

**OREGON INTERNATIONAL PORT OF COOS BAY**  
**Coos Bay, Oregon**  
**REGULAR COMMISSION MEETING**  
**Thursday, October 20, 2011**  
**7:00 p.m.**

**Port Commission Chambers, 125 Central Ave, Suite 230, Coos Bay OR 97420**

**ATTENDANCE**

**Commission:** David Kronsteiner, President; Caddy McKeown, Vice President; Dan Smith, Secretary; Brady Scott, Treasurer - Absent; Jerry Hampel, Commissioner

**Staff:** Jeffrey Bishop, Chief Executive Officer; David Koch, Chief Operating Officer; Martin Callery, Chief Commercial Officer; Donna Nichols, Chief Financial Officer; Elise Hamner, Communications & Community Affairs Manager; Mike Stebbins, Port Counsel; Donna Scholl, Executive Assistant

**Media & Guests:**

Teal Hamner, Richard Chasm, Marvin Caldera, Jan Dilley, Bill Delimont, Gail Elber, Wally Robbins, Jim Davison, Carole Knapel, Ed Powers, Kate Groth, Claire Farnsworth, Leslie Farnsworth and Ken Messerle

1. The meeting was called to order at 7:02 p.m. by Commissioner Kronsteiner.
2. Introduction of Guests:

Mr. Bishop introduced Kate Groth from the U.S. Army Corps of Engineers who was at the meeting to give the annual dredging report. Ms. Groth said the Essayons was here for 17 days and removed almost 650,000 cubic yards of material, with average production of 38,000 yards per day. This was above the five-year average of 31,000 yards daily. She said the Essayons took the bar and entrance down to 52 feet. The Yaquina was here for 28 ½ days and removed almost 177,000 cubic yards of material from the Jarvis and Empire ranges, as well as the Charleston channel. Average production was 6,200 cubic yards per day, which was also above the five-year average of 5,800 daily. She said the main channel was taken down to 38 feet and the Charleston channel down to 19 feet. Port staff had also identified some shoaling at Charleston and the need for an anchorage area, so the Army Corps focused effort toward that. She said as of now the authorized anchorage area has been taken down to 38 feet. Both the Essayons and the Yaquina used site F for disposal with the exception of one Yaquina load which was disposed of at site G.

She said the annual river dredging started Oct. 19, with the contractor Nehalem River Dredging. It was anticipated the contractor would remove about 52,000 cubic yards of material from Charleston channel and the access channel, as well as 5,500 cubic yards of material near the Coast Guard boat house. For fiscal year 2012, the Yaquina was funded for 30 days. Five of those days were used this October as they normally would do. The Essayons has been budgeted for 17 days and the Army Corps anticipates the dredge will be brought in around late August or early September. Ms. Groth said they would continue to do condition surveys on a monthly basis. She explained the Essayons is here in late August or early September to take advantage of the best weather and to maximize production by removing the most material with the limited amount of federal dollars, which benefits both the Port and the taxpayers. In addition, she said they prefer to push dredging off to the end of the season to set the channel up to be in the best condition possible for the winter. The Yaquina is brought in throughout the season, sometimes starting as early as May or June depending on the condition of the channel, through October because different shoals form at different times throughout

the year. By spreading the dredging throughout the season they are able to maximize the amount of time at station. She said if the Port has any concerns with this timing, she would be more than happy to talk with Port staff. Commissioner McKeown said she was not familiar with the Nehalem. Ms. Groth explained Nehalem River Dredging is a contractor. Commissioner McKeown asked how long they would be here. Ms. Groth said they would probably be here through November.

**3. CONSENT ITEMS:**

- A. Minutes: Approval of the August 16, 2011, Special Meeting Minutes
- B. Approval invoices through October 7, 2011, totaling \$2,478,345.51

**Upon a motion by Commissioner McKeown (second by Commissioner Hampel), the Board of Commissioners voted unanimously to approve the minutes of the August 16, 2011, Special Meeting and invoices through October 7, 2011, totaling \$2,478,345.51. Motion carried.**

**4. MANAGEMENT REPORTS:**

**A. Chief Executive Officer: Jeffrey Bishop**  
Mr. Bishop said he had items to discuss in addition to a prepared presentation. He said he wanted to provide additional information on a few things that have been coming up. One was an observation he made himself regarding some of the terminology being used in the press regarding the Jordan Cove Energy Project. He wanted to point out that Jordan Cove was proposing to add export capability to its project and was not removing the ability for the project to be an import terminal. He said whether the terminal at that point would be import or export would become a function of the market. He said when the project was originally proposed the market favored imports and clearly now the market favors exports. He said that is not to say the market will always favor exports and that the market will never favor imports again, and it's that fact that seems to get lost in the rhetoric. He said he wanted to point out that it is still an import facility and Jordan Cove is proposing to add export capability.

Mr. Bishop said he also noticed some changes in perception related to LNG. Natural gas is liquefied for the ease of transportation and it is beginning to catch on as green fuel being used in industrial vehicles, including mass transit in buses and currently is proposed for ferries. Mr. Bishop said he was recently in the Los Angeles area and saw LNG buses in the community. He said there is a proposal under way to start fueling ferries in Washington State using LNG. It is already being used in Norway and is being proposed for use in New York ferries. Mr. Bishop said it was exciting to see the potential new use in the shipping industry. Mr. Bishop said there are tough emission standards being proposed for ports and there are reports in literature and press clippings of ships beginning to handle multiple fuel sources. LNG is one of those sources being considered. He said to meet the new air quality standards that MEC Intelligence is projecting nearly 10,000 vessels can adopt LNG as propulsion by 2020. Mr. Bishop said that has created potential business opportunities for the port and he wanted to announce tonight that an upcoming Emerging Technology newsletter will consider the possibility of utilizing liquefied natural gas as a fuel source. He said the Port could have a large source of LNG for fueling located in Coos Bay through the Jordan Cove project. But when factoring in the difficulties that have been associated with siting a facility such as this, imagine doing it in every community where there is a port that needs the fuel supply. He said it does present the Port of Coos Bay with some options to look at and the possibility of becoming a bunkered location to take LNG in its liquid form to the ports in a mobile setting. He said he would keep the Commission posted on the concept and developments. Commission McKeown added that she heard a news story on a landfill in

Northern California where a company was capturing methane from the landfill, capping it and investing in a liquefaction plant. They were liquefying the gas emitted from the landfill and using it to run garbage trucks. Mr. Bishop said it is unique and the port wants to explore it as a potential business.

Mr. Bishop said the Port has been engaged in discussions with some coal interests. However, he said, there has been some major coal misinformation and he wanted to provide clarification. He said the Coos Bay Rail Link has limited capacity to accept unit trains, which would carry bulk commodities. He described a unit train as a train that is anywhere from 115 to 135 cars in length. They are generally considered to be unit trains because they are moved as a unit, dealt with in a unit form and not broken up. The Port's preliminary analysis indicates it is not possible for the rail line to handle multiple unit trains without huge capital infrastructure investments. Any information coal activists trumpet regarding rail car volumes are premature, especially due to the traffic capacity constraints on the Coos Bay rail line. The rail line has finite capacity. This differentiates the Port of Coos Bay from other coal terminal ports located along major railroads, because there is a lot of capacity in those locations. Mr. Bishop said it is not economically viable to transport coal to the West Coast from Appalachia. Coal exported from that region most likely would be exported from the East Coast or the Gulf Coast, not from the West Coast because it is not economically viable. He said there will be more factually accurate information from the Port about coal and that the Port would keep the Commission and community updated as the process unfolds. The Port strives to be as transparent as possible but will not rush to release information prematurely. Information will only be released that is factual and accurate once it is legal and ethical to do so. The Port also will strive to do a professional and thorough job of matching the needs of the Port and our customer with the realities of the market and the environment. He said once again the Port's focus is on business opportunity not regulation, as the Port is not a regulatory agency. Mr. Bishop said it had been brought to his attention that someone is reportedly saying that Salem will have 16 unit trains of coal per day bound for Coos Bay. He said one unit train a day per year equals approximately 6 million tons or the equivalence of one LNG terminal in volume. That is 100 ships. The revenue of one unit train would be \$15 - \$16M to the Port. Multiply that by 16 and it would equal 94 million tons, 1,600 ship calls and somewhere between \$160 - \$240M in revenue. Mr. Bishop said he apologized for the sarcasm, but to put it into perspective, at 94 million tons of coal in addition to the LNG project, that would place the Port of Coos Bay from a ranking standpoint between the ports of New York and New Jersey and Long Beach. It would catapult the Port from being not even on the top 50 list to being in the top five ports in the United States. Mr. Bishop said he didn't regard that as likely. He asked the community to question information and statistics and things that are being spread related to Port projects. He said Port staff will be posting the best information it has on its web site. He said that if someone says the Port is purposing 16 unit trains a day, tell them it would make this Port one of the largest in the United States and it is very unlikely.

Mr. Bishop went on to talk about coal. He said Port staff has reported in the past that the Port has created a formalized system referred to as an Exclusive Negotiating Agreement. As has been mentioned in previous meetings, the Port has been approached by several coal interests. The Port went through a process of evaluating the proposals and eventually narrowed the field to one firm. The Port retained Portolan as a consultant to help with the evaluation process including:

- Port of Coos Bay Objectives
- Expression of Interest Criteria
- Scoring of Criteria
- Weighing of Criteria

- Proponent's facility & location proposals
- Overview Scoring Committee
- Sensitivity
- ENA Objectives & Next steps

Several companies have approached the Port of Coos Bay with requests for possible development of a bulk facility within the Port's jurisdiction. To streamline the process, the Port asked the various parties to express their plans in an "Expression of Interest." Mr. Bishop said all of these customers are bound and protected by non-disclosure agreements that the Port executed with all interested parties prior to this evaluation process. The objectives of the process were:

1. Project must fit into the overall Port strategy and master plan.
2. Project must support the ongoing Channel 203 process initiated by the U.S. Army Corps of Engineers and the Port maintains a web site for this project.
3. Project must facilitate ongoing efforts to create bulk facility in Coos Bay.
4. To select the right partner for an exclusive discussion with the Port.
5. To focus Port resources on one project.

To enable the Port to compare the various responses, the proponents were asked to formulate their plans in accordance with various criteria as outlined by the Port.

1. Experience
2. Environmental track record
3. Financial company strength and project investors
4. Throughput, including the annual anticipated quantities and types of commodities that would be exported through the facility, including associated rail traffic and vessel movements, projected over 5, 10, and 20-year business cycles.
5. Project understanding and the company's current level of understanding regarding the permitting in Oregon, development and operational needs of the proposed facility.
6. Port of Coos Bay involvement
7. Infrastructure commitments expected from the Port
8. Infrastructure financing and how the company intends to pay for them
9. Port due diligence cost
10. Timeline for project start and completion
11. Proposed terms for an Exclusive Negotiating Agreement

The submittals were then scored and ranked by the responses. Mr. Bishop didn't go into detail but said the chart would be posted on the Port's web site. A zero was considered to be the lowest range in scoring and five was the highest for each of the different categories.

Mr. Bishop said not every defined criterion was equally important to the Port:

- The most important criteria have a larger influence on the process and are deemed crucial in the process. They are allocated a weight factor of 5. The least important criteria are allocated a weight factor of 1.
- The most important criteria were defined as Experience, Environment and Financial strength of the proponent. These received a weight factor of 5.

Mr. Bishop said while many more firms expressed an interest, there were only four completed expressions of interest:

### **1. Project Versatile**

- 50-100 acres, Henderson Marsh
- 12 million metric ton (MT)
- Multi-purpose (initially coal)

**2. Project Mainstay**

- 80 acres, North Spit
- 6 – 10 million MT
- Thermal coal

**3. Project Clover**

- 40-60 acres, flexible location
- 100 – 150,000 MT
- Zinc/chrome

**4. Project Glory**

- 200 acres, North Spit
- 26 million MT
- Coal

Mr. Bishop said Project Mainstay was overwhelmingly favored by all of the evaluators. The chart displaying the scores will be posted on the Port's web site as well. The next slide showed a chart indicating that Project Mainstay was the high scorer with the low score being Project Glory. Sensitivity analysis was also done and at the end of the analysis, Project Mainstay remained with the highest ranking score.

Mr. Bishop said by entering into an Exclusive Negotiating Agreement with a preferred proponent the Port aims to:

- Focus resources on the most suitable, long-term partner for the Oregon International Port of Coos Bay.
- Limit time period for discussions.
- Drive both parties to a conclusion.
- Obtain an agreement on
  - Financial terms – sale of property or lease.
  - Timeframe for development and permitting.
  - Design and development aims.
  - Target date for start of operations.
  - Reasonable guarantees (both financially as well as volumes).

Mr. Bishop said it was his pleasure to announce that he signed an Exclusive Negotiating Agreement today with Project Mainstay. The agreement obligates the Port to nothing other than agreeing not to have discussions with anyone else about this type of a project for six months. This also gives the company time to conduct due diligence to prove there is indeed a business model that would support development of a terminal of this nature. In the event the company determines that it is not feasible, the firm that finished second has indicated it would be willing to assume the responsibility of an Exclusive Negotiating Agreement. The third party has also agreed that in the event customer number two did not move forward, then it would be interested in moving forward with a project. Mr. Bishop said it was quite clear to the Port that some project would move forward unless a fatal flaw is encountered. He said the ENA is for property owned by the Port, or any property the Port has an interest in whether it is leased or not. This concluded Mr. Bishop's report.

**B. Chief Operating Officer: David Koch**

Mr. Koch thanked Ms. Groth for her report and for the Army Corps dredging work. He said clearing out the anchorage is something that Mr. Callery had been working with the Army Corps to do as a way to try to alleviate issues shippers have been experiencing in Coos Bay by not having an identified anchorage in the bay. There have been reports of log ships needing to anchor in Astoria waiting to come down to Coos Bay to gain access to the terminal. As an interim solution to the problem, Port staff identified that the Army Corps had sufficient dredging funds this year to clear out the authorized anchorage that exists in the lower bay so it is now available at 38 feet, which is consistent with the depth of the navigation channel. Mr. Koch said as Ms. Groth mentioned, the Army Corps is contracting with Nehalem for additional dredging. The Port had considered piggy backing on that dredging contract for the Charleston Marina, but since then staff has determined by doing depth surveys that conditions are such that dredging is not needed for at least another year, if not two.

Mr. Koch said posted on the Port's web site are copies of the majority and dissenting reports for marine reserves. Staff has met with the authors of the reports as well as interested parties which resulted in revised reports. Staff is working on formulating a recommendation, which he hopes to have done in advance of the Commission meeting in November. It will be posted on the web site and distributed to the Commission in advance of the normal Commission packet distribution. Mr. Koch said it was his expectation there will be an opportunity for the public to comment on the recommendation, as well as the majority and dissenting reports at the next Commission meeting. Commissioner Kronsteiner asked if these were the reports they had received a few months ago. Mr. Koch responded they may have received the draft reports but the final reports were just posted last week on the web site.

Mr. Koch said rail operations are under way and the rail rehabilitation continues. Some of the items on the agenda deal with some of the major contracts that will be going out. The smaller contracts that are required to be brought before the Commission are also under way. He said staff will be soliciting for a firm to help with finalizing the scope of work and provide engineer support for the bridge rehabilitation. In advance of that, staff has identified some priority bridge work that needs to be done and are continues to move forward with seven of the non-swing span bridges. There is a request for quotes that will be going out to ten different bridge construction firms that Mr. Lovelady identified that will be directly solicited for the priority work. This is approximately 10% of the total work that needs to be done on all of the non-swing span bridges. Mr. Koch felt staff was making good progress with the repairs and it was exciting to see the big blue Coos Bay Rail Link engine on the track.

**C. Chief Commercial Officer: Martin Callery**

Mr. Callery said a steamship line agent contacted the port about the anchorage situation. He said talking with the Army Corps and some folks up in British Columbia, there is a program on the lower Columbia River that has funded some work but there isn't any money left at this time. He said initially he found out what it would cost to put a stern buoy anchor in the bay. The fully dredged anchorage that we have now will require a stern anchor which may or may not for some of the steamship lines. He said it depends on how much time they want to spend on deploying their anchors. Mr. Callery said he discovered the cost of putting in a stern buoy anchorage in the lower bay is somewhere between \$350,000 - \$500,000 and is designed by the US Navy. He said he is working with Peter Friedman to see if there is a way to rip something out so there is a stern buoy out in the bay in the future. Mr. Callery said there are some issues because it would need to be within the

defined channel area and if it is outside of that then the responsibility for maintenance falls on the Port or whoever installs the stern buoy. There is still a lot of due diligence that needs to be done before we can even consider a stern buoy anchoring system. Commissioner Kronsteiner asked for clarification on the location. Mr. Callery responded it has yet to be determined. He said he has talked to the pilots and Sause Bros. where the most likely spot would be. There are three or four spots the pilots would like to have which will be part of the due diligence. Mr. Callery said this is something that has been on the radar and the Port has worked with the Army Corps on permitting. There were some concerns about the channel width in the lower bay so these are things that need to be worked through. Mr. Callery said the Port was aware several months ago that Congress and the Administration was going to move forward with Tiger III. The Port was very successful with Tiger II and received \$13.5M. Based on discussions with some Washington DC contacts the Port has an application almost ready to submit for Tiger III. When the Port purchased the Coos Bay Rail Line we had to get money from SAFETEA:LU and *ConnectOregon* I reprogrammed by Congress and the Oregon Transportation Commission. The money was originally targeted for phase II rehabilitation of the Coos Bay rail bridge. The Port's position with the Tiger III application is we have done this, we can get the line open but the long term viability of the Coos Bay bridge depends on finding some additional revenue and funding for long term rehabilitation of the bridge. Mr. Callery said he has been soliciting letters of support and has been successful in getting letters from the Oregon Freight Advisory Committee, Oregon Transportation Commission, Lane Act, Southwest Area Commission on Transportation, Lane, Douglas and Coos counties and state and federal legislators. He felt the Port would have a good package and hoped to fair well in the competition. He said the Port has one thing going for it in that this is a project that a lot of people have shown interest in.

Mr. Callery said he has been making presentations over the last several months about the Coos Bay Rail Line and the work that Mr. Lovelady and all of his consultants and engineers have been working on. Although there was a lot of hype on the first revenue train, there was actually a work train on the line first. On September 29<sup>th</sup> there was a leased locomotive and three dump cars on the line removing sand. The contract went to Knife River who is a local contractor. The emergency repairs on the 111 miles from the UP yard out to the North Spit was completed with approximately 2500 ties, repairing some switches, replacing joints in broken rail and the geometry car test to check the gauge and height of the rails so the trains don't derail. There was a little bit of ditch work in tunnels 17 & 19. The vegetation management has been successful and we are soliciting bids for fall cutback and another bid for the spring vegetation spray. The grant the Port received from SAFETEA:LU for the railroad ties went to Conrad Forest Products. They have delivered about 54,000 of the 90,000 ties. Mr. Callery said Mr. Koch, Port's legal counsel and Mr. Lovelady have been working hard on keeping the bid documents moving forward so we can continue to do the work. ARGTRANS did run a train on the line and has two certified locomotive engineers working for them. Mr. Lovelady and ARGTRANS will be meeting with the FRA here in Coos Bay and will then do a hyrail inspection from Danebo to Cordes. ODOT Rail will be here in early November to review rules and regulations compliance.

Mr. Callery said he had a unique opportunity in September where he was invited to attend an AREMA (American Railway Engineering and Maintenance-of-Way Association) conference. He said on the four days he spent at the exhibition and conference he learned a tremendous amount as he attended every technical session that he could.

Mr. Callery asked Ms. Hamner to talk about the concerns the Port had regarding safety along the rail line especially on the track section between Hauser and Cordes. This is where the sand has come over the line due to trespass by ATV's and dirt bike riders. Ms. Hamner said she and others have been

actively spreading the word about safety through Oregon Operation Lifesaver presentations. They have met with North Bend bus drivers and Columbia Bus Company. They are working to help educate children about crossings. They have also met with the Lakeside Lions Group who is helping in Lakeside. There are some problem areas up around Hauser and Lakeside because the rail line goes right through town. She said ATV riders ride along the rail line and like to put sand on the rail line. Ms. Hamner said the media has been good about helping get the word out. There is also a passive campaign developing posters that people are being asked to put up in schools, campgrounds and communities so people will realize trespass on the rail line is illegal even though it is publicly owned. She said it is a railroad with trains coming and going every week in addition to work vehicles on the line daily, sometimes after dark and before sunrise. Ms. Hamner said we don't want people getting injured and don't want to go out and start citing people for trespassing. She encouraged the audience to take posters with them and put them up around town and in their businesses. There was then a three minute video of the train on the rail line from Reedsport to the North Spit.

Mr. Callery talked about Tom Foster and how the shippers were impressed with both Mr. Foster and Scott Parkinson who are both working out shipping solutions with lower cost shipping by rail for customers. Mr. Foster has been out talking to previous rail customers as well as those who haven't used rail for shipping in years, even prior to the embargo. He said fuel costs are going up and everyone is looking for opportunities to cut operating costs. ARGTRANS is operating trains at accepted track conditions which is 10 mph and won't move beyond that until the major rehabilitation has been finished which should be sometime next spring or early summer. At that point, Mr. Callery said he hoped the majority of the line at track classification 2 which is 25 mph and a couple of sections more likely in Lane County where the trains can operate at track classification 3 which is 40 mph. Mr. Callery said the company who did the geometry testing were very pleased with what they found for track condition. There wasn't as much misaligned track as they had anticipated for a rail line that had been out of service for four years. Mr. Callery felt that things were going well although a little slower than what had been anticipated in getting some of the contracts out and the work done. He wanted to give a lot of credit to Mr. Koch, Mr. Lovelady and legal counsel for their work on the contracts. Commissioner McKeown asked about the timing on the Coquille line. Mr. Callery said staff was anticipating late spring or early summer for opening depending on how much work can be done on the Coos Bay swing span bridge and three or four bad spots between the Coos Bay yard and Coquille where there is some subsidence of the roadbed and berm that it sits on. Commissioner McKeown then asked why we are using wood ties instead of concrete ties. Mr. Callery said concrete ties are commonly used these days on class one and high speed railroads with track classifications of four and five and faster but they are very expensive. He said wooden ties, especially the fact that we were able to use a non-creosote more environmentally benign treated with Chemonite ACZA. From a cost stand point it is much more cost effective for a short line railroad to use wood ties. Commissioner Kronsteiner said the concrete ties would not interact with where the wood ties are so you would need to use all one type or the other. Commissioner Kronsteiner asked Mr. Callery in his talks with Peter Friedman if there was any movement on the reauthorization of the Transportation Equity Act as a possible source for funding. Mr. Callery said there was a lot of hopefulness but there was not a lot of action right now. He said there is a lot of discussion and people say it is one way to hopefully create some jobs but there doesn't seem to be a lot of common ground where everyone can come together with something that works so there is not a lot of movement.

**D. Chief Financial Officer: Donna Nichols**

Ms. Nichols said she had included pictures in the Commission packets showing the sand removal and the dump cars. She said she is working on the financials. The reimbursements on the projects are

coming through and she has found a couple of small pots of money from ODOT she hoped to use for some smaller projects. There are approximately \$166,000 left over in EA funds from the rail bridge project she hoped to use on the electrical repairs that need to be done on the swing span bridge. She had a comment on her management report on page 16, second paragraph she explained the \$5 million loan was the long term loan from the State of Oregon toward the rail line acquisition.

**5. PUBLIC COMMENT:**

Richard Chasm from Roseburg. Mr. Chasm said the Umpqua Brewfest was occurring this weekend in Roseburg and he invited everyone to attend. He said he wanted to comment on the rail concerning trespass also being a safety issue. He talked about a report on the radio about some college kids in Ohio that were partying and jumped on a train. A 22 year old girl fell and went underneath the train which cut off both of her legs. He said he at one time worked for Roseburg Lumber Company and there was a picture that hung over their time clock of a man who had been cut in half by a train. He commented that trespass is a legal issue but was also a safety issue. He applauded Port staff for bringing up both the safety and trespass concerns to the public. Mr. Chasm said he had attended a real estate conference in April where Mr. Callery had commented that some time in the future post Panamax vessels would be calling at the Port of Coos Bay. He said at a meeting some time ago he asked if this was true and Mr. Bishop responded at that time in March of 2012 an amendment to an EIS to discuss post Panamax vessels entering Coos Bay would be in that EIS. He wanted to double check to see if this information was still true. Mr. Bishop responded that is what he said that a draft EIS was expected in March but the schedule has since been revised and it would probably be the summer before it would happen mainly because Port staff is somewhat overwhelmed at the moment working on rail issues and not spending a lot of effort on the channel project. Mr. Chasm asked if it was an amendment to an EIS about the dredging. Mr. Bishop said the information on the Channel 203 Project could be found on the Port's web site. He thought the Army Corps of Engineers also had a web site on the Section 203 study which is basically done under the supervision of the Army Corps of Engineers following their guidelines and process. Mr. Bishop said it was still in draft form with the draft EIS anticipated to be out in March but again since Port staff had been focusing on the railroad he expected it would slip to June or possibly even further since the economy is not in the best of shape from a consumer standpoint and there wasn't any immediate need to have it completed. Mr. Chasm asked if it was part of an ongoing EIS about dredging the bay. Mr. Bishop responded it was a Section 203 project which was an examination of improving the channel and did not have anything to do with annual dredging which is a maintenance activity and a responsibility of the federal government. Mr. Chasm thanked Mr. Bishop for the explanation.

Jan Dilley from North Bend congratulated the Port for the new look of the web site. She said she had browsed through it and found it very interesting. She also commended the Port on the ambitious project toward transparency and to thank the Port for reaching out to the community. She felt problems could be worked out while moving ahead with new projects and working together. She thanked the Commission. Commissioner McKeown asked that Ms. Dilley's comments be shared with Port staff responsible for working on the Port's web site.

Marvin Caldera President of Local 12 Longshoremembers congratulated Mr. Bishop and the Commissioners and Port staff on the rail project and in getting it up and running. He felt it was great and meant a lot to this Port. He said there was a nice article in the Sentinel about the rail and how the cars were being loaded at Southport. He asked when the cars would be loaded and ready to go. Commissioner McKeown responded that they had left today. Mr. Caldera thought it was great for

Southport and without the rail there would be no port. He again thanked Port staff, especially Mr. Bishop, for all their hard work on getting the rail up and running.

Commissioner McKeown asked if she could play from her phone the “You Tube” video of the first train on the CBRL. Mr. Bishop commented if people wanted to see videos taken by Port staff they could find them on the Port’s “You Tube” page. Ms. Hamner commented that the Port also had a Facebook, You Tube and Flickr page where she posted not only videos but also photographs of the Marina as well as the Coos Bay Rail Link. Mr. Bishop said the Port maintains a web site for not only the Port but also for the Marina, the Coos Bay Rail Link, recreational fishing and the Business Center which could be found at [www.portofcoosbay.com](http://www.portofcoosbay.com).

## **6. ACTION ITEMS/REPORTS:**

### **A. Technical Advisory Committee Appointments**

Mr. Bishop presented changes to the Technical Advisory Committee. He asked that the action be changed to the appointment of two new members instead of five. He said the Port’s Technical Advisory Committee was established by Ordinance No.129 in February 1991, to advise the Port Commission and staff on various activities related to leases and deeds, and compliance with federal, state and local environmental laws and regulations. Committee members represent specific community segments, including these areas:

- Environmental protection
- Industrial operations
- Science
- Tourism
- Not fewer than one member serving as a citizen-at-large

Following is a list of the current committee members and the areas they represent:

- Position No. 1 Dr. Steve Rumrill representing Science
- Position No. 2 Jon Souder representing Environmental Protection
- Position No. 3 Pat Cross representing Industrial Operations
- Position No. 4 Lucinda DiNovo representing Tourism
- Position No. 5 Timm Slater representing Citizen-at-Large

Mr. Bishop said that Mr. Slater was appointed prior to his role as Chamber Executive Director and when he was still with Weyerhaeuser. He said Port staff is requesting to increase the Technical Advisory Committee membership by two individuals tonight, but ultimately to five, at the suggestion of regulatory agencies. In the event the Jordan Cove Project is approved, the Port will be undertaking the restoration of Kentuck Slough. Mr. Bishop said the project would be to breach the dike that has made Kentuck Slough somewhat dry. Regulators have requested the Port enlarge the size of the Technical Advisory Committee to include individuals with more scientific background to provide the Port expertise on adaptive management. In the event the Jordan Cove project does not go forward, Port staff will recommend that the Technical Advisory Committee be enlarged by only the two appointees tonight. Two of the five new members are:

- Position No. 6 James Fereday representing Biological/Ecological
- Position No. 7 William Delimont representing Natural Resource Science

Port staff values the commitment of these individuals and their willingness to serve on this important committee and is recommending their appointment to a two-year term, which would expire on September 17, 2013. Mr. Bishop felt those who are willing to donate their time without pay should be applauded. The Port will advertise for candidates to fill the remaining three positions upon more evidence that the Jordan Cove Project is moving forward. Mr. Bishop explained that not enough

persons with a biological or marine biology background applied so Port staff would wait to re-advertise once a project was confirmed. Tonight, staff was requesting a motion for approval to appoint James Fereday to Position No. 6 and William Delimont to Position No. 7 on the Port's Technical Advisory Committee.

**Upon a motion by Commissioner Smith (second by Commissioner McKeown) the Board of Commissioners voted unanimously to appoint James Fereday and William Delimont to serve on the Port's Technical Advisory Committee for two years with terms expiring on September 17, 2013. Motion carried.**

Mr. Bishop welcomed both new members aboard the committee.

**B. Public Auction for Sale of Surplus Personal Property**

Mr. Koch said the action requested was for authorization for the sale at public auction surplus property that is being stored at the Port's Charleston facilities. Over time, the Port accumulates surplus personal property as older equipment and materials are replaced with newer materials, or areas of operations are phased out. When sufficient quantities of such materials and equipment are accumulated, it becomes necessary to dispose of them. Surplus includes property Port staff has determined is not needed and unlikely to be needed for Port operations. He said recently the Port purchased several used service trucks to replace a fleet of older vehicles that had reached the end of their useful life. The Port did not buy new vehicles but they look new as they are new to Port staff. In addition, the Port recently dismantled the building located at the Citrus Dock, which resulted in the salvage of construction materials that may have resale value including tongue and groove boards of miscellaneous lengths, nice old 2x6 and 3x6 lumber and other boards that were in good enough condition that they may have resale value. The Port is seeking to sell the surplus vehicles, salvaged materials and other miscellaneous surplus property by sealed bid at a public auction. Mr. Koch said there is a list of the surplus items that was included in the packets. There is a possibility that a couple of the items may be removed from the list as staff may have identified a use for them. The Port has also recently purchased some real property in Charleston for long-term strategic use. On that property there is a single-wide mobile home which has been vacated and it may be added to the surplus property list for the low cost of paying to haul it away. Staff has estimated the cost to remove the structure at \$2000. There are no warranties with the mobile home. Section 6 of the Port's Public Contracting Rules authorizes the Port Commission, as the designated Local Contract Review Board, to authorize the sale at public auction of surplus property with a combined value of more than \$20,000. If such a sale is approved by the Port Commission, Port staff would set a date for the auction to occur before December 31, 2011. Once the date has been selected there will be notice of the sale posted on the Port's web site as well as a written advertisement in the newspaper at least one week prior to the auction date. Mr. Koch said the motion requested was to authorize the sale of surplus property at a public auction and delegate authority to the chief executive officer or his designee to conduct the sale in accordance with the procedures set forth in Section 6 of the Port's Public Contracting Rules.

**Upon a motion by Commissioner McKeown (second by Commissioner Hampel) the Board of Commissioners voted unanimously to authorize the sale of surplus Port property identified in Exhibit A at a public auction and delegate authority to the Chief Executive Officer or his designee to conduct the sale in accordance with the procedures set forth in Section 6 of the Port's Public Contracting Rules. Motion carried.**

C. Resolution No. FY11/12-3 Authorizing the Solicitation of Written Quotes for Professional Services related to rail bridge rehabilitation

Mr. Koch said tonight staff was seeking approval of Resolution No. FY11/12-3 authorizing solicitation of written quotes for Professional Services related to rail bridge rehabilitation. There is an immediate need Mr. Koch said as he discussed earlier tonight to undertake a long-term rehabilitation work on a number of the 150 bridges between both ends of the rail line in addition to swing span bridges. There is a need for the solicitation of a personal service contract for a consultant/engineer to assist Port staff in preparing a detailed scope of work and bid documents for the rehabilitation and repair of bridges on the Coos Bay rail line, and the engineering oversight of those repairs over an approximate one-year period as the work is completed. Mr. Koch said a number of studies have been done on the bridges and we have identified all of the work that needs to be. The budget has also been identified and they are not the same number. The engineer that will be hired with help staff prioritize that work by identifying the work that needs to be done first and work that can be done within the budget we have in *Connect Oregon III*. In soliciting a contract of this type, the Port's Public Contracting Rules require that for personal service contracts, such contracts be solicited based on procedures and selection criteria adopted by the Board of Commissioners acting as its own Local Contract Review Board. If approved, Resolution No. FY11/12-3 will authorize Port staff to solicit written quotes from contractors to perform the scope of work that is described in Exhibit A that was included in the packet. Mr. Koch said the motion was to approve Resolution No. FY11/12 - 3 authorizing the chief executive officer, or designee, to solicit a contractor to perform the scope of work identified as Exhibit A for rail bridge inspections.

RESOLUTION NO. FY11/12 - 3

RESOLUTION OF THE BOARD OF COMMISSIONERS OF THE OREGON INTERNATIONAL PORT OF COOS BAY ACTING IN ITS CAPACITY AS ITS OWN LOCAL CONTRACT REVIEW BOARD, AUTHORIZING THE SOLICITATION OF WRITTEN QUOTES FOR A CONTRACTOR TO PREPARE THE SCOPE OF WORK FOR RAIL BRIDGE INSPECTIONS

WHEREAS, the Board of Commissioners of the Oregon International Port of Coos Bay (hereinafter "Port"), pursuant to ORS 279A.060 is the Local Contract Review Board (hereinafter LCRB) for the Oregon International Port of Coos Bay; and

WHEREAS, the LCRB on June 16, 2005 adopted Permanent Public Contracting Rules and Rules of Procedure for Public Contracting for the Oregon International Port of Coos Bay; and

WHEREAS, Section 5.2.2 of the Port's Public Contracting Rules require that for personal service contracts involving anticipated fees in excess of the amounts listed in that rule require that such contracts be solicited based on procedures and selection criteria adopted by the LCRB before offers are solicited and awarded by the LCBR; and

WHEREAS, there is an immediate need for the Port staff to solicit a personal service contract for a contractor (a) to conduct follow up inspections and prepare a detailed scope of work within the Port's budget for rehabilitation on all bridges, including the three swing span bridges crossing the Siuslaw River, Umpqua River and Coos Bay, (b) to assist the Port in preparing the bid package and reviewing bids and related documents related to the bridge rehabilitation project, and (c) to provide construction management services for all of the bridge rehabilitation work set forth in the scope of work, as it may be amended from time to time; and

WHEREAS, the Board of Commissioners of the Oregon International Port of Coos Bay, acting in its capacity as its own LCRB, has determined that the solicitation of such a personal service contract is desirable and necessary at this time, and has further determined the selection criteria to be used in selecting the contractor.

NOW, THEREFORE, BE IT RESOLVED AS FOLLOWS:

1. The recitals above are true and accurate and are incorporated herein by this reference.
2. The necessary scope of services to be performed by the selected contractor is identified in Exhibit "A" to this resolution, attached hereto and incorporated herein by this reference, is hereby adopted and ratified by the LCRB for the Oregon International Port of Coos Bay.
3. The LCRB hereby authorizes the Chief Executive Officer of the Port, or his designee, to solicit a contractor to perform the scope of work identified in Exhibit "A" by obtaining three written quotes from qualified contractors, or in the event three written quotes are not submitted to the Port staff, such number of written quotes as may be received by Port staff, so that a contractor can be selected to prepare the necessary scope of work as soon as possible.
4. The selection criteria to be used by Port staff in selecting the successful contractor following the receipt of written quotes shall be the criteria listed in the Port's Public Contracting Rule Section 5.2.6, and consideration may be given by Port staff to all four (4) listed selection criteria. The total cost to the Port for the delivery of these services shall not be the exclusive or primary selection criteria, and consideration shall be given to the other three (3) criteria as determined by the Port staff making the selection of the contractor.

ADOPTED THIS 20TH DAY OF OCTOBER, 2011.

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David Kronsteiner, Commission President

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Daniel Smith, Commission Secretary

**Upon a motion by Commissioner McKeown (second by Commissioner Smith) the Board of Commissioners voted unanimously to approve Resolution No. FY11/12-3 authorizing the Chief Executive Officer, or his designee, to solicit a contractor to perform the scope of work identified in Exhibit A for rail bridge inspections. Motion carried.**

Commissioner Kronsteiner asked does this allow the Port to solicit bids. Mr. Koch said staff would be soliciting the engineer/consultant through written quotes as opposed to a request for proposal or an invitation to bid process. Commissioner Kronsteiner asked but this does nothing about deciding who is going to be doing the repair work. Mr. Koch responded no and said this is the first step in getting an engineer on board to help staff prepare the scope of work and the bid packets. He anticipated that by the December meeting staff would have completed the work with the consultant to the point that

there is a bid package prepared to come before the Commission for authorization to go out as an invitation to bid for the work. He said the invitation to bid would be broken into four parts and contractors would be invited to bid any one of the four parts or any combination of them. They will include work on the Umpqua swing span bridge, Siuslaw swing span bridge, Coos Bay swing span bridge and work on all of the remaining wood and steel trestle bridges along the rail line. Mr. Koch said there are some firms that specialize in the swing span and draw bridges and some that specialize in the smaller bridges. He said staff wants to solicit bids on each of the four as separate units so staff can pick and choose. It might be that one firm is the low bidder on two of the projects and another firm comes in low on the third or fourth. Staff would like to maintain that flexibility in selecting the contractors.

**D.** Invitation to Bid for Purchase of 60,000 tons (+/- 25%) of ballast rock for use during the Coos Bay Rail Line rehabilitation project

Mr. Koch said Port staff was seeking Commission approval to proceed with issuing an Invitation to Bid for purchase of 60,000 tons (+/- 25%) of ballast rock for use during the Coos Bay Rail Line rehabilitation project. He said it has been reported in the news by some sources that we have already put 65,000 tons of ballast on the rail line but if it happened, he hasn't seen it. He said this is the solicitation that will allow the Port to purchase the rock and have it installed over the next year as part of the rehabilitation project. This is the same way staff handled the purchase of the crossties.

The Oregon International Port of Coos Bay, as owner of the Coos Bay rail line, is undertaking a program for the long-term rehabilitation of the rail infrastructure. As a part of that program, the Port intends to replenish approximately 400 tons of ballast per mile along the 134.9 miles of mainline track from Danebo to Coquille, 150 tons per mile along 10 miles of sidings/yards, and 5,000 tons through the 9 tunnels along the line. Mr. Koch said this is not awarding the bid but authorization of the anticipated dollar amount. As with the crossties purchase, the Port intends to purchase the ballast rock in advance for use by a contractor that will perform the rehabilitation work on the line beginning in early 2012. The estimated cost of the ballast is between \$1M and \$1.5M. Mr. Koch asked for a motion to approve to proceed for Port staff to issue an Invitation to Bid for purchase of 60,000 tons (+/- 25%) of ballast rock for use during the Coos Bay rail line rehabilitation project.

**Upon a motion by Commissioner Smith (second by Commissioner Hampel) the Board of Commissioners voted unanimously to approve to proceed with issuance of an Invitation to Bid for purchase of 60,000 tons (+/- 25%) of ballast rock for use during the Coos Bay rail line rehabilitation project. Motion carried.**

Commissioner Kronsteiner asked if this was going to require another 200 page solicitation. Mr. Koch said the good thing is the format had already been developed and felt it would be a similar document. Commissioner Kronsteiner commented that bonds required for suppliers would be cumbersome. Mr. Koch said a large part of those requirements is due to the funding source. Mr. Bishop said normally this type of bid would be for a project and the contractor bidding on the project would go out and get the supply material and the companies that supply the materials would not be required to get bonds. Because the Port is breaking this up into smaller components trying to spread as many opportunities to vendors as possible they will be required to comply with the documentation required by the granting agencies. Mr. Bishop said he apologizes in advance but the Port means well. Commissioner Kronsteiner asked if there was the possibility that some of the suppliers wouldn't be in a position to bond whereas they wouldn't be required by a general contractor to. Mr. Bishop said the Port is not obligated to take any of the bids so if we were to get into a situation where we start seeing that kind of a response we could come back and visit it. Commissioner McKeown asked what the source of the

rock was, and was it local. Mr. Koch explained that ballast rock requires certain specifications. For example, you can't use river rock, it has to have high friction and it has to be able to hold in place. As a result a lot of the rock that might be produced on this side of the coast range is generally not going to be available for use. He said it is not going to come from too far away because rock is expensive to haul so he expected it would be from some quarry located along a rail line and it would be rail that would bring the rock in. Mr. Koch said staff has already had preliminary conversations with Union Pacific to make sure that whoever gets the bid is going to get very favorable rail rates bringing it in because it's going to be used for maintenance-of-way. He said UP has assured the Port that will be the case. Mr. Koch said the amount of purchased rock would be based on price.

Mr. Koch said with the crossties already purchased and in the process of being delivered, and now going out for solicitation of ballast rock, he expected to present at the next Commission meeting a request for authorization to proceed with an invitation to bid for the rehabilitation work to hire the general contractor who will actually put the ties, ballast and rail that they will be supplying into the rail line to begin the long-term rehabilitation project from Danebo to Coquille.

**E.** Approval of a Track Lease Agreement between International Paper Company and the Oregon International Port of Coos Bay and signature authority for the Chief Executive Officer to execute the agreement.

Mr. Koch said staff was seeking approval of a track lease agreement between International Paper Co. and Oregon International Port of Coos Bay and signature authority for the chief executive officer to execute the agreement. The Port intends to lease from International Paper Co. (IP) approximately 1.5 miles of track between Gardiner Junction just north of the Umpqua swing span bridge (existing connection with the Coos Bay rail line) and the south end of trestle number two between Bolon Island and Gardiner for the purpose of providing rail service to American Bridge Manufacturing. The Port plans to provide freight rail services on the leased track through its contract rail operator Coos Bay Railroad Operating Company, LLC, d/b/a Coos Bay Rail Link. He said both the Port and IP agree the consideration for this lease is a nominal fee of \$1 annually. In addition, the Port agrees to pay IP the amount of \$45 per car for each loaded car from the American Bridge facility located at Bolon Island and any real estate tax or assessment that is attributable to any improvements to the leased premises for any portion of the year in which this lease is in effect. Mr. Koch said this lease was essentially the same agreement that CORP had in place with IP when they were operating the rail line and IP agreed to give the Port a lease on the same terms. The \$45 per car is simply passed through to American Bridge. The lease term is for a period of one year, unless terminated earlier, and will be renewed for successive one-year periods unless either party provides notice of its intention to terminate the lease 90 days prior to the expiration of any lease term. The lease agreement has been reviewed and approved by legal counsel. Mr. Koch said the motion is for Commission approval of a track lease agreement between International Paper Co. and the Oregon International Port of Coos Bay to provide rail service to American Bridge and signature authority for the chief executive officer to execute the agreement.

**Upon a motion by Commissioner McKeown (second by Commissioner Smith) the Board of Commissioners voted unanimously to approve a Track Lease Agreement between International Paper Company and the Oregon International Port of Coos Bay to provide rail service to American Bridge and signature authority for the Chief Executive Officer to execute the agreement. Motion carried.**

**F. Loan Award from the State of Oregon**

Ms. Nichols said the action requested was for Commission approval of Resolution No. FY11/12 – 4 for a loan award in the amount of \$2,781,686 from the state of Oregon in support of the Coos Bay rail line improvements. The Port of Coos Bay received authorization for grant funds from the SAFETEA-LU program in the amount of \$2,781,686 for the purchase of 90,000 main line rail ties. The funds are being administered through the U.S. Department of Transportation Maritime Administration (MARAD) program. The Port also received authorization for grant funds in the amount of \$13,527,133 from the Tiger II program that also is being administered through the MARAD program. These funds will be used for the distribution and installation of the ties along the rail line; the purchase and installation of new and relay (used) rail sets; the purchase and distribution of ballast rock along the rail line, siding yards, tunnels and stockpile; surface, line and undercutting of the rail line and the removal, replacement and/or rehabilitation of all the crossing surfaces. Because the expenditures will be large, and with the timeline for the process for reimbursement requests, the Port does not have the availability of cash flow to pay the expenditures while waiting for the grant reimbursements. The Port requested a loan from the state in the amount of \$2,781,686 to provide cash flow for the rail rehabilitation project and the ability to continue with its day-to-day operations. The loan award letter was received October 3, 2011, with an interest rate of .50% and term of 27 months. The project will be administered through the Infrastructure Finance Authority. Port's legal counsel has reviewed the loan agreement. Port counsel will provide an opinion letter that needs to be submitted with the executed loan agreement and Resolution No. FY11/12 - 4. Ms. Nichols said the motion requested was to approve Resolution No. FY11/12 – 4 and signature authorization for the chief executive officer or his designee to sign the state of Oregon short-term loan agreement for funds to be used in support of the Coos Bay rail improvement projects.

**RESOLUTION NO. FY11/12 – 4**

**RESOLUTION AUTHORIZING THE CHIEF EXECUTIVE OFFICER TO EXECUTE THE FINANCIAL ASSISTANCE AWARD CONTRACT, LOAN AGREEMENT, PROMISSORY NOTE AND OTHER SUCH DOCUMENTS AS MAY BE REQUIRED TO OBTAIN FINANCIAL ASSISTANCE FROM THE OREGON ECONOMIC AND COMMUNITY DEVELOPMENT DEPARTMENT FOR A SHORT TERM, LOW INTEREST LOAN IN THE AMOUNT OF \$2,781,686.**

**BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE OREGON INTERNATIONAL PORT OF COOS BAY AS FOLLOWS:**

The Oregon International Port of Coos Bay has requested a loan from the State of Oregon in the amount of \$2,781,686 to provide cash flow for the rail rehabilitation project and the ability to continue with its day-to-day operations.

The State will provide a loan in the amount of \$2,781,686 with an interest rate of .50% and term of 27 months. The project will be administered through the Infrastructure Finance Authority.

Approved and adopted by the Board of Commissioners at its regular meeting on October 20, 2011.

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David Kronsteiner, President

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Daniel Smith, Secretary

**Upon a motion by Commissioner Smith (second by Commissioner McKeown) the Board of Commissioners voted unanimously to approve Resolution No. FY11/12-4 and signature authorization for the Chief Executive Officer or his designee to sign the State of Oregon short-term loan agreement for funds to be used in support of the Coos Bay rail improvement projects. Motion carried.**

**G. Sea Basket Restaurant Lease Agreement**

Ms. Nichols said the request was for Commission approval of the Sea Basket Restaurant long-term lease agreement. The Sea Basket Restaurant has leased this building in the Charleston Marina since 1996. The lease was assigned to Mr. Marcelino Garcia February 1, 2004, with the remaining expiration date of September 30, 2011. There are no remaining renewal options. Mr. Garcia would like to continue with a new commercial lease agreement with the same terms as the original lease, which included an initial five-year lease and two five-year renewals. The attached proposed lease agreement, drafted by Port counsel, is for a period of five years commencing October 1, 2011. The lease allows for two additional five-year options. The lease includes the current lease rate and incorporates the July 1 annual fiscal year Consumer Price Index adjustments. Ms. Nichols said the motion requested was to approve a new commercial long-term lease agreement between the Oregon International Port of Coos Bay and Sea Basket Restaurant.

**Upon a motion by Commissioner McKeown (second by Commissioner Hampel) the Board of Commissioners voted unanimously to approve a long-term lease agreement between the Oregon International Port of Coos Bay and Sea Basket Restaurant. Motion carried.**

**7. OTHER:**

**8. INFORMATION ITEMS:**

- A. October Business Center Newsletter
- B. Coos Bay Rail Link Photographs

**9. COMMISSION COMMENTS:**

**10. NEXT MEETING DATE: November 17, 2011**

**11. ADJOURN:** Mr. Bishop told Commissioner Kronsteiner there was a possibility the meeting would be reopened after Executive Session in order to take action on an item. Commissioner Kronsteiner adjourned the regular meeting and recessed to Executive Session at 8:30 p.m.

Return from Executive Session: 9:35 p.m.

Commissioner Kronsteiner re-opened the regular meeting at 9:35 p.m.

Commissioner Kronsteiner asked Mr. Stebbins to present a potential motion to the Port Commission. Mr. Stebbins said staff was bringing to the Commission a proposal for a motion to amend the employment agreement between the Oregon International Port of Coos Bay and CEO Jeffrey Bishop and specifically to amend two provisions which he would read into the record. He said the second part of the motion would be to authorize the amendment to be executed by the Commission.

Mr. Stebbins said the first amendment would be to Section 10, page 3, the first paragraph would be amended to read “a severance shall be paid to Bishop when employment is terminated as defined in Section 9 or as authorized in Section 11 of this agreement.”

The second amendment would be to Section 11 which is found on page 4. In the first sentence it says “if Mr. Bishop voluntarily resigns his position with the Port, Mr. Bishop shall provide a minimum of 30-days notice unless the parties otherwise agree.” Skipping the next sentence which remains the same there is an addition to the paragraph as follows, “upon said notice Bishop agrees to make himself available in a limited capacity to the Port for a period of not less than three months. In exchange for this commitment Bishop shall receive three months salary as defined in Section 10 of this agreement. Bishop shall also be compensated for all accrued sick leave and vacation time. Nothing contained in this section shall be construed to limit or interfere with Bishop accepting, performing employment, or engaging in any other business enterprise after providing said notice or as authorized by this agreement.”

Commissioner Kronsteiner said he would entertain a motion to amend Mr. Bishop’s contract as put forth by counsel.

**Upon a motion by Commissioner Smith (second by Commissioner McKeown) the Board of Commissioners voted unanimously to authorize execution of amendment to Mr. Bishop’s contract by Commissioner Kronsteiner.**

Meeting adjourned at 9:40 p.m.

By: \_\_\_\_\_  
David Kronsteiner, President

By: \_\_\_\_\_  
Daniel Smith, Secretary