

**OREGON INTERNATIONAL PORT OF COOS BAY**  
**Coos Bay, Oregon**

**SPECIAL COMMISSION MEETING**

**Thursday, October 22, 2009**

**1:15 p.m. in the Port's Commission Chambers**

**125 Central Ave, Suite 230, Coos Bay OR 97420**

**ATTENDANCE:**

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

**Staff:** Jeffrey Bishop, Executive Director; Mike Gaul, Deputy Executive Director; Donna Nichols, Director of Finance and Administration; Mike Stebbins, Port Counsel; and Andrea Wall, Executive Assistant.  
Martin Callery absent

**Media and Guests:** Alexander Rich, The World; Nicole Plascencia, KCBY; Steve Pickering; Ken Messerle, Coast Consulting; Bob & Carol Fischer; Jody McCaffree; Camby Collier, No LNG; Mary Margaret Muenchrath, No LNG; Ron Sadler; Joe Stoneburg; Marvin Caldera and Jennifer Gumm, ILWU; John B. Jones, BWCA

**CALL TO ORDER:** The President called the Special meeting to order at 1:15pm and said that he needed to add one agenda item – the SouthPort Forest Products land purchase.

The President then said he wanted to start with introductions.

1. SouthPort Forest Products land purchase: Mike Gaul presented a proposal from SouthPort Forest Products to purchase an additional 30 acres on the North Spit adjacent to the property they already own. Approximately 23.68 of that acreage is upland acres and 6.32 acres of that is wetlands. SouthPort is also asking for the tidelands that abut the property. They are offering \$50,000 an acre for the uplands and \$500 per acre for the wetlands. The intent is to install a whole log chipping facility and increase what they do out there. It will add 5 jobs initially and another 12 to follow for a second shift. They have a long term plans to install docks and marine dependant infrastructure on the property.

In June of 2009, they approached us about an option and at that time the Port did an appraisal of the property. The appraisal came back at \$50,000 an acre for the uplands and \$500 per acre for the wetlands so they are offering the appraised value. They are asking the Port to carry the contract which ends up with a sale price of about \$1,187,160 for 20 years at 3% interest. It equates to about \$79,000 per year added to the Property Reserve Fund.

Mr. Gaul reminded the Commissioner that the Property Reserve Fund takes the funds from property sales. The money from Southport's first purchase is in there and Joe Tang's purchase also. Southport's last payment on the original property is this month and Mr. Tang makes his later this year.

Mr. Gaul continued and said that through the life of the first contract, Southport was always on time with payments, never delinquent. Staff has done due diligence and they view it as another economic development adventure, a good offer and their recommendation today is to tentatively accept the offer and authorize staff to move forward with a purchase sale agreement and to come back the that agreement at a future date.

Discussion: Commissioner McKeown asked what the time frame for the job creation of 5 plus 12. Mr. Gaul said that the 5 would start almost immediately and then as they build and get the new facility operational, they would add the others.

The Commissioner then asked what the issues with the tidelands are. Mr. Gaul said that they wanted the ownership of the tidelands included in the agreement. The Port own the tidelands from high tide line to the low tide line in Coos Bay. Below low tide is owned by the Department of State Lands so they would have to lease that area.

**Upon a motion by Commissioner McKeown (second by Commissioner Scott) the Board of Commissioners approved conditional acceptance and authorized the staff to work on the sale purchase agreement.**

2. Jordan Cove Real Estate Agreement: The President asked for a motion to put the Jordan Cove agreement on the table. Hearing no motion the President says it dies for lack of a motion.

3. Advocacy of Oregon Resources project: Mr. Bishop said that the Port has received a request from Oregon Resources Corporation to take up advocacy for their project. Staff has not been tracking this project because it was primarily an SCDC project when it first came on board so at this time we do not feel that we have an adequate understanding of the project to make a recommendation as to whether it would be prudent to take on an advocacy role. According staff is requesting authorization from the Commission to appreciate the situation and allow us to do a review of the record and some of the parties involved in the project. This would allow us to get a better understanding of what is involved and what the issues are. Then staff would report back at a later date.

Discussion: Commissioner McKeown said that her understanding that the potential for business for the rail may come with Oregon Resources successful completion of the project. Mr. Bishop said that was true. There are two things, one there is the possibility of deep water traffic for the facility and two the possibility of rail traffic. However, Mr. Bishop said that we wanted to listen to all the sides of the issue and get a full understanding of the facts before we start assuming an advocacy role. Commissioner McKeown said that she is also sensitive to how busy our staff is, but from a business standpoint it could be beneficial to us, so she suggests staff proceed cautiously and make sure that staff time is considered as we proceed and she looks forward to more information.

The President said that he would be willing to open the floor to public comment on this issue of Oregon Resources for a five minute discussion.

Steve Pickering: He has supported this in the past at County Commission Meetings and from what he just heard Mr. Bishop and Ms. McKeown explain; this is a very important issue to this Port because of the railroad ownership. He feels this will be one of the customers to push the railroad into profitability. He feels that the Port definitely needs to look at this project. He is very much for the railroad and Oregon Resources.

Jody McCaffree: She is not speaking for or against the project; she has not thoroughly analyzed the issues. She does know that there are concerns and she appreciates the Port looking at both sides. There are issues going on nationally with mining and she wants to check out the impacts to the watershed. We know that our fishermen are already having issues with the fish runs. She wants to make sure the natural habitat is protected and not destroyed.

John Jones: He is President of Bandon Woodlands Community Association of about 160 landowners in the area of the ORC project. They are against the whole project but he is more concerned with the Port Commission spending too much time with a project that will fail. He plans on discussing it further with the Commission.

**Upon a motion by Commissioner Scott (second by Commissioner Smith) the Board of Commissioners authorized staff to explore the record surrounding the Oregon Resources Project and come back to the Commission at a later date concerning advocacy.**

**ADJOURN:** The Special Meeting was adjourned at 1:25 pm

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

By: \_\_\_\_\_  
Dan Smith, Secretary