

OREGON INTERNATIONAL PORT OF COOS BAY
Coos Bay, Oregon
REGULAR COMMISSION MEETING
Thursday, September 16, 2010
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; Jerry Hampel, Commissioner; Brady Scott, Commissioner – Excused Absence

Staff: Jeffrey Bishop, Chief Executive Officer; Martin Callery, Chief Commercial Officer; Dan Lovelady, Rail Operations Manager; Mike Stebbins Port Legal Counsel; Kathy Wall, Port Staff; Elise Hamner, Port Staff; Donna Scholl, Executive Assistant

Media & Guests:

Gordon Young, Channel 14; Sandy Messerle, SCDC; Larry Moore, CANDO Contracting; Marvin Caldera, ILWU Local 12; Bob Braddock, Jordan Cove Energy Project; Bradford McKeown, SCDC; Jack Jones, Bandon Woodlands Community Association; Jim Pearce, Bandon Woodlands Community Association

1. The meeting was called to order at: 7:00 p.m.

2. Introduction of Guests: 7:02 p.m.
Commissioner Kronsteiner requested members of the audience introduce themselves.

3. Economic Gardening Presentation by Bradford McKeown
Mr. Bishop welcomed Bradford McKeown, who had done an internship at South Coast Development Council (SCDC) this summer and is now a graduate student attending Willamette University. The Port charged SCDC with exploring and investigating the economic development concept called Economic Gardening. Mr. Bishop described Economic Gardening as “growing your own” and said the Port has been an active participant by operating the Business Incubator. He said job retention is one of the biggest issues facing a community and Economic Gardening is a targeted and focused effort toward that. Mr. Bishop said Mr. McKeown received a stipend from SCDC this summer in addition to credit in his graduate courses.

Mr. McKeown introduced himself as a graduate student at Atkinson Graduate School of Business at Willamette University studying sustainability consulting issues. His primary project, commissioned by the Port of Coos Bay while interning at SCDC, was to look into the opportunity for an Economic Gardening program in the Coos County area. He said he attended the 8th Annual International Economic Gardening conference in Bellingham, Wash., in June. Mr. McKeown showed a Power Point presentation. He reviewed slides describing the Economic Gardening concept, the history and how it came about, the components that go into an Economic Gardening initiative, and recommendations as to how Economic Gardening could be effectively utilized in Coos County.

He said Economic Gardening is an entrepreneurial approach to economic development that seeks to grow the local economy from within. Economic Gardening is different from economic hunting, which is recruiting large anchor businesses instead of nurturing existing local businesses. He said in 2009 the Small Business Administration’s report to the President included an entire chapter on the potential benefits of Economic Gardening. Economic Gardening was founded in Littleton, Colo., and

the concept has spread nationwide and beyond. The states of Florida and Wyoming have implemented statewide programs. Japan has an entirely different program due to the longevity of its businesses.

He said the Edward Lowe Foundation has worked to bring attention to Economic Gardening across the country. The program targets enterprises defined as stage two businesses that have between 10 – 99 employees and between \$1 million to \$100 million in annual revenue. These businesses are beyond start-up but haven't reached maturity. The Grow FL program in Florida looked at a smaller stage two definition of between 10 – 50 employees and between \$1 million to \$50 million in annual revenue. The Technology Association of Georgia recently instituted an Economic Gardening program looking at early stage one and stage two businesses, which are businesses with 19 or fewer employees, and high-end technology companies without any specific revenue growth.

Much of the job growth in the U.S. is coming from stage one and stage two businesses. Mr. McKeown said stage two businesses and business owners typically can no longer do everything themselves. They require more specialization, as individual employees work on specific tasks and frontline employees may lack an understanding of the businesses long-term goals. Businesses that have reached the maturity of stage three and four are focused on gaining efficiencies without bringing in new jobs, since new jobs create new expenses. Mr. McKeown projected a slide showing job growth in the United States, the state of Oregon and Coos County from 1993 to 2008, with current data available from the web site www.youreconomy.org. Job growth in the U.S. and Oregon were similar with self-employed, stage-one, and stage-two job growth virtually identical. He said that with stage three and stage four businesses you start to see some differences in job growth at the local level. Stage three in the U.S. and Oregon represented a small fraction of the total job growth across the country, and stage four job growth was flat. However, in Coos County almost one-fourth of job growth came in stage three and four in companies with more than 100 employees, and in the last fifteen years, that growth came from big box stores. Mr. McKeown said these stores serve an important purpose in an economy, but they don't provide a great number of family wage jobs. Also, many of the profits don't stay in the area. He said the stage one and two companies in Coos County, where the wealth and family wage jobs are created that would stay in the community, have lagged behind the country and the rest of the State.

The web site www.youreconomy.org pulls data from the economic census of approximately 140 million businesses operating in the U.S. over the past 15 years by tracking births, growth, decay and establishment of jobs within those businesses. The site enables a user to look at items individually either wholly, by city or by specific counties. Mr. McKeown looked at Coos County from 1993 to 2008 by non-commercial, non-resident and resident businesses. He projected summary graphs that depicted 29.75% job growth over the past 15 years and where the growth came from. He said 13% came from new firms and 17.5 % came from stage two firms expanding. Companies relocating to Coos County have been a net negative over the past 15 years, offset by the 2% loss of jobs from companies that have left.

Mr. McKeown said Economic Gardening came about in 1987 when Chris Gibbons was hired by the City of Littleton, Colo., as the economic development director. Littleton's major employer at that time was Martin Marietta, which left and laid off thousands of workers. Thirty percent of the storefronts in the downtown area at that time were vacant with approximately one million square feet of available retail space. Mr. Gibbons looked at what job creation had been over the past decade and came to the conclusion that simply relying on the model of attracting large anchor businesses was not

the way to go. He believed the incentives required to bring a large business to the area required giving away so much that it offset any benefits, and as soon as another area offered the business greater incentives making it cheaper for them to do business in this new area, the business would take the offer and leave. Mr. Gibbons decided fostering local businesses and helping them grow was the better way to go. Over the next 15 years, there was a great deal of trial and error but not only did he see a 136% increase in jobs there was also a 300% increase in sales tax revenue. This growth greatly outperformed other Colorado towns.

Mr. McKeown said the Wyoming program focuses primarily on customizing competitive intelligence to anyone in the state. It has partnered with the University of Wyoming and with Central Resources Information enabling it to provide data to anyone requesting help through a local economic development organization. During the last legislative session, Oregon established a fifteen-member task force, appointing a variety of experts to look at the possible opportunities for implementing Economic Gardening statewide. State Representative Jefferson Smith stated his intention was to propose a \$500,000 funded pilot program in the next legislative session.

The different components that can go into an Economic Gardening program include infrastructure, connectivity and information. Defining infrastructure more specifically centers on developing community assets essential to both commerce and quality of life, with the rationale being – if you don't have a community where people want to live, there will never be a strong workforce necessary to increase commerce and foster growth. Mr. McKeown said transportation is a large component of infrastructure and the local railroad project is an excellent example of something already being accomplished. Transportation infrastructure also would encompass commercial airports, port facilities, road improvements, public transportation including bike pathways and bike lanes on local roads. Education is another large piece of infrastructure because a community must be able to train its workforce to develop qualified people for growing companies. Southwestern Oregon Community College and a strong K-12 school system foundation are equally important, as well as trade programs such as the culinary institute and skilled development programs available through WorkSource Oregon. Another component of a happy workforce is cultural opportunities, such as the Coos Historical & Maritime Museum, the Little Theater on the Bay, Shore Acres, local parks and wilderness areas.

Mr. McKeown said the connection between business owners and critical resource providers include local government, education providers and entities such as the Port of Coos Bay. Fostering interaction and exchange between owners and government helps businesses understand what resources are available to them and in turn helps government and service organizations understand business needs.

Information is the third leg of the Economic Gardening tripod and is a prime area for education and opportunity in the community. McKeown said competitive intelligence can be a powerful tool for local businesses. Search engine optimization is of key importance, so that when someone searches online for a Coos Bay business, it is the first business that comes up. Social media also offer free tools often overlooked but that can be incredibly powerful in raising visibility. Examples include Twitter, Foursquare and Yelp.

Mr. McKeown said competitive intelligence looks at market research and helps a business understand who its customers are, who its competitors are, and how they interact to create areas of opportunity. Economic Gardening programs can introduce businesses to geographic information systems. Dunn

and Bradstreet is one of the most comprehensive business databases the Port of Coos Bay currently has access to, and providing this information to local businesses can be extremely useful.

Economic Gardening can help with capital referrals, which look at pairing growth businesses lacking resources with investors who are ready with the capital. There are local organizations such as the Southern Oregon Angel Network, the Oregon Angel Fund and the Oregon Entrepreneurs Network that specifically focus on pairing businesses with appropriate capital to help them leverage what they already have in place and to take the next step in growth. Mr. McKeown said labor referrals also can be important when a company is ready to grow and needs staff but can't find someone with the appropriate skills.

To Mr. McKeown's knowledge, there is only one established program in Oregon. The City of Beaverton instituted an Economic Gardening program in 2009 and over the last year has begun to see results with 25% of the assisted businesses achieving sales growth they believe is tied directly to competitive intelligence. Five percent of the businesses have already made capital purchases to help facilitate new sales levels.

Mr. McKeown said sustainable business organizations, main street development and "buy local" campaigns can work hand-in-hand with an Economic Gardening initiative.

Mr. McKeown made some preliminary recommendations for opportunities for the Coos County area. They included developing potential strategies for providing competitive intelligence to local businesses and creating a centralized information resource for stage one or stage two businesses. Mr. McKeown said he wasn't sure where this should live and that it was very important to make a determination early, whether it should be the South Coast Development Council, the Business Development Center, County Government or at Southwestern Oregon Community College. He also felt expanding partnerships between local businesses, governments and educational institutions was a key piece for continuing to foster opportunities for local businesses to grow. He felt Beaverton's Economic Gardening program would be an excellent resource, in addition to watching what the Economic Gardening Task Force was doing and learning about best practices and success stories from other programs. Mr. McKeown then projected a slide showing the various resources he used in gathering information for his presentation including www.growfl.com and www.sba.gov.

Mr. Bishop thanked Mr. McKeown for his presentation. Commissioner McKeown asked if Beaverton was in a pilot stage. Mr. McKeown responded that they were operating and committed to the initiative over the long term. Commissioner McKeown then asked what resources Beaverton was providing and what it cost to run an Economic Gardening program. Mr. McKeown said he didn't have cost information but projected a slide showing the diverse services provided to Beaverton businesses. He said some of the market research tools they were using were not inexpensive and he wasn't sure if they had been purchased or whether they were leveraging resources within their universities or local government. SCDC's Sandy Messerle said she would look into a response to Commissioner McKeown's questions and provide her with an answer within the next day or two. Commissioner McKeown said she was also interested in the state initiative and how many programs it would target with the \$500,000. Mr. McKeown said Representative Smith had not stated how he intended to break out the program and that his staff is mindful of the budget challenges facing the state. However, they believed there was a substantial opportunity for the state over the long term in helping to nurture established businesses.

Mr. Bishop commented that staff would keep commissioners updated on the Port's efforts in pursuing Economic Gardening and hoped to have a more formal discussion with them on incorporating a program into the Port's action plan.

No action required by the Commission as this was an informational presentation only.

4. CONSENT ITEMS:

A. Minutes: Approval of Minutes from the August 19, 2010, Commission Meeting
Commissioner Kronsteiner said that Commissioner Scott had an excused absence from the meeting and asked if the rest of the Commission had an opportunity to review the consent items on the agenda. He then asked for a motion for approval.

Upon a motion by Commissioner McKeown (second by Commissioner Smith) the Board of Commissioners voted unanimously and approved the Minutes from the August 19, 2010 Commission Meeting.

5. MANAGEMENT REPORTS:

A. Chief Executive Officer: Jeffrey Bishop
Mr. Bishop said instead of his report this evening he had asked Bob Braddock from the Jordan Cove Energy Project to give the Commission an update on the project and permitting process.

Mr. Braddock thanked Mr. Bishop for the opportunity to speak and said he had spent a lot of time traveling due to shifting activity on the project. He said the project received its FERC certificate in December 2009, completing the most significant federal action even though there is ongoing activity with other federal agencies. Also during the past year, the terminal completed all of the Coos County permit requirements and earlier this month so did the pipeline. That left the focus on the permitting side, which drives a portion of the schedule, on State level permits for air and water quality. There are also some miscellaneous federal permits. He said the Army Corps of Engineers 404 permit is a fairly massive undertaking.

The State has received the air permit and has deemed it complete and Jordan Cove expects it will be put out for public notice in the newspaper in the next few weeks. Local hearings will be conducted with permit approval expected by the end of the calendar year. Mr. Braddock said Jordan Cove is working with the Oregon Department of Environmental Quality on the 401 Water Quality Certification for both the terminal and the pipeline. Jordan Cove will be providing DEQ with all information by mid-October, which would then complete that part of the project. The public will be notified through the newspaper and meetings conducted both in Coos Bay and along the pipeline route. Mr. Braddock said he expected the certification to be issued by May 2011. He said requirements are mainly statutory as opposed to technical input. The 404 federal permit should be issued at about the same time. He felt most of the required permits would be in hand by next summer allowing Jordan Cove to begin construction.

Mr. Braddock said the project always has been predicated on the relationship with customers who are producing natural gas overseas and building liquefaction facilities to transport to markets. He said a key component is having the two terminals come into service at the same time. Their customers have a four-year construction cycle, which adds another six months onto Jordan Cove's 42-month

construction timeline. He said these customers also are experiencing some fallout from the current economic situation making things move more slowly. Jordan Cove's marketing folks are heading to Singapore for a series of meetings next week with clients who are predominantly Australian. He said the entities are close to the point of needing to make the final investment decision for all projects, which must be done concurrently.

Putting everything into perspective, he said the terminal is a \$1.2 billion investment and the pipeline is a \$1.2 billion investment. Mr. Braddock said the customers' investment in facilities to supply the Jordan Cove terminal is in the range of \$6 billion, in addition to \$4 billion in ships. He said they have reached a point where both sides of the Pacific are feeling comfortable that all of the regulatory issues have been sorted out on all of the facilities.

Mr. Braddock said two issues have impacted the market over the past year. One is the exploitation of shale gas in North America, and secondly the construction of the Ruby pipeline from Wyoming to southeastern Oregon. Mr. Braddock said they are linked but what Jordan Cove sees for the future doesn't necessarily coincide with what others view as the future. When talking about the Jordan Cove facility, as well as the overseas facility, these are facilities that will have a minimum 20-year lifespan. They won't get built unless there is anticipation of contracting for output for a minimum of 20 years, and most contracts will go well beyond that. Mr. Braddock said his investors are looking not at the marketplace today but over the next quarter century.

Mr. Braddock said there is a very strong feeling at the corporate level that shale gas is predominantly a resource being exploited east of the Mississippi, primarily in Pennsylvania and West Virginia. This has pulled drilling rigs out of the Pacific Northwest and the Northern Rockies leaving a deficiency of rigs in the Northwest. He felt this occurred because production costs are lower and companies can charge more for their natural gas there. As of this calendar year, gas production has declined in the Rockies despite projections it would grow at robust rates through 2016 before flattening out. Mr. Braddock said there are already significant declines in the areas of supply in Coos Bay. There is a narrow pipeline that can transport gas from the Rockies, but there is sufficient doubt as to whether there will be enough gas to fill the pipeline. That makes LNG a very important element. He said it is important to understand there are no other LNG facilities permitted to be built by FERC on the West Coast and that the facility in Coos Bay is the only facility that could effectively accommodate service, making the project important. To give Port commissioners a sense of Jordan Cove's level of commitment, Braddock said that up until the end of 2009 the combined investment the pipeline and the terminal was roughly \$60 million. The current expenditure rate is stabilized at a little less than \$1 million a month and it will continue at that level until it is expected to increase late next spring.

Commissioner McKeown asked about the lawsuit filed by Jordan Cove and the timeline associated with the lawsuit. Mr. Braddock said the suit filed by the pipeline against the Division of State Lands and the Department of Land Conservation and Development was primarily over the mandatory landowner signature requirement prior to accepting analysis of the permit. Braddock concluded his discussion, saying the suit should work its way through the 9th Circuit Court of Appeals before the end of next spring.

Mr. Bishop commented that there was no Harbor Master's report on the agenda. He pointed out that Kathy Wall is the new Harbor Master and Aaron Simons, the former Harbor Master, has accepted a new position with the Port as the Facilities Manager for Commercial Docks. Mr. Simons will be doing project-related work focusing on Citrus Dock and Dolphin Terminals.

B. Chief Commercial Officer: Martin Callery

Mr. Callery said most of his activities over the past month have been focused on ConnectOregon. He attended an Oregon Freight Advisory Committee meeting where the Port is one of the first entities, along with the steering committee, to have input on the Oregon Freight Plan. He said it is a good plan, but there were several technical issues needing attention.

Mr. Callery said the Port has an opportunity to apply for a federal grant in a pilot program under SAFETEA-LU and he will be working on the application. Port staff will be looking at the budget because the Port will need to make an 11% match, which Mr. Callery didn't feel would be a problem. The grant could generate an additional \$2.5 million in additional funding for the rail line. Commissioner Kronsteiner asked if the money was destined to go somewhere else because it wasn't used. Mr. Callery responded that the money was in a pilot program that was being closed out in preparation for reauthorization of the transportation bill. Congressman DeFazio was instrumental in pointing the Port in the right direction to apply for the leftover funds. The Port is working with ODOT's federal affairs people and has been assigned a project manager.

C. Rail Operations Manager: Dan Lovelady

Mr. Lovelady wanted to add to the written report he had already provided. He said he and Mr. Callery had been out to inspect tunnels 13 and 15 with HDR and Jacobs Engineering. Tunnel 13 has been completed and looked great. Tunnel 15 is projected to be completed by Sept. 21. He said while walking through the tunnel, the on-site engineer pointed out some additional work that needed to be done. There is a meeting planned with HDR Jacobs to go over the budget to see if there are additional funds. If so, Mr. Lovelady hoped to keep the crew here to complete the new work before leaving the site. Commissioner Kronsteiner asked if the work had impact on tunnel safety. Mr. Lovelady said it did not, that it could possibly add another five to eight years to the tunnel's lifespan. He said these were areas that deteriorated due to work in other areas of the tunnel. The engineers didn't feel that the loads had shifted, but possibly the equipment working in the tunnel and air getting into certain areas caused some of the wooden sets to move out of place and become exposed to water. Commissioner McKeown asked if the water damage was due to rerouting of water. Mr. Lovelady said he didn't believe that to be the case.

D. Chief Financial Officer: Donna Nichols

Mr. Bishop said that Ms. Nichols was unable to attend the meeting.

6. PUBLIC COMMENT:

ILWU Local 12 member Marvin Caldera said that Commissioner Hampel had asked him to give an updated shipping report. He said log ships have returned to Ocean Terminals, the first in five years. Mr. Caldera continued with the following vessel report: On August 8, the Mt. Adams took on 3 million board feet of logs; on August 9, the Shin Tonami came in to Roseburg Forest Products for wood chips. He noted that it takes 1,300 chip trucks to fill one ship. On August 12, the Taio Cosmos came in to Oregon Chip Terminal, which uses Longshoremen for loading chips. Longshoreman also work at the chip dump and these are family wage jobs.

On August 16, the Glorious Lotus came to Roseburg Forest Products for chips. On August 21, the log barge Paul Bunyan came to Ocean Terminals taking on 1.8 million board feet of logs before heading to Longview for transfer to a Japanese ship. On August 23, the Crimson Polaris loaded chips at Roseburg Forest Products. On August 27, chip barge DT280 took on chips at Georgia-Pacific

before traveling to the Columbia River. On August 28, the Milky Way came in to Roseburg Forest Products for chips. On September 10, the log barge Paul Bunyan came into Ocean Terminals before taking a load of logs to the Columbia River and heading to Longview. On September 12, the Matakana Island came in to Ocean Terminals and took on 3 million board feet of logs. Mr. Caldera said there were nineteen Longshoreman extra casuals and travelers hired to get the Matakana Island ready to sail and that it has been a long time since there were travelers in this Port.

Mr. Caldera said Ocean Terminals' manager reported there were 92 loads of logs that had come into Ocean Terminals to be sorted prior to shipping. Mr. Caldera said this produced work for loggers and truck drivers. On September 29, there will be another log ship at Ocean Terminals that will take on approximately 25.5 million board feet. Pat Goll of Ocean Terminals and Ingvar Doessing of Jones Stevedoring have worked hard to attract these shipments. He also wanted to thank Mr. Bishop, Mr. Callery, Mr. Lovelady, Port Staff and the Commissioners for all their hard work on the rail line. Mr. Caldera was optimistic about the future, including Oregon Resources Corporation that is considering shipping product by barge, ship and rail.

Jim Pearce thanked the Commissioners for letting him speak. He said he disagreed with the proposed Bay Area Enterprise Zone agreement between the Port and Oregon Resources Corporation. He said he owns a business and he is a hard-core free enterpriser who doesn't want handouts from the government and doesn't want the government's hand in his pocket. Mr. Pearce said he doesn't believe ORC needs tax breaks. He said the company would stay here without them. He said ORC's profits are not going to stay here and an extension on the Enterprise Zone equates to a subsidy. Mr. Pearce said he doesn't get a subsidy and he has been in business here for 16 years. He said he can't even get the police to keep the drunks from breaking the windows in his business. He said that if ORC gets the Enterprise Zone tax exemption, other people would have to pay that tax money, which would probably mean him. He commented that some people are barely making ends meet as it is. Mr. Pearce felt ORC could well afford to pay its fair share of taxes and that it wasn't right that it put its hands in other people's pockets to benefit a foreign-owned company. Mr. Pearce said he hoped the Port would take his comments into consideration and thanked the Commission for the opportunity to speak.

Jack Jones talked about the Enterprise Zone Agreement and the problems he saw with the way the Agreement was addressed in the Oregon Revised Statutes and the Oregon Administrative Rules. He looked through the Agreement and saw cited Chapter 123 Division 065 in the OAR, which doesn't exist. He said it also cites ORS 285B.707 and the renumbering schedule is incorrect. It should not cite 285C.215, but rather 285C.135. He commented that ORS 285C.160 contains requirements and he feared ORC had not given the Port the information it needed to make a rational decision. Those include building code, greenhouse gas emission and other requirements. Mr. Jones said he was providing information for the Port and if commissioners signed this Agreement they would be signing something that doesn't really exist. He thanked the Port for the opportunity to speak and hoped his information would be used.

7. Recess to Executive Session: 8:05 p.m.
Return from Executive Session: 8:35 p.m.

8. ACTION ITEMS/REPORTS:

A. Bay Area Enterprise Zone Application for Oregon Resources Corporation
Commissioner Kronsteiner said the Port would table the Application and have Port Legal Counsel review the document to make sure that ORC is meeting the criteria.

B. Port Property Sale to Southport ChipCo, LLC
Mr. Bishop said this item was a purchase sale agreement to Southport ChipCo LLC. Previously, the Port Commission accepted the proposal on a conditional basis at a special meeting in 2009. There have been some problems with proper title being issued. The sale includes 32.88 acres more or less with tidelands abutting the property. The Port of Coos Bay has extended credit to Southport ChipCo (which it also did when the company was building the original mill on the North Spit) in the amount of \$1,331,160 of which \$7,500 consisted of an option to purchase. This dollar amount is subject to verification. The balance of \$1,323,660 will be paid in monthly installments of not less than \$7,331 at an interest rate of 3% per annum. The final payment is due on or before 20 years from the date of the trust deed. The property shall only be used for industrial purposes as described in the deed and specifically referencing the CC&R's. The trust deed, CC&R's, option to purchase and promissory note documents have been reviewed by the Port's Legal Counsel, Stebbins and Coffey. Mr. Bishop said Mr. Stebbins had some specific comments to make about the documents.

Mr. Stebbins said there were three items that needed to be completed. They include a final verification of the acreage. Second is a crossing agreement giving the purchaser access to the property and that will also clarify the final acreage. And third, the new title report had some exceptions that need to be worked out for the title to transfer. Mr. Stebbins said with this documentation completed, the sale can be finalized. Mr. Bishop said the action requested was for Commission approval of the sale of approximately 32.88 acres more or less together with the tidelands fronting and abutting such property to Southport ChipCo, LLC. Mr. Bishop added to this request verification and satisfaction to the Port's Legal Counsel the completion of the three items described by Mr. Stebbins. Commissioner Kronsteiner asked for a motion to approve. Mr. Bishop said this sale would add construction of an additional terminal on the bay. Mr. Callery commented that the last facility to be built was for Oregon Resources Corp.

Upon a motion by Commissioner McKeown to approve the sale of approximately 32.88 acres more or less with the tidelands fronting and abutting such property to Southport ChipCo LLC (second by Commissioner Hampel), the Board of Commissioners voted unanimously to approve the Port Property Sale to Southport ChipCo LLC upon completion of verification of the acreage, access agreement and title report exceptions.

Commissioner McKeown asked if the Commission could clarify for Mr. Jones and Mr. Pearce what had been decided regarding the Bay Area Enterprise Zone Application for Oregon Resources Corporation. Mr. Bishop explained that the Commission had tabled the item pending legal review and would not be addressing it again until that review had been completed. Mr. Bishop felt it would be discussed at a Special Meeting and if Mr. Jones and Mr. Pearce wanted to receive notice of the Special Meeting to please contact Ms. Scholl.

C. Funded Improvements to the ACS Building
Mr. Bishop said the next item for Commission approval was the State's Strategic Reserve funding contract in the amount of \$90,000 and signature authority for the improvements to the ACS building.

Through grant and loan funding from the State of Oregon, the Port built the 800 Support Call Center on airport property during fiscal year 1999/2000. The company signed a ten-year lease with a ten-year renewal option dated November 1999. The lease ran month-to-month until July 2000, when the building was completed.

Affiliated Computer Services (ACS), formerly 800 Support and then CyberRep, was recently acquired by Xerox Corp. With set-aside funds, the Port was able to pay down on the outstanding loan principle and negotiate a new lease (not yet finalized). The new lease offers a three-year term with three-year renewal options.

In support of the new acquisition and lease renewal, Xerox asked for capital improvements in the amount of \$90,000 to the facility. The Port and State worked to provide a loan from the State's Strategic Reserve that, as long as the project is completed by December 31, 2010, and ACS maintains 507 full-time jobs, the loan would be forgiven and become grant funding.

The action requested is Commission approval of the State's Strategic Reserve Funding contract in the amount of \$90,000 and signatory authority in support of improvements to the current ACS building.

Upon a motion by Commissioner Smith (second by Commissioner McKeown) the Board of Commissioners voted unanimously and approved the Funded Improvements to the ACS Building.

D. Connect Oregon III Grant Agreement with Signatory Authority

Mr. Callery said in late August the Oregon Transportation Commission approved the Connect Oregon III program and the Port was successful in its grant application for \$7.8 million for rehabilitation of the Coos Bay Rail Line. On Sept. 10, the Chief Executive Officer received by email a copy of the contract between ODOT and the Port, which was forwarded to Ms. Nichols, Mr. Lovelady and Port Legal Counsel Stebbins and Coffey. Mr. Lovelady found several items in the contract that need clarification and Port Legal Counsel is reviewing the document for consistency with Port statutes. The Port is asking the Commission for signatory authority for the Chief Executive Officer, Commission President and Legal Counsel to move the contract forward once all comments are into ODOT attorneys and back to Port staff for consideration. Mr. Callery said the motion is for Commission approval of Connect Oregon III Grant Agreement with Signatory Authority for Commission President, Chief Executive Officer and Port Legal Counsel.

Upon a motion by Commissioner McKeown (second by Commissioner Hampel), the Board of Commissioners voted unanimously and approved the Connect Oregon III Grant Agreement with Signatory Authority for Commission President, Chief Executive Officer and Port Legal Counsel.

E. OR 38: Rail Crossing Improvements (Reedsport) with Signatory Authority

Mr. Lovelady said the next item was requesting Commission Approval of OR 38: Rail Crossings Improvements (Reedsport) Local Agency Agreement with Signatory Authority for Commission President, Chief Executive Officer, and Port Legal Counsel.

This includes new signals and crossing surface on Highway 38 in Reedsport and new crossing surfaces on both the siding and the main line on Winchester Avenue. A portion of the agreement is

federally funded with the remaining funds to be paid by ODOT. Some funding will come from the City of Reedsport for the Winchester crossings.

Mr. Lovelady said the action requested is a motion to approve OR:38 Rail Crossing Improvements (Reedsport) Local Agency Agreement with signatory authority for Commission President, Chief Executive Officer and Port Legal Counsel

Commissioner McKeown asked what the crossing was going to entail. Mr. Lovelady said there are currently flashing lights on Highway 38 with both a siding and mainline crossing. The siding crossing will be removed so there will only be one rail crossing with new signals. He said there are currently humps and dips, which will be smoothed. On Winchester Avenue, there will be two concrete crossings wide enough for future sidewalks.

Upon a motion by Commissioner McKeown (second by Commissioner Hampel), the Board of Commissioners voted unanimously and approved the OR 38: Rail Crossing Improvements (Reedsport) with Signatory Authority for Commission President, Chief Executive Officer and Port Legal Counsel.

9. OTHER:

10. INFORMATION ITEMS:

- A. September Business Center Newsletter
- B. Letter from Lionel Youst – Port Lessee
- C. News Around the Industry – ELTEC’s Solar Lighting

11. COMMISSION COMMENTS: There were no Commissioner comments.

12. NEXT MEETING DATE: Thursday, October 21, 2010 with a Special Meeting sometime prior to this date.

13. ADJOURN: The meeting was adjourned by Commissioner Kronsteiner at 8:45 p.m.

By: _____
David Kronsteiner, President

By: _____
Dan Smith, Secretary