

OREGON INTERNATIONAL PORT OF COOS BAY
Coos Bay, Oregon
SPECIAL COMMISSION MEETING
Tuesday, December 21, 2010
10:00 a.m.

Port 3rd Floor Conference Room, 125 Central Ave, Suite 300, Coos Bay OR 97420

ATTENDANCE

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

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

Media & Guests: Bob and Carol Fischer; David Petrie; Ken Messerle; Jody McCaffree; Ken Willsey; Joe Stoneburg; Leslie Farnsworth, Port Staff

The meeting was called to order at: 10:11 a.m. by Commissioner McKeown. Participating by telephone were Commissioners Kronsteiner, Scott, Smith and Hampel.

Introduction of Guests: Ken Messerle; Bob and Carol Fischer; David Petrie; Jody McCaffree; Ken Willsey; Joe Stoneburg; Leslie Farnsworth; Loren Collins.

CONSENT ITEMS:

- A. Minutes: Approval of November 2010 Minutes
- B. Approval invoices through December 7, 2010 totaling: \$1,043,755.62
- C. Approval of Ratification of ACS Call Center Lease
- D. Approval of Ratification of *ConnectOregon* III Final Contract

Upon a motion by Commissioner Smith (second by Commissioner Scott), the minutes of the November 18, 2010 meeting, invoices through December 7, 2010 totaling \$1,043,755.62, ratification of the ACS Call Center Lease and ratification of *ConnectOregon* III final contract were voted on and unanimously approved by the Board of Commissioners.

ACTION ITEMS/REPORTS:

Extension Agreements with the Jordan Cove Energy Project and the Weyerhaeuser Company.

Mr. Bishop reviewed the PowerPoint slides for the Extension Agreements with the Jordan Cove Energy Project and the Weyerhaeuser Company with Authorization for the Chief Executive Officer to Sign and Execute the Extension Agreements.

- The Option will be extended through June 30, 2011.
- Payment for this extension will remain at \$450K per quarter payable before January 10, 2011 and before April 10, 2011 (JCEP to underwrite).
- If the Port triggers the Option on the whole property or the Ingram Yard/Lagoons as described below, the \$900K in option payments would apply to the purchase price.

- If the Port triggers the Option on the whole property or the Ingram Yard/Lagoons, previous \$150K quarterly payments from 2010 would also apply to the purchase price.
- If the Port does not trigger the Option before its expiration on June 30, 2011, the \$900K payments made in 2011 shall be deemed earned by Seller and non-refundable.
- The Option can be triggered at any time, but not terminated by the Port before its expiration. The same condition would be in the Jordan Cove agreement.
- The Property referenced in the Option will be broken out into the five parcels which is a new change.

A map showing the property was projected and Mr. Bishop pointed to and named the five different parcels as the Ingram Yard, the Lagoons, the Henderson Property, the Mill Site and associated submerged lands.

- The Port will be responsible for legally partitioning these parcels before June 30, 2011.
- The option allows the Port to buy the whole property for \$25MM or just the Ingram Yard/Lagoons for \$14MM by triggering an option specific to those parcels before June 30, 2011 (all of the purchases to be underwritten by JCEP).
- Closing will occur within 30 days following the trigger of the option.
- Assuming the Port triggers the Ingram Yard/Lagoon option, the Port will pay \$8MM at closing and receive a deed of trust or other such conveyance document.
- The Port will have full access and ownership of the property as of Closing.
- A note or other such document will be issued for \$6MM to be paid in full by the Port on or before January 30, 2012. A warranty deed (or similar) will be issued at that time (with all to be underwritten by JCEP).
- If the option on the Ingram Yard/Lagoons is triggered, the Port will automatically get a 12-month extension for the option of the mill site and Henderson Marsh at \$200K/quarter beyond the 12-month period.
- Again, this extension cannot be terminated before the four quarterly payments have been made.
- Seller's right to additional compensation for the "undevelopable land" if developed by the Port will be deleted from the Option.
- A provision that would provide Seller with 1/2 of any compensation related to electrical production from wind turbines on the property will be added.
- Seller's right to purchase 20 acres will either be eliminated or made more flexible and favorable to the Port.
- The required environmental policy shall be restricted to the Mill Site only.

Mr. Bishop said the motion was for approval to authorize the Chief Executive Officer to sign and execute the extension agreements with the Jordan Cove Energy Project and the Weyerhaeuser Company. Mr. Bishop said his plan was to meet with them next week, get the agreements signed and then bring the agreements back to the January meeting for ratification.

Upon a motion by Commissioner Scott (second by Commissioner Hampel), the Board of Commissioners voted unanimously to approve authorization for the Chief Executive Officer to sign and execute the extension agreements with the Jordan Cove Energy Project and the Weyerhaeuser Company.

Commissioner Scott asked what would happen if the deal didn't go through. Mr. Bishop explained that the property would go back to Weyerhaeuser, and if the Port did just part of the deal, then Jordan Cove would end up with its site and the Port receives the Lagoon for free. He said the Port would have to reimburse Jordan Cove for the Lagoon in the event the Port was successful in building a wastewater treatment facility. If not, then the Port would be able to keep it for public trust. The Port would then have a one-year option to come up with the money to buy the remaining parcels for \$11 million. In the event that doesn't happen, those parcels would go back to Weyerhaeuser. Mr. Bishop said there is no risk because Jordan Cove is required to pay in advance for every option requirement that the Port has. From a risk standpoint it still follows the risk model. He said this is radically different from the last deal in the sense that there is clear evidence that if the Port is not participating, Jordan Cove and Weyerhaeuser will do the transaction on their own. Mr. Bishop said this provides the Port the opportunity to attempt to do something else with the rest of the property. Commissioner McKeown asked if there were any other questions and the Commissioners had none.

Renewal of the Southwestern Oregon Community College (SWOCC) Business Center Lease & Contract for Services.

Ms. Nichols said the Port of Coos Bay took over management of the Business Development Center (BDC) from Coos County in February 2000, during the same time it was managing the North Bend Airport and Business Park. Shortly thereafter, SWOCC, the Business Development Center and the Port agreed to move the BDC to the Business Center to combine services provided to the incubator tenants and the BDC would have a business management role with the Business Center.

The original lease agreement was put into place with a term of five years. A Contract for Services was agreed upon at the same time with a term of three years. One-year extensions have been signed since the original agreements were put into place, with the current agreements terminating on September 30, 2010.

Ms. Nichols said the Port and SWOCC were operating on a 30-day agreement until the new agreements are authorized. Both agreements have been reviewed by Port legal counsel for updating. The BDC director has agreed to continue leasing the two offices at \$200 a month and the Port agreed to pay the BDC \$400 a month for their Contract for Services resulting in no cost to either party. Both renewal agreements will have a term of two years with the option to renew for two successive one-year terms.

Ms. Nichols asked the Commission for approval of the Lease Renewal and Contract for Services Renewal for SWOCC Business Development Center.

Upon a motion by Commissioner Kronsteiner (Second by Commissioner Smith), the Board of Commissioners voted to unanimously to approve the SWOCC BDC Lease and Contract for Services. There were no comments or questions.

Renewal of the Collective Bargaining Agreement 2011 through 2015 between the Oregon International Port of Coos Bay and International Longshoremen's and Warehousemen's Union Local 12, Maintenance, Repair and Security Workers.

Ms. Nichols said the current Collective Bargaining Agreement for the Port's maintenance and security workers was scheduled to terminate on December 31, 2010 or automatically renew from

year-to-year unless, at least 120 days before the expiration date, either the Port or Union notified the other to modify or terminate the agreement. ILWU Local 12 notified the Port on September 30 that it wanted to open the 2006-10 Collective Bargaining Agreement for negotiations. Port staff and union representatives met on November 8 and again on December 14. Union representatives wished to authorize a new 5-year contract with one-year renewal extension options from January 1, 2011 through December 31, 2015 with the changes below:

- Section 3 was changed to reflect a not-to-exceed increase in union dues.
- Section 4 was amended to specify call back time associated with Ice Dock operations.
- Sections 5 & 6 were modified to reflect the Port's Personnel Policy related to per diem meal rates and travel benefits.

The Port and the Union agreed to add an additional Maintenance Operator position to the Marina crew for the additional responsibilities associated with the Ice Dock operations, and that the Maintenance Foreman position would be advertised through December 31 with interviews scheduled for January. The Maintenance Foreman position will not be a union position, but rather a Port supervisory position doing planning and oversight of crew and projects. Additional housekeeping changes were made to replace staff titles throughout the document.

Ms. Nichols asked the Commission for approval of the International Longshoremen's & Warehousemen's Union Local 12, Maintenance, Repair and Security Workers Collective Bargaining Agreement January 1, 2011 through December 31, 2015.

Upon a motion by Commissioner Kronsteiner (second by Commissioner Scott), the Board of Commissioners voted unanimously to approve the Collective Bargaining Agreement 2011 through 2015 between the Oregon International Port of Coos Bay and the International Longshoremen's & Warehousemen's Union Local 12, Maintenance, Repair and Security Workers.

5. OTHER:

6. COMMISSION COMMENTS:

Commissioner Smith wished everyone a happy and safe holiday season. Mr. Bishop wanted to give the Commissioners good news regarding anticipation of closing on the rail line this week, but at the latest, next week. He said all parties came to agreement per the terms and conditions that the Commissioner's had outlined for the Port. The Commissioners were extremely happy and grateful. Commissioner McKeown thanked Port staff for all their hard work on the rail line saying it was a momentous task and that everyone had done an amazing amount of work on the project. She said it had been a long time getting to this point and it will be nice to get the paperwork done and the project wrapped up. She then wished everyone a Merry Christmas.

7. NEXT MEETING DATE: - Thursday, January 20, 2011

8. ADJOURN: The meeting adjourned at 10:26 a.m.

By: _____
David Kronsteiner, President

By: _____
Dan Smith, Secretary