

OREGON INTERNATIONAL PORT OF COOS BAY  
Coos Bay, Oregon

SPECIAL COMMISSION MEETING

Friday, October 30, 2009

Immediately following the Executive Session which starts at 10 a.m.

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: Mike Gaul, Deputy Executive Director; Martin Callery, Director of Communications and Freight Mobility; Donna Nichols, Director of Finance and Administration; Jim Coffey Port Counsel; and Andrea Wall, Executive Assistant.

Media and Guests: Alexander Rich, The World; Steve Pickering; Bob & Carol Fischer; Jody McCaffree; Mary Margaret Muenchrath, No LNG;

**CALL TO ORDER:** The President called the Special meeting to order at 10:27am and said that he would dispense with introductions since everyone was well known.

The President turned the meeting over to Mike Gaul to present the action item of the North Spit Land Options and Related Agreements.

Mr. Gaul commented before his presentation that the Executive Director was in the air hoping to land at Denver which has been snowed-in on his way back from AAPA.

Then he went on to say the action item requested is Commission Approval of Staff Recommendations on the North Spit Land Options and related agreements.

The Port has a willing seller and a willing buyer that both agree on terms. The Port remains the intermediary in this action. The costs are paid 100% by the project and the Port receives some revenue in the process.

Today, Staff will recommend to the Port Commission that you:

- Authorize a 30-day extension to the current agreement with Jordan Cove
- Accept in principle the amendment to the Weyerhaeuser Agreement
- Accept in principle an 18-month extension to the Jordan Cove Agreement

These actions will allow time for staff to bring back the final instruments to the Port Commission for discussion and approval at the November 19, 2009 Regular Meeting.

The amendment to the Jordan Cove Agreement will provide for:

- An 18-month extension
- Option payments to the Port of \$165,000 per month effective January 1, 2010.

The amendment to the Weyerhaeuser Agreement will provide for:

- An 18-month extension

Pay-off the bank loan of \$10,000,000.  
Provide for a \$60,000 per month option payment to Weyerhaeuser  
50% of option payment applies to purchase if executed.

All other terms and conditions of the agreements remain the same.

What is the benefit to the Port?

Pays bank loan off which reduces Port debt  
Provides positive cash flow every month of the 18-month extension.  
Puts no Port funds at risk  
Provides revenue return to the Port and keeps the Port engaged in the project and in control of the property.

Mr. Gaul reviewed what it means to the Port in benefits one more time before going on.

Staff has checked with our lending partners and they have provided their approval for the 30-day extension.

The recommendation was stated and the President asked if there was discussion; hearing none from the Commissioners, the President opened the meeting for public comment **on the 30-day extension of this agreement** only – a limit of 5 minutes.

**Jody McCaffree:** Ms. McCaffree said that she sent two letters to the Commission covering some issues she has. She then corrected a typo she made on spelling on the 2<sup>nd</sup> page. She referenced an article from the San Francisco Chronicle, a copy of which she gave to the recorder and one of her letters to The World which she also gave to the recorder.

In all of the proposals she feels there needs to be a new appraisal on the property; a new environmental assessment; the cost of filling Henderson Marsh and the Lagoon needs to be considered in the value of the property. She feels that the option currently on the books gives JC way too much authority over Port operations and the 1300 acres.

Ms. McCaffree thanked the Commission for letting the public have input today. She thinks the cargo terminal needs to be more exposed and explained. She feels that the JC proposal could in fact be detrimental to development. She then went on talking about Fall River. At that point the President asked her to keep her comments pertinent to the 30-day extension as he requested in the beginning.

She then asked if the extension was because we were waiting for FERC to give approval. The President said no, we have a land contract, an option, and we are seeking to extend it for 30 days, that is our business.

Ms. McCaffree continued saying if you extend it on the surmise that at some point FERC will make a decision on this that is what the whole option is based on. She then went back to Fall River. On June 30 of 2005 FERC gave them approval and they are still in litigation and now are looking at building off-shore. She feels the Port is tying up their land based on an LNG project when there are other opportunities. She continued saying the Weyerhaeuser property is not worth \$25 million which she explained in her letter. She thinks you should consider carefully before you pay that much for property

which she does not think can be developed. She is not saying we shouldn't go for the property, but should get a good deal for it.

Mary Margaret Muenchrath: She is angry that the Commission can tell her that she can't make certain comments if she wants to, because it isn't appropriate. She thinks the Commission should consider her opinions as important. She knows what people want. We have lots of tourists and they are doing very well here. She does not think the Port is listening.

**Upon a motion by Commissioner Smith (second by Commissioner McKeown) the Board of Commissioners authorized a 30-day extension from November 1, 2009 to December 1, 2009 to the Jordan Cove Agreement; accepted in principle the Weyerhaeuser proposed amendment; accepted in principle the Jordan Cove Proposed amendment and directed staff to bring back the final instruments for final approval at the November 19, 2009 Regular Meeting.**

President Kronsteiner then said that he would like to publicly thank staff for the exceptional job of bringing this together. It goes back to the last meeting when we didn't take any action and the negotiation that started which took risk away from the Port and made this a better deal. He appreciates the hard work which was done in the short time. Thank you.

**ADJOURN:** The Special Meeting was adjourned at 10:37 am

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

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