

OREGON INTERNATIONAL PORT OF COOS BAY
Coos Bay, Oregon

SPECIAL COMMISSION MEETING

Monday, June 8, 2009

8:00 a.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; Brady Scott, Treasurer; Jerry Hampel, Commissioner, (by phone); and Dan Smith, Absent.

Staff: Jeffrey Bishop, Executive Director; Mike Gaul, Deputy Executive Director; Martin Callery, Director of Communications and Freight Mobility; Donna Nichols, Director of Finance and Administration; David Koch, Port Counsel; and Andrea Wall, Executive Assistant.

Media and Guests: Alexander Rich, The World; Camby Collier, Jody McCaffree.

CALL TO ORDER: The President called the meeting to order at 8:05 a.m. and he turned the meeting over to Mr. Bishop.

A. Wetland Mitigation Agreement between the Port and Jordan Cove.

Mr. Bishop addressed the Commissioners and said the permit applications and option agreement between the Port and Jordan Cove Energy Project was a big issue which Port Counsel, David Koch will discuss.

Mr. Koch said Port staff and legal counsel have been working with representatives and attorneys for Jordan Cove Energy Project (JCEP) to negotiate terms of a Mitigation Site Agreement between the Port and JCEP. Under the terms of the agreement, JCEP will be acquiring up to 100 acres of land for mitigation purposes. Not all of the land would be required for mitigation of the terminal project but to the extent that the mitigation land will be used for offset of the impacts related to the terminal project, Jordan Cove is proposing to pay that full cost. They will pay the full cost for acquisition of the land. There is an opportunity that there may be additional land left over that the Port could use as mitigation land for other projects. In the event the Port elects to use that property, under the terms of the agreement, the Port would agree to pay JCEP up to \$80,000 an acre for each acre of land the Port might use for mitigation of other projects not related to the terminal project. The acquisition price that has been negotiated by JCEP is \$47,500 per acre for the land. The reason for the increase in cost between their base acquisition price and the mitigation price accounts for the cost that JCEP will be assuming for the broker fee; all of the regulatory approval costs; the land use approval for the rezoning that needs to occur; and the mitigation work itself to convert the land into wetland for mitigation purposes. Mr. Koch said \$80,000 was JCEP's conservative estimate of what the total cost would be per acre; the Port agrees in advance, if we choose to use that land for other mitigation projects. One of the reasons there is a push on it right now is that JCEP has entered into an option agreement on the property and they are preparing to submit a land use application form to rezone the property to allow for the conversion into wetland. Since the property will be acquired in the Port's name by Jordan Cove, the application for land use approval needs to be made in the Port's name as well. The wetland mitigation agreement provides authority for JCEP to submit that application and bear all the costs related to that land use application.

Mr. Koch said that what he was looking for today was approval of the Wetland Mitigation Site Agreement.

There was some discussion about the property being is a 100 acre parcel. The terminal needs about 37 acres, approximately ½, for mitigation. Then the discussion went on for a while about the costs, state and federal credits and the value or exchange rate of salt water versus fresh. It was decided that our cost would not be far from actual cost.

Upon a motion by Commissioner McKeown, (second by Commissioner Scott) the Board of Commissioners approved the Mitigation Site Agreement.

B. Central Oregon & Pacific Railroad settlement on West End Railroad Bridge and Mutual Release.

Mike Gaul said that this is an agreement between Central Oregon & Pacific Railroad (CORP) and the Oregon International Port of Coos Bay so the repairs to the bridge can finally be completed.

In 2007, the settling parties entered into an agreement regarding the repairs on the east end of the bridge which included some repairs to the west end of the bridge. The repairs to the east end of the bridge have been completed, but discussions have continued regarding the west end. We have finally come to an agreement and this agreement sets forth the specifics to get the repairs done.

Under the agreement, CORP will contract with Knutson Towboat Company and Stuntzner Engineering to complete the repairs. Within 10 days of the execution of the agreement, CORP will pay to the Port the sum of \$179,700 for the purpose of paying the contractor and engineer to complete the work. Upon payment of the funds, the contracts will be assigned to the Port and the Port will release CORP of any responsibility of liability with respect to the repair.

Kent Roberts at Schwabe drafted the agreement and the Port's counsel has reviewed it.

Upon a motion by Commissioner Scott (second by Commissioner McKeown), the Board of Commissioners approved the West End Railroad Bridge Repair Settlement Agreement and Mutual Release between Central Oregon & Pacific Railroad and the Oregon International Port of Coos Bay.

Mike Gaul said this would finish both repairs from the both the Brusco damage and the Foss damage.

There was some more discussion regarding what would happen if the costs exceeded the \$179,700 and who would be responsible and then the President brought up the use of plastic lumber since you cannot use creosote lumber. He had some ideas and wanted to talk to Mike about it later. Commissioner McKeown said we should use local suppliers if possible.

The President asked if there was anything else. David Koch, Port counsel spoke up and said he had one more item that did not make the Agenda.

OTHER: Update on Tunnel Repair Bid Process.

Mr. Koch gave an update on the tunnel repair public contracting bid process. The Port included a prequalification process for qualified bidders to pre-apply for authority to submit bids. Five applications were received for prequalification: Grill Tech Drilling and Shoring, Frank Coluccio Construction, Johnson Western Gunitite, LRL Construction Co. Inc., and MERCO, Inc. The Port's project team met on Friday and reviewed the pre-qualification applications and determined that all five firms are qualified for this type of project and will be invited to submit bids. One of the contractors, MERCO Inc., has let their Oregon Contractors License lapse so they will be required to submit proof that they have gotten their license reinstated at the time they submit a bid at the June 18th deadline. All of the five participated in the walk through on the tunnels. The construction start date is July 6, completion date is November 30th, this includes all cleanup and de-mobilization as well.

It is expected to have recommendations for the Commission at the June 22nd Regular Meeting for sending out notice of our intent to award and then we will award the contract 7 days later.

COMMISSION COMMENTS: No other comments.

NEXT MEETING DATE: June 22, 2009

ADJOURN: The Special Meeting was adjourned at 8:15 a.m.

By: _____
David Kronsteiner, President

By: _____
Caddy McKeown, Vice President