

OREGON INTERNATIONAL PORT OF COOS BAY
Coos Bay, Oregon
SPECIAL COMMISSION MEETING
Tuesday, August 16, 2011
10:00 a.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; Brady Scott, Treasurer; Jerry Hampel, Commissioner

Staff: Jeffrey Bishop, Chief Executive Officer; David Koch, Chief Operating Officer; Donna Nichols, Chief Financial Officer; Loren Collins, Port Counsel; Donna Scholl, Executive Assistant.

Media & Guests:

1. The meeting was called to order at 10:00 a.m. by Commissioner Kronsteiner. He asked Mr. Collins, who was representing Stebbins and Coffey Attorneys at Law, to introduce himself. Collins said he was providing legal counsel in the absence of Mike Stebbins and Jim Coffey. Mr. Collins said he was previously with the Attorney General's Office in Salem for the last nine years and decided to relocate to Coos Bay. He joined Stebbins & Coffey in December 2010.

2. Introduction of Guests:

Gail Elber, Jan Dille, William Delimont, Marvin Caldera, Linda Anderson, Ken Messerle and Richard Debevik.

3. **CONSENT ITEMS:**

- A. Approval of the July 21, 2011, Regular Meeting Minutes
- B. Approval of invoices through August 9 totaling \$710,924.95
- C. American Association of Port Authorities Form of Credentials for Chief Executive Officer
- D. Approval of Attorney Employment Agreement

Upon a motion by Commissioner McKeown (second by Commissioner Smith), the Board of Commissioners voted unanimously to approve the July 21, 2011, Regular Meeting Minutes; invoices through August 9, 2011, totaling \$710,924.95; AAPA Form of Credentials for the Chief Executive Officer; and Attorney Employment Agreement. Motion carried.

4. **ACTION ITEMS/REPORTS:**

A. Approval of Resolution No. FY 11/12 – 2, Adopting a policy to authorize the chief executive officer to enter into agreements for negotiating exclusive right for lease or purchase of revenue producing port property for a term not to exceed six months.

Mr. Bishop said the action requested is commission approval of Resolution No. FY11/12 – 2 authorizing the chief executive officer to enter into exclusive negotiations for the development of port property for a period not to exceed six months without prior commission approval. The action requested is approval of the resolution.

The Port of Coos Bay has a mission to “help build a diversified, healthy and stable regional economy through prudent management of its assets by advocacy for infrastructure improvement and collaboration with other public and private entities.”

The port owns real property, which is available for the development of deepwater port facilities by public and/or private entities. Parties who have an interest in entering into either a long-term lease or purchase of port real property for the purpose of developing such facilities require time to complete site selection due diligence. This requires the expenditure of financial resources and may need assurance from the port that the property under consideration will remain available during the period of time required to complete due diligence without requiring the party to acquire or lease the property.

One tool to accommodate this need is an Exclusive Negotiating Agreement (ENA) that gives the party an exclusive right to negotiate with the port regarding the terms of a lease or purchase agreement for a limited period of time. The terms of an ENA would be specific to property and commodity type and would compensate the port for its lost opportunity cost relative to the scope of the agreement.

Mr. Bishop said an ENA is not a lease or an interest in a property; it’s simply a promise the port will not negotiate with someone else during the time a company is doing due diligence. It does not give them any standing legal authority on the property. In some remote cases, the port does offer the opportunity for them to pursue some preliminary permitting as part of the due diligence process. Mr. Bishop stated it is not a property interest; it is simply the exclusive right to negotiate with the port and allow the company the opportunity not to worry about having someone come in and make a competing offer.

Mr. Bishop said the action requested is a motion to approve Resolution No. FY11/12 – 2, authorizing the port’s CEO or designee to negotiate exclusively with a particular party or parties for the lease or sale of port property for a period not to exceed six months without prior commission approval. Commissioner McKeown said it’s her understanding this did it not commit the port to anything more than not negotiating with anyone else on a particular piece of property at that particular time. Mr. Bishop responded that was correct. The only commitment on the part of the port is taking the property off the market during the period of time a company is doing the due diligence. He said the benefit to the port is when you are in “bubble” market conditions and inundated with inquiries, it allows the port to go through a process and select the best candidate that staff thinks will be able to succeed in developing a project. It also allows the port to inform other interested parties that the port has entered into an agreement to give a company time to determined whether it can do a project.

Upon a motion by Commissioner Smith (second by Commissioner Hampel), the Board of Commissioners voted unanimously to approve Resolution No. 11/12 – 2 for adopting a policy to authorize the Chief Executive Officer to enter into agreements for negotiating exclusive right for lease or purchase of revenue producing port property for a term not to exceed six months. Motion carried.

B. Selection and approval of port representatives to the Oregon Coastal Zone Management Association (OCZMA).

Mr. Koch said the action requested is commission selection and approval of port representatives to Oregon Coastal Zone Management Association.

As a member of the Oregon Coastal Zone Management, the port annually selects a designated representative and designated alternate to represent the port throughout the fiscal year. The designated representative must be an elected or appointed official; the alternate may be an elected or appointed official or a member of port staff.

The designated representative will attend OCZMA meetings and functions during the fiscal year, typically quarterly. The selected alternate will assume the duties in the absence of the designated representative.

Mr. Koch said Commissioner Scott has served as the designated representative and Kathy Wall as the designated alternate. Their appointments ended June 30, 2011. For the new fiscal year membership, Commissioner McKeown would serve as the designated representative and David Koch, the port's chief operating officer, will serve as the designated alternate if Commissioner McKeown was not available to attend.

The motion is for the Board of Commissioners to appoint Commissioner McKeown to serve as the designated representative and appointment of David Koch to serve as the designated alternate to OCZMA.

Upon a motion by Commissioner Scott (second by Commissioner Hampel), the Board of Commissioners voted unanimously to approve the selection and appointment of Commissioner McKeown to serve as the designated representative to OCZMA and Chief Operating Officer, David Koch as the designated alternate throughout FY 2011/12. Motion carried.

C. Approval to enter into a sand removal contract with Benny Hempstead Excavating Inc
Ms. Nichols said the action requested was commission approval to enter into a sand removal contract with Benny Hempstead Excavating Inc. Port staff received a proposal from Mr. Benny Hempstead to remove sand from the port's North Spit industrially zoned property. Prior to any sand removal, the company would be required to provide a cultural survey of the site, mark the boundary lines and ensure any removal does not disturb wetland areas.

Benny Hempstead Excavating will provide liability insurance and hold the port harmless from liability or damage. In addition, the business will pay the port \$.30 per yard for sand removed from the property. A copy of the contract and map of the sand removal area were included in commission packets. Ms. Nichols said the port currently has two other sand removal contracts, one with Godfrey Yeager and the other with Johnson Rock Products.

She said the action requested is a motion to approve the contract for sale and removal of sand on the North Spit's industrially zoned property with Benny Hempstead Excavating Inc.

Upon a motion by Commissioner McKeown (second by Commissioner Scott), the Board of Commissioners voted unanimously to approve a contract with Benny Hempstead Excavating Inc. for the sale and removal of sand from port property.

Commissioner Kronsteiner commented he had received one inquiry from an individual who asked that when the port is entering into this contract not to allow material to be put back onto port property when sand is removed. He said he didn't see that as part of this contract and wanted to know if it could be added. Mr. Bishop responded that a rider would be added to this contract to include this language and to any other existing agreements as well.

Commissioner Kronsteiner called for an amended motion to include the rider information. Commissioner McKeown amended her motion to include the rider suggested by Commissioner Kronsteiner, which was seconded by Commissioner Scott. Motion carried.

D. Approval of Annual Merit Pool Goals for FY 11/12

Ms. Nichols said the action requested is approval of ten goals for FY11/12 each valued at 10% of the merit pool.

The Port of Coos Bay wants to recognize the exceptional performance of its employees through a competitive compensation system. The system consists of four major components as follows:

- Market Comparability
- Cost of Living Adjustments
- Merit Pool
- Star Awards

In conjunction with preparation of the fiscal year budget, the CEO budgets and recommends formation of the merit pool line item. The amount of the merit pool is determined on the basis of the port's financial capabilities and performance at that point in time.

Ms. Nichols said the CEO typically submits to the Port Commission 10 goals for the port to accomplish in the fiscal year. Each goal, if successfully met or exceeded, represents 10% of the merit pool established in the fiscal year budget.

On acceptance of the recommendation, the Port Commission authorizes the dispersal across the board of the merit pool to all employees in the form of a proportionate annual increase, or based on where an employee is on the pay scale, a one-time pay adjustment. For FY11/12, port staff recommends the following 10 goals with each goal representing 10% of the remaining merit pool:

1. Create 50 new jobs in the port district. Identify where the jobs will come from, i.e., Business Center, port-leased property, rail line.
2. Develop a plan for the Upper Bay
 - a. Eastside Property
 - b. Dolphin Terminal
 - c. Citrus Dock
3. Complete Coos Bay rail line track structure rehabilitation by June 2012; plan to complete bridges by 2013.
4. Comprehensive review and update of the Communication Model Strategy Plan.
5. Completion and approval by Oregon Business Development Department of the Port's Strategic Business Plan.
6. Have entire rail line open by the end of FY 2012 (6/30/12) with one freight car traveling from Danebo to Coos Bay yard, and resume freight service to Coquille.

7. Certify the Charleston Shipyard through the Oregon State Marine Board under the Clean Marina plan.
8. Increase RV Park occupancy between November 1 and April 30 by 10% and revenue by 10%.
9. Create a new Marina Base Maintenance Plan including criteria, outline and timelines.
10. New file management system plan, including public records access on the port's web site with planned funding for implementation FY 12/13.

Ms. Nichols said the motion was for approval of the 10 merit goals each valued at 10% of the merit pool for FY11/12.

Mr. Bishop said he wanted to elaborate on goal number 10, which is the idea to create an online data base where citizens can do their own records research. When a document is deemed to be an open record by port counsel, it would be digitized and placed into a data base that could be search online very similar to the system you would find at FERC and looking through their records for comments. Mr. Bishop said this is an ongoing trend within public agencies in response to receiving numerous open records requests. It is also an effort to be more transparent by making the documents more readily available and thus limiting the amount of research time and effort on the part of port staff to the documents that have not made it from the cue of being reviewed by counsel for open records status to being included in the data base. Mr. Bishop felt it would greatly shorten the amount of staff time in dealing with open records requests. He also felt it might be a bit too ambitious for staff to achieve in one fiscal year but staff will start working on it so that we will become totally integrated online with our records. Commissioner Kronsteiner commented he felt it was a great idea as did Commissioners McKeown and Hampel.

Commissioner McKeown asked for more explanation of goal number four. Ms. Nichols responded that the Communication Model Strategy Plan was in response to the lack of having a communication policy or plan. Mr. Bishop said the port did not have a recent plan. The last one done was in 2006 so this gives staff an opportunity to update that plan, deal with new issues and incorporate some newer staff into the process. He said it is more of an update of an old communication plan since there is nothing recent. Ms. Nichols said it would include the web site and newsletters.

Commissioner Scott asked about the certification of the shipyard and what the scope would include. Mr. Bishop responded it was similar to what the port went through with the marina. He said there are already best management practices in place so it would not be difficult. He said it requires the port submit for scrutiny by the Oregon State Marine Board. Mr. Bishop said the Marine Board would come out and do an inspection and determine whether the shipyard meets the criteria for the certification. He said since the environmental cleanup at the shipyard, the port has had best management practices for quite some time. Those are monitored very closely, so he didn't anticipate it would be difficult.

Commissioner Kronsteiner felt the goals were fairly lofty and with goal number two, if staff was going to address all three pieces of property he felt it was quite a bit of work. Mr. Bishop responded that staff has already been working on that goal and had an evaluation done on both the Dolphin Terminal and Citrus Dock leaving the Eastside property to work on. He said there has been a lot of effort done to characterize each site and staff would be working on a strategy over the next few months.

Upon a motion by Commissioner Smith (second by Commissioner McKeown), the Board of Commissioners voted unanimously to approve the 10 merit goals valued at 10% each of the merit pool for FY 11/12. Motion carried.

5. **OTHER:**

6. **INFORMATION ITEMS:**

- A. Ice House Fiscal Year Totals Graph
- B. Accounts Receivable Graph
- C. August Business Center Newsletter
- D. AAPA Advisory Newsletter

7. **COMMISSION COMMENTS:**

There were no commissioner comments.

8. **NEXT MEETING DATE:** September 15, 2011

9. **ADJOURN:**

Commissioner Kronsteiner adjourned the meeting at 10:20 a.m.

By: _____
David Kronsteiner, President

By: _____
Dan Smith, Secretary