; Marvin Caldera; Frank Williams; Paul Merz; Nick Furman; Steven Kopf; Mike Krumper; Nathan Clausen; Denzil McNibct; Lois McNiece; John Buchanan; Gary Wellbaum; Terry Mills; Jan Dilley; Scott Ronits; Bob & Carol Fisher; and Art Poole

1. The meeting was called to order at 7:05p.m.  
The President acknowledged the recent death of Bob Laird who was the Chairman of the Port's Charleston Advisory Committee. He asked for a moment of silence in respect to Mr. Laird.
2. The President dispensed with introductions due to the number of people present.
3. **CONSENT ITEMS:**
  - A. Minutes: December 10, 2007 Regular Commission Meeting
  - B. Approval of December 07/January 08 invoices totaling \$ 870,115.59

Upon a motion by Commissioner McKeown (second by Commissioner Hampel) the Board of Commissioners approved the December 20, 2007 Meeting minutes and the December 07/January 08 invoices totaling \$ 870,115.59.

4. **MANAGEMENT REPORTS:**

- A. **Executive Director:** Jeffrey Bishop

Mr. Bishop discussed two items. The first was the fact that the Port has been notified by both Senator Smith's office and Congressman DeFazio's office that the Economic Development Administration awarded the Port a performance award for the EDA grant that we administered on the North Spit for the construction of the North Spit Rail Spur. The award is in the amount of \$119,000 and it is a testament to Ms. Nichols and her staff's ability to administer grants without complications. We are required to use the money for economic development purposes and staff will be bringing back recommendations to the Commission on how to use the funds.

The second item is that at the last meeting Mr. Bishop reported the Port had been looking at utilizing a firm locally from the State of Oregon for the Feeder Application on the rail issue. The firm had a great deal of experience with the line in question; however, discussions with them have made us feel they are not the firm best suited to the Port's needs at this time. Instead Mr. Bishop has opted to go with a firm known as R L Banks & Associates. This firm is based in Washington and they have a lot of experience in dealing with Feeder Applications. We are still within budget with this firm, however staff was quite surprised with some of the real estate appraisal fees and we will probably have to come back to the Commission with budget projections at a later date.

Mr. Bishop said oral arguments on the lawsuit with CORP are scheduled to be sometime in the first two weeks of February, in Federal Court in Eugene.

Mr. Bishop continued his report saying during the past week there was an opportunity to apply for a grant with CEDCO. Since the Commission requested that staff provide better communication regarding grant opportunities, later tonight Mr. Bishop will also discuss another grant recently submitted to the state.

The Port has extensive activities involved with the renewable energy industry. We are currently marketing the former mill site (from Weyerhaeuser) as a potential for the production of polysilicon; manufacturing for photovoltaic cells. Mr. Bishop has looked in detail at a Princeton Study which indicates that the total solar production in the U.S. will have to be increased over 700 times, in order to have any meaningful impact. There is a huge potential market for photovoltaic cells and the Port remains committed to being a part of the Governor's efforts in creating Oregon as the center for the production of these facilities. Mr. Bishop said the outfall which the Port built on the Weyerhaeuser property is critical to production of photovoltaic cells. Mr. Bishop is particularly interested in the program OPT is presenting tonight on wave energy off of the North Spit because OPT has shown an interest in utilizing the outfall.

Mr. Bishop continued saying he has been actively pursuing a purchase of property on the North Spit from BLM. He did back off on it though, in order for another entity to pursue a biomass production facility. The Port continues to provide support for that project and he hopes to help by providing a site.

Port staff was actively involved in the recruitment of two biodiesel firms but both projects have fallen short because of the closure of the rail line from Coos Bay to Eugene.

The Port is pursuing, through the Oregon Economic and Community Development Department (OECDD), a renewable energy feasibility fund grant to study the potential for a wind energy project on the North Spit. The grant details say this is a 2 megawatt project, projected to consist of about eight 250 kilowatt turbines. The feasibility process will fund an evaluation of the following:

- Is there adequate wind resource at the project site?
- What are the foundation requirements based on the site soil conditions?
- How will the public react to this project?
- What are the costs, and can this project get requisite funding to move forward?

So far OECDD has received 13 applications. Four projects are expected to be funded and the Port has been requesting letters of support for the applications. Notices of awards are anticipated to be announced on or about January 25<sup>th</sup>.

Staff will continue to bring the Commission information on these grants as we work on them. Kathy Wall has been charged with “grant mining” opportunities.

Mr. Bishop added that there was support from the Energy Trust on the grant application for which staff is very grateful.

**B. Deputy Executive Director: Michael Gaul**

Mr. Gaul said that CORP started the year off in default on the settlement agreement of the railroad bridge, but they are now in compliance. CORP was about 20 days late in putting the funding into the escrow account and sending a check to the Jacobson Engineering firm. The bills are now paid and we are moving forward. You should see work being done on the bridge shortly.

Mr. Gaul was happy to report that the Port sponsored ConnectOregon project with the rehabilitation of the Southport Barge Slip has been completed. He said the Oregon Department of Transportation said today they are very happy with the project. This is the third completed project out of the ConnectOregon funds. Use of the new slip will start soon.

On January 9<sup>th</sup> Mr. Gaul attended a joint agency task force meeting to work on the combined Biological Assessment (BA) for the LNG project. He said the resource agencies chose to combine the BA for the slip access channel for the Jordan Cove property, and the Pipeline. The task force is made up of representatives from Jordan Cove, the Port, the Pipeline, and representatives from all of the State and Federal resource agencies involved in the project. They expect to have a draft BA completed later this year and then it will be forwarded to FERC.

Sub-groups from the task force will be meeting here in Coos Bay on January 23<sup>rd</sup> at the Estuary Crossing. On January 24<sup>th</sup> the settlement placement sub-group will meet. On the evening of January 24<sup>th</sup>, there will be a public scoping meeting at the North Bend Community Center regarding the Section 203 Channel Modification project. The Corps of Engineers will be holding an open house and representatives for the consulting firm will be making comment and answering questions for the public. March of 2009 is when the BA for that project will be completed and at that time there will be a large open house and public comment.

Mr. Gaul said that later tonight there would be a presentation from Steve Kopf from Ocean Power Technologies (OPT) on Wave Energy. Last night there was a meeting in Charleston for an exchange of information regarding OPT’s intent. About 100 people attended who were made up of commercial and recreational fishermen, community and business members, representatives from Congressman DeFazio’s office and Senator Smith’s office and Commissioner John Griffith of Coos County. The water was calm for fishing or there would have probably been more attending. Mr. Gaul felt it was a good first meeting. There are still many questions to be answered and due diligence to be performed before staff can make any recommendations; it will be a long process. In the next step, there will be a working committee formed made up of representatives from the fleets, Mike Gaul, Kathy Wall, Onno

Husing and some others that have volunteered to work with the fisherman and OPT to get all the questions answered.

**C. Director of Communications and Freight Mobility:** Mr. Callery was absent due to a speaking engagement in Portland.

**D. Director of Finance and Administration:** Donna Nichols

There were no additions or questions to Ms. Nichol's written report.

**E. Interim Marina Facilities Manager:** Aaron Simons

Aaron gave a follow-up on the Oil Trap water system at the Shipyard that Commissioner Hampel questioned at the last meeting. A technician from the company did come down and they reset the computer because it was incorrectly set up. The system is now working correctly.

## 5. PUBLIC COMMENT:

**Rick Goche:** Mr. Goche is a salmon/tuna fisherman who has been fishing for 40 years. He attended the presentation by OPT last night and he wants to reiterate who was there. He said it wasn't just fishermen showing concern, it was the whole community. He feels that this presentation was about one more nail driven into the fishermen's coffin up and down the coast. The proposed site off the North Spit is not the only proposed site. It was explained by the OPT representative that they want to have more and more sites and if they are successful and the sites will get bigger and bigger. The fishing industry off the coast of Oregon is struggling desperately and the salmon season continues to get worse, year after year. Mr. Goche just returned from a full day meeting on disease concerns in the Klamath River which regulates Coos Bay. For us to be approached by one more interest that wants to take away our ability in some part to make a living in our historic fishing grounds is too hard to take. He said the fishermen were enlisted last night to take one more for the team; the fishermen don't have any more to give. They are in desperate economic straights. This is our chosen way of life; our whole community is in part significantly dependent on the culture centered on the Charleston Boat Basin. To fishermen and others in the community, it feels that OPT just wants to take our money. OPT says they will give some percentage of their profits to schools but that doesn't pay the fisherman's bills. Mr. Goche has volunteered to be on the working committee that Mr. Gaul talked about and he feels one of the options, which should be on the table for the fishermen and the Charleston community, should be "NO".

**Jeff Reeves:** Mr. Reeves is a representative of the Charleston fishing fleet and has lived in this area his whole life. He suggested that as you listen to the presentation from OPT tonight, you should consider some of the following questions. He added "who doesn't support renewable energy; it is hard to think about the possible negatives but, here are just some questions to consider":

- OPT already has a site above Winchester Bay - now they want another off the North Spit, why?
- How many jobs will be provided? How many jobs will be lost in the Coos County area?
- In case of the environment, how much unmanned hydraulic oil will be used?
- What about the concrete block anchoring systems?
- Wave Energy parks - what is the effect on the sand distribution and snowy plovers?
- How much of the support services actually will be stationed here in Coos Bay?
- How far into this permitting process is OPT.

**Marvin Caldera:** Mr. Caldera is President of Local 12, Longshoreman. Local 12 voted a while back to support the local fisherman. He says that what is happening right now is not fair and not right. This is not a win-win situation for the fishermen. This is a multi-million dollar industry that is going to be lost because OPT will be taking the fishermen's crab ground. Charleston draws tourists and that industry will suffer greatly also. Mr. Caldera really hopes the Commission looks closely at this situation.

**Frank Williams:** Mr. Williams is a Vice President and retired longshoreman. He attended the meeting last night and he asks how much more can the fisherman take? You need to take the economics into consideration; what about the canneries, insurance, truckers; all of these will be affected. Mr. Williams was excited to see that the Port is looking at wind energy. He looked around the internet and found that one generator can service 1,000 houses and wind generation doesn't destroy crab grounds. He said that the ten buoys would only service about 400 houses.

**Paul Merz:** Mr. Merz is a salmon fisherman and makes 100 percent of his earnings off of salmon or salmon related activities. In the winter he is a director of Coos Watershed Association; Coos River STEP and Coquille River STEP, a founding member of Klamath Ground Alliance; Project Coos Advisory Panel, a genetics project of salmon; fleet manager for Project Coos last summer; habitat consultant for the Oregon Salmon Commission, but mostly a salmon Troller. Everything he does helps him fish. If he makes a five day trip and doesn't find fish, he will hit as many as four of the proposed sites in one trip; he can't afford dry runs and it is not uncommon to cover 500 miles in four days. He does not want to add the mileage of going around the buoys. In the past, Mr. Merz worked for Sause Bros. and he also believes the OPT site is quite close to the tow boat lane from the North and where the in-coming log barges travel; it should be considered. Mr. Merz thanked the Port for the meeting last night and the opportunity to put some things on the table. He also had praise for Aaron Simons as Harbormaster; he is doing a great job. Mr. Merz asked a question: Why do they need two sites; everything can be done at the site in Reedsport; it's a test site only. He is drawing the line. Mr. Merz is not against technology, but he wants OPT to prove the concept/the technology, and prove it is viable before they ask him to give something up. He would support the project if things are proven. There are four requirements as far as Mr. Merz is concerned.

1. Prove the technology is benign to the environment
2. Prove that it is economically viable
3. Guarantee that it is stable - especially through the winter
4. Compensate the fishermen for their loss; not just for loss of grounds but for the additional cost of operations for driving around the sites.

**Nick Furman:** Mr. Furman is the Executive Director of the Oregon Dungeness Crab Commission. He thanked Mike Gaul for setting up last night's meeting and for getting the word out. He also thanked Martin Callery for working to set up the Governor's staff's meeting tomorrow at the North Bend Library, so the same issues can be discussed in an objective forum. Tonight you are going to see a very good presentation on a proposed new use of waters off the Oregon Coast, Coos Bay in particular. Mr. Furman is directing his comments tonight to the existing use of those waters and the economic impact to Coos Bay.

Crab is the most valuable single species on the states commercial fishing industry. In 2006, it represented 51% of the total 'to the boat value' of all seafood commercially harvested in all of Oregon. **(Please refer to the two page attached report for Mr. Furman's complete report.)**

At the end of Mr. Furman's report, he was asked to describe the proposed Wave Energy Project out of Grays Harbor, WA. He said it covers 10 miles on either side of the harbor. It involves not only wave energy buoys (maybe hundreds) but also an equal amount of wind turbines out in the ocean. No matter how you look at it, there is a cause for concern with this project. The other concern is a

comment in the environmental impact portion of that proposed wave park that basically says “when it comes to commercial fishermen and fishing, we can pay them off (and besides the value of wave energy is more than commercial fishing anyway)”. We take exception with that statement and find it very dismissive.

**Jody McCaffree:** Ms. McCaffree thought more attention should be paid to a study on alternative energy like the wave and wind energy. Then she talked about some reports from San Diego, “Smart Energy 20/20” and Santa Barbara, “A New Energy Direction”. These reports are available on her website: [www.citizensagainstlng.com](http://www.citizensagainstlng.com). There are other links on her site regarding the cost of electricity generation and Local Power which helps cities manage community choice energy networks. She stated there will be a ‘No LNG in Oregon’ rally on February 6<sup>th</sup> in Salem.

## 6. ACTION ITEMS/REPORTS:

### A. **Ocean Power Technology (OPT) – Steven Kopf**

Mr. Kopf first gave his perception of last night’s meeting. He has been working in Oregon for the last two years on the Reedsport project. He felt last night’s meeting was very productive. He came to the meeting knowing there were concerns and some of the men who spoke tonight gave very poignant accounts of challenges that exist. They also gave examples of their concerns with our proposed project. Mr. Kopf, however, felt the meeting was productive because there was a willingness to engage in discussions. The questions Mr. Reeves asked are questions that OPT have considered and they have answers. OPT encouraged Reedsport to form a representative group so the fishing and crabbing community has a voice in the process; he is encouraged that a group will also form here. He says it is good for a developer to have someone to talk to. Mr. Kopf stated that one of the greatest fears is that this project concept is going to spread like wildfire and cover the coast. Right now, Oregon does not have any Coastal Zone Management Plan that includes how to distribute wave energy parks along the coast. OPT has encouraged the State Government to pursue a management plan. Mr. Kopf said the meeting last night was well attended, well organized, and professionally run.

Mr. Kopf and Mike Gaul met this afternoon to look at the next steps. Mr. Kopf says OPT realizes this is the first meeting, first step, for the proposed project and he believes it can be a win/win for everyone. OPT is looking forward to working with the Commission and the fleet represented group.

Mr. Kopf pointed out that the concern appears not to be the 10 or 20 buoys; the concern is what happens if the project is successful.

A power point presentation was shown which covered the kind and size of buoys OPT expected to use in their projects. The buoys are approximately 37’ in diameter and about 32’ height off the water. The draft is about 110’ or 120’. The presentation talked about how the energy was produced; the number of buoys; how they were anchored; size in kW; water depth, distance from shore; power purchaser and install date. It also covered the schedule for the PPA, NOI/PAD, FERC License application, install of single buoy and installation of the grid and 9 more buoys. There was some talk of using the effluent pipe on the North Spit to get the transmission to shore so they would not have to make a new trench in the sand.

The 10 buoys in Reedsport are small and will not produce as much power as wind turbines. OPT is at the beginning of the technology of wave energy but this technology will increase in power generation

with time. The project in Reedsport is the first time OPT is using multiple buoys. Reedsport's 10 buoys will produce about 150 kilowatts a piece – about 1.5 megawatts total – which would be enough power for about 600 homes. In Reedsport the buoys will be in 34-38 fathoms of water instead of the original plan of 28-32 fathoms of water. At a meeting in November, representatives indicated that if the buoys could be moved past 40 fathoms, the impact to the fleet would go down significantly. Based on the current technology, OPT is confident in doing the project at 34-38 fathoms, but felt they were not ready for the 40 - 45 fathom range.

In 2006, OPT filed a permit with FERC which provided them the right to study the site. In July 2007 OPT filed a Notice of Intent and Preliminary Application Document. OPT hopes to file the formal license application with FERC in a couple of months. FERC needs 8-12 months to process the application but in the meantime OPT is allowed to put one buoy in without a FERC license. OPT does need a license from the U.S. Army Corps of Engineers (COE) which they have filed for and OPT hopes to put a single buoy in the water this year. When they get the permit from FERC the other 9 will go in.

Mr. Kopf continued discussing the projects both in Reedsport and Coos Bay. He talked about many studies which must be completed before anything could be added to the Reedsport project. He stated that the 10-20 buoys in Coos Bay would be a little larger and produce more energy; however, they would use less hydraulics. OPT says that technologically, they are moving away from hydraulics to a more mechanical system which is more efficient. OPT is also looking to move the Coos Bay project into deeper water. Best case scenario for installation in the Coos Bay area would not be before 2010 or 2011. Mr. Kopf said eventually he hoped the devices would be built here in Coos Bay and exported to other places. He added that most likely the Reedsport project would be staged in Coos Bay. Over the next months or year, OPT will be talking with various resource agencies and the newly forming fishing group. Hopefully they will come up with a settlement agreement. The agreement is a negotiation process which would be submitted with their license application to FERC. OPT feels that Coos Bay is one of the best sites on the coast. Mr. Kopf likes this area because of the port facilities; they need the deep water/all weather port to do these projects. The footprint of the buoys would be 400 yards by 800 yards (about 60 acres) and there would be no buffer area; ships could move right next to the park.

The market estimates of the Oregon coast show about 600 megawatts of load in the next 15 years. The total capacity of Central Lincoln PUD peak demand is about 400 megawatts. Mr. Kopf thinks that with the technology of OPT this amount of megawatts could be built in an area of 4-5 square miles.

One of the Commissioners wanted to know what the Commission role would be other than permission to use the outfall. Mr. Bishop answered that essentially it is a FERC process and the Commission does not have any special standing other than any individual would have in the FERC process. There may be some junctures where the Port has the ability to influence the process, but we don't have special legal standing. Mr. Bishop did have some questions about the outfall though he said he would ask them later in the meeting.

Commissioner Hampel made the comment that he thought at the meeting last night, the answers Mr. Kopf gave to questions were often vague or incomplete. He felt that Mr. Kopf should have given better answers being that he was this far along in the process. Mr. Kopf asked for specifics as far as questions Commissioner Hampel felt he didn't answer appropriately. Commissioner Hampel said that he was

just making a general comment about Mr. Kopf's reaction to some of the questions. Specifically he said he would like him to take a stab at Jeff Reeves' questions.

1. As far as two sites, Mr. Kopf said that they were evolving the wave energy technology. OPT is a risk investor funded company and they are trying to grow this technology and prove that it works. As part of that process they need to show their investors they are gaining confidence in the technology; they are gaining confidence in the environmental impacts; and they are gaining confidence with socio-economic impacts. Testing everything at one site does not give you that multi-dimensional perspective to start answering all the questions. OPT feels that it is important to start multiple sites to broaden the understanding of the technology.
2. OPT is still in the process of quantifying how many jobs.
3. The hydraulic oil used would be a maximum of 400 gallons per buoy however, that will be eliminated in the Coos Bay project where they will use no oil.
4. As far as anchoring, there will be very large concrete blocks on the sea bed. OPT is looking at a different vertical load anchor though which would do away with the concrete.
5. They are tracking whales and their routes offshore; this year the whales seem to be very far off shore. OPT is doing a study on the response of fish and crab to the park - do they stay or go. There is a study about sea birds that are attracted to light from the buoys. There is a modeling of the wave park to predict the sediment transport. In the modeling they start with one buoy and move up to 10. OPT cannot expand any sites until they have all of that data.
6. Once every five years, the buoys would need to be scheduled for dockside maintenance which would use shipyard services. OPT made an agreement that during the first 8 weeks of crab season, they would not move a buoy. The only exception is if there was an emergency. During the rest of crab season, OPT would come up with some kind of transit lane so there was a prescribed route from the wave park back to the Port. There would be an adequate period of notice given if OPT was going to move a buoy.
7. The information about permitting was in the presentation but he offered to go through it again. It was not necessary.

Commissioner Hampel made one more comment. He said it was a very passionate issue for him. He has lived in the fishing community for many years. Every time someone comes up with a scheme for the greater good, the fishermen are asked to make a sacrifice. He said that Mr. Kopf's description of the meeting was very different that what he saw. Commissioner Hampel said he saw the folks in Charleston saying, "we don't want you here; ... we are sick of having to make the sacrifice for the greater good."

President Kronsteiner stated he had an interest in wave energy and had studied it for many years before it became an issue in this area. He wanted to know the maximum wave heights OPT was designing their buoys for. Mr. Kopf said when they started designing the buoys, they looked at the major markets and where they thought the buoys would go; the west coast of the U.S., the United Kingdom, the north coast of Spain, west coast of Portugal, Australia, parts of Asia and then looked at the 200 year storm data on those areas before designing them to Lloyds of London certification standards. Lloyds' engineers are constantly reviewing OPT's engineering calculations. OPT reviews the various data and then buoys are designed for worst case scenario.

The President asked how electricity was collected before it was put into the grid. Mr. Kopf said there was a POD that sits on the seabed and it collects power from 10 buoys and sends it out through one cable to shore.

The Executive Director asked if OPT targeted the west coast markets, and if California is the logical market, why pick here? Mr. Kopf gave a few reasons: proximity to deep water port; sandy bottom; transmission access; economic drivers such as who is willing to pay for renewable energy?

Mr. Bishop asked if the park would be off limits to any traffic. Mr. Kopf said yes. The footprint of the park with 20 buoys is 400 x 800 yards however there would be no buffer zone; you could fish right up to the edge. Otherwise, the footprint itself would be a restricted navigation area and the public would not be able to use it. That would be an impact.

Mr. Bishop said that the ocean outfall was of strategic importance to the Port. He asked Mr. Kopf to elaborate on what OPT's exact interest would be in the outfall conduit. Mr. Kopf said that his cable was about 5-6 inches in diameter; their interest would be in putting the cable inside the outfall line, which is what they are doing in Reedsport. Using the outfall would prevent OPT from having to trench the beach.

Mr. Bishop asked if they had to provide any maintenance to the cable. Mr. Kopf said that the cables were designed to last the life of the structure - there would be no regular maintenance. Mr. Bishop asked how the outfall would be accessed. Mr. Kopf thought that the cable would be pulled from a clean-out - starting on the waterside and pulling into the beach.

Mr. Bishop asked about tying into the substation and had OPT looked at the substations on the North Spit. Mr. Kopf said that it was easy to tie into the grid just about anywhere. OPT has not specifically looked at substations. Mr. Bishop said that he has heard 5 megawatts, 50-100 and then 600 megawatts. What does that mean?

Mr. Kopf responded that five megawatts is what the proposed test site expects. In the future 50-100 megawatts would make the site commercially viable. 600 megawatts is just a rough guess of coastal load growth and some of that could be served with wave energy. There is not a need for that much power on the coast nor is there the transmission capacity to send it out from the coast. Again Mr. Kopf said that they were talking about a site of 4 square miles.

Mr. Bishop asked Mr. Kopf to characterize the quality of the power in the production of 100 megawatts. Is it consistent? Mr. Kopf said that with wind it was cyclical and was hard to forecast. What is interesting about wave is that NOAA, with some software they have, can predict every wave 120 hours ahead from their buoys off the coast. The thought is that because of being able to predict the waves, wave energy might be more valuable than wind because it is more predictable and forecastable.

Mr. Bishop asked if there was infrastructure you could put in place landside that allows it to be more predictable? Mr. Kopf changed the question to say "dispatchable" or "let me have it now". The only viable concept is pump storage which is being done in California. Mr. Kopf said that one thing that makes wave energy attractive here is the demand tracks well with waves with electrical matching supply and demand. It works better on the west coast than on the east coast.

Mr. Bishop asked how much space would be needed for 100 megawatts. Mr. Kopf said ¾ square mile. Mr. Bishop asked if you could build these wave parks within Marine Reserves. Mr. Kopf did not think so.

Commissioner McKeown asked that if they did not have use of the outfall line, what would the process be. Mr. Kopf responded that then they would be into another study to judge the impacts of the trenching to the recreational use; and several more studies; mitigation; resolve with the stakeholders etc.

Commissioner Hampel asked if OPT used the outfall for the cable, could it be used for anything else? Mr. Kopf said yes, they would just be taking up a tiny cross-section of the pipe and it could be used for anything else. Saltwater is not an issue.

Mr. Bishop said that the production of polysilicon requires no interruptions – a batch process. In being able to market the site for polysilicon it is vital that power, water, gas and effluent are all uninterruptible or the whole batch can be lost. This process is also incredibly expensive. That fact would be a major concern for the Port. We would have to be able to prove that there is uninterruptible power; that it is clean, steady and predictable. Mr. Kopf did not think that there was anything OPT would do to prevent that.

## **B. Audit FY06/07**

Scoville & Reiber CPA's have completed the annual financial report on behalf of the Port of Coos Bay for the fiscal year ending June 30, 2007. Their original two year contract was extended for two years through June 30, 2006 and a final extension was made again for one year through June 30, 2007.

Port staff will prepare a Request for Proposal and advertise for an auditor to be in place prior to the end of this fiscal year, June 30, 2008.

Prior to this meeting, Brady Scott, Jeff Bishop and Donna Nichols met with the CPA firm to review the FY06/07 audit.

The FY06/07 audit was completed in the scheduled timeline. The financial statements are presented in accordance with the financial reporting model in the Governmental Accounting Standard Board (GASB) Statement No. 34. The audit showed no adjustments that had a material effect on the Port's reporting process; there were no weaknesses or reportable conditions for internal control.

The Board of Commissioners may approve the financial report at this meeting or wait to approve it at the February Regular Commission Meeting.

Upon a motion by Commissioner McKeown (second by Commissioner Hampel) the Board of Commissioners approved the FY 06/07 Audit.

Discussion: Commissioner Smith asked if it was appropriate to approve the audit without the CPA being in attendance. Bob Thomas said it was OK as long as there were no problems with the audit.

Commissioner McKeown thanked Donna Nichols and her staff for their work to produce this clean audit.

**C. BEC – Lease & Operations Agreement with SWOCC**

In February 2002, Southwestern Oregon Community College entered into a lease agreement for office space at the Business Center for use by their Business Development Center (BDC). In February 2004, the BDC helped manage the Business Center. Both agreements expired in February 2007. Due to the work load of the Port staff and organizational and staff changes with the college, the Port Commission approved the extension of the agreements for one year.

There are on-going discussions regarding Southwestern assuming full management of the Business Center, but that decision has not been resolved yet. The current arrangement has been a good partnership and has provided continued onsite guidance for the building's incubator businesses. The only change in the new draft lease agreement is an increase in the monthly rent, going from \$250 to \$600, due to additional space requirements and CPI adjustments. The only change for the Contract of Services Agreement is the amount allocated to the Port from the College for clerical support. That amount went from \$3,000 to \$4,000 per year. The term of both agreements is one year with two additional one-year options. Approval of both agreements continues this good partnership and provides for future support of our incubator tenants.

Upon a motion by Commissioner Smith (seconded by Commissioner McKeown) the Board of Commissioners approved the new lease and contract for services agreement with Southwestern Oregon Community College.

**D. Pt. Adams Lease**

With the completion of this year's dredging project at Point Adams, the building and the buying station are now available for lease. Due to a large number of interested parties, staff issued a Request for Proposal to determine the next lessee. Seven individuals requested the proposal package. The received proposals were to be opened January 3, 2008 at 3:00 p.m. Only one proposal was received. Based on the result of that proposal, staff is recommending a lease agreement for the Point Adams Facility with the Coos Bay Trawlers Association. The term of the lease will be for one year and include additional one year renewal options. The rent for the first year will be \$1,200 per month and include annual CPI adjustments. This is a triple net lease. In addition, there are also repairs needed to the floor space of the freezer unit. With the approval of the Port, the Tenant may complete those repairs and receive a credit to the rent account.

Upon a motion by Commissioner Hampel (second by Commissioner McKeown) the Board of Commissioners approved the new Pt. Adams lease to the Coos Bay Trawlers Association.

**7. OTHER:**

**8. INFORMATION ITEMS:**

**A. Dept. of Transportation Letter – Re Martin Callery**

- B. Letter from Senator Rick Metsger to Martin Callery
- C. Top Ten Infrastructure Inventory List
- D. Business Center Newsletter - January 2008

9. COMMISSION COMMENTS:

**Dan Smith** commented that he found the discussion on wave energy very educational.

**Caddy McKeown** said that she appreciated the acknowledgement of Bob Laird's passing. Mr. Laird was passionate about this area and sportsmen in general. He will be greatly missed. The Commissioner also wanted to acknowledge and thank Mr. Laird for the contribution he made to the Port of Coos Bay in sitting on the Charleston Advisory Committee.

10. NEXT MEETING DATE -Thursday, February 21, 2008

11. ADJOURN: The meeting was adjourned at 10 pm