

OREGON INTERNATIONAL PORT OF COOS BAY  
Coos Bay, Oregon

REGULAR COMMISSION MEETING

Thursday, April 11, 2007

7:00 p.m.

Coos Bay City Hall

ATTENDANCE:

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

Staff: Jeffrey Bishop, Executive Director; Mike Gaul, Deputy Executive Director; Donna Nichols, Director of Finance and Administration; Bob Thomas, Port Counsel; Aaron Simons, Maintenance Supervisor; Martin Callery, Director of Communications and Freight Mobility (came in late); and Andrea Wall, Executive Assistant

Media and Guests: Elise Hamner, *The World*; Frosty West, Bud Grant, SSA; Michael Armstrong, Robert Laird, and Mike Helfrich, Charleston Advisory Committee; Mike Erickson, Dyer Partnership; Crystal Shoji, Shoji Planning; Pete Billeter, Billeter Marine; Jeff Hill, Sause Bros.; John Hill; Jody McCaffree

The President called the meeting to order at 7pm and asked the audience to identify themselves.

CONSENT ITEMS:

- A. Minutes: February 15 2007 Regular Commission Meeting Minutes
- B. Approval of February/March/April 07 Invoices Totaling \$512,437.44
- C. Ratification of Resolution 06/07-7 Re-Designation of Bay Area Enterprise Zone

Upon a motion by Commissioner Scott (second by Commissioner Smith) the Board of Commissioners approved the consent items and ratified Resolution 06/07-7, Re-Designation of the Bay Area Enterprise Zone.

**OREGON INTERNATIONAL PORT OF COOS BAY  
FY06/07 - 7**

**A RESOLUTION AUTHORIZING SUBMISSION OF AN APPLICATION FOR REDESIGNATION  
OF THE BAY AREA ENTERPRISE ZONE**

WHEREAS, the Oregon International Port of Coos Bay, is sponsoring an application for designation of an enterprise zone with the City of North Bend, the City of Coos Bay, and Coos County and

WHEREAS, state law provides for the zone authorization to terminate on June 30, 2007, and

WHEREAS, the Zone Sponsors are interested in re-designation of the Enterprise Zone to encourage new business investment, job creation, higher incomes for local residents, greater diversity of economic activity and expansion of existing businesses, and

WHEREAS, the proposed Enterprise Zone has a total area of 10.2407 square miles, and it meets other statutory limitations on size and configuration; it is depicted on the drawn-to-scale map and described in the legal description included in the application, and

WHEREAS, the proposed Enterprise Zone contains significant land that is designated for industrial use as indicated by the land use maps from Comprehensive Plans acknowledged by the Land Conservation and Development Commission, and such industrial sites are accessible, serviced or serviceable, and otherwise ready for use and further development, and

WHEREAS, the designation of the Enterprise Zone does not grant or imply permission to develop land within the Zone without complying with prevailing zoning, regulatory and permitting processes and restrictions for applicable jurisdictions; nor does it indicate any intent to modify those processes or restrictions, except possibly as otherwise designated in accordance with Comprehensive Plans, and

WHEREAS, the Oregon International Port of Coos Bay appreciates the impacts that a re-designated enterprise zone would have and the property tax exemptions that eligible business firms might receive therein, as governed by Oregon Revised Statutes (ORS) 285C and other provisions of Oregon Law, and

WHEREAS, all of the municipal corporations, school districts, special service districts and so forth, other than the sponsoring governments, that receive operating revenue through the levying of ad valorem taxes on real and personal property in any area of the proposed Enterprise Zone were sent notice and invited to a public meeting regarding this proposal, in order for these sponsoring governments to effectively consult with these other local taxing districts, and

WHEREAS, the availability of enterprise zone exemptions to business firms that operate hotels, motels or destination resorts would help diversify local economic activity, provide useful employment for certain segments of the labor force, and facilitate the expansion of accommodations for visitors, which in turn will spend time and money in the area for business, recreation or other purposes.

NOW, THEREFORE, BE IT RESOLVED that:

- Section 1. The Oregon International Port of Coos Bay proposes and applies for designation of an Oregon enterprise zone to be named: The Bay Area Enterprise Zone.
- Section 2. CCD Business Development Corporation and previously designated Zone Manager is authorized to submit the application for the Oregon International Port of Coos Bay and to make any and all substantive or technical changes to the application materials, as necessary, after adoption of this resolution.
- Section 3. The Oregon International Port of Coos Bay will give priority to the use in the proposed Enterprise Zone, if designated, of any economic development or job training funds received from the federal government.
- Section 4. The Oregon International Port of Coos Bay commits, upon re-designation, to jointly appoint CCD Business Development Corporation as the Bay Area Enterprise Zone Manager.
- Section 5. That the Oregon International Port of Coos Bay will jointly comply with the requirements and provisions of ORS 285C.105 and to otherwise fulfill its duties under ORS 285C.050 to 285C.250
- Section 6. That the Zone Sponsors commit to prepare, within six months of designation, a list or map of local lands and buildings owned by the state or by municipal corporations within the Enterprise Zone that are not being used or designated for a public purpose and that have appropriate land use zoning, and to strive in making such real property

available for lease or purchase by authorized business firms pursuant to ORS 285C.110.

Section 7. the Oregon International Port of Coos Bay will provide local incentives described in the application and attached to this document, to any authorized business firm in the proposed Enterprise Zone for the length of the standard enterprise zone exemption, insofar as the firm's qualifying investments are also located inside of the Oregon International Port of Coos Bay jurisdiction; the Oregon International Port of Coos Bay has considered the impacts of these binding incentives.

Section 8. the Oregon International Port of Coos Bay as a sponsor of the proposed Bay Area Enterprise Zone exercises its option herewith pursuant to ORS 285C.070 that qualified property owned or leased and operated by a qualified business firm as a hotel, motel or destination resort may receive a property tax exemption in the Zone, and that such business firms are eligible for purposes of authorization upon the effective designation of the Zone.

**APPROVED BY THE PORT COMMISSION AT A REGULAR MEETING ON MARCH 15, 2007.**

\_\_\_\_\_  
David Kronsteiner, President

\_\_\_\_\_  
Daniel Smith, Secretary

**BAY AREA ENTERPRISE ZONE LOCAL INCENTIVES AVAILABLE**

1. Exemption from local property taxes for three years
2. Special assistance with local permitting
3. Job Credits, Coos Bay/North Bend Water Board
4. Direct support with South Coast Business Corporation and first source hiring agreements
5. Assistance with local land use and state regulations
6. Assistance obtaining grants – Business Enterprise Center

**MANAGEMENT REPORTS:**

A. Executive Director:

This past week, Jeff and President Kronsteiner had the opportunity to testify in front of the Senate Transportation Committee on Senate Bill 21. During the course of the testimony, there was some opposition to the bill from the community and there were some comments made during that opposing testimony that need to be clarified. Jeff said that he wanted to revisit the relationship between Project

April and the Jordan Cove Project. To do that, he is going to go back to a presentation he made several months ago where he clarified some of the elements of the real estate deal with Weyerhaeuser and Jordan Cove Energy Project.

What is the deal?

- Port entered into an option agreement with Weyerhaeuser
- Option is two-years in length
- Option price is purchase price – Weyerhaeuser must repay purchase price if option is cancelled
- Port has two-years to perform due diligence
- Port indemnifies Weyerhaeuser from future clean-ups
- Port purchases insurance to pay for that clean-up in the event it happens
- Port will negotiate PPA with State of Oregon
- Port borrowed \$10MM from a bank
- Port borrowed \$15MM from the State of Oregon
- Both of these loans have debt service

Who is Paying for it?

- Jordan Cove
- The Port has entered into a option agreement with Jordan Cove Energy Partners
- The option has three sections
  - An option to buy 147 acres
  - An option to lease a berth area
  - A non-binding exhibit to serve as a guide to future negotiations
- The monthly charge for the option is \$120,000

Closer look at the Jordan Cove Deal

- The Port's Option with Weyerhaeuser is for 1,300 acres
- Jordan Cove Energy Project has an option to acquire 147 of those acres
- This leaves a net balance of 1,153 acres
- The net balance of the Weyerhaeuser deal is now 1,153 acres
- Jordan Cove Energy Project has an option to lease an area to build a single berth on 48 of those acres
- This leaves a net balance of 1,105 acres

Financial Implications

- Jordan Cove Purchase will cost \$3.1MM
- Jordan Cove Prepaid lease will cost \$7.9MM
- Total pre-payment by Jordan Cove would be \$11MM
- This amount will be used to pay off the \$10MM bank loan and purchase environmental insurance – The Port is limited to \$1 million of that premium
- The Port will have a remaining real estate portfolio of 1,105 acres

Jordan Cove has no control over those 1,105 acres.

- The Port will have a remaining loan with the State of Oregon for \$15MM attached to the 1,105 acres. The state loan is not financing Jordan Cove.

- The Port has two options for paying that loan
  - From the proceeds of land sales
  - From the property tax paid by Jordan Cove Energy Project
- The Jordan Cove Energy Project is expected to cost \$500MM dollars
- At the existing tax rate of \$15 per \$1,000 the project would produce about \$5MM annually in property tax
- The project rests wholly in the urban renewal district
- The urban renewal district has pledged approximately \$1.5 MM annually toward the state loan, which would meet the debt service on the remaining portfolio of 1,105 acres; probably about 300 acres of that is submerged.
- Jordan Cove Energy Project is required to back this loan with a commercial letter of credit.

Under the laws, Jordan Cove is authorized to access the Enterprise Zone that is in place. It's a statutory authorization that is available to them for a period of three years. Anything above and beyond three years, they have to ask permission. In the contract with Jordan Cove, the Port did mandate, required, that they would pay in lieu of taxes, during that three year period, an amount equal to the base property tax that would go to taxing districts in the County below the Urban Renewal threshold. They are not able to escape it. Further, during that period, they must guarantee the debt service on the loan and must back it with a letter of credit.

#### Closer look at the Jordan Cove Deal

- The Port of Coos Bay wishes to build a multi-purpose cargo terminal
- Past analysis, conducted by Parsons Brinkerhoff, indicated that it is unlikely the Port would be capable of financing a \$40MM stand alone breakbulk terminal
- The alternative is to find a way to make the project cost less
- In the agreements with Jordan Cove Energy Partners there are two paths forward - one with Port involvement and one without

#### Jordan Cove Development Path

- The Port of Coos Bay has no role in the construction of the LNG terminal
- Other than the following
  - The Port has a right of first refusal in the event Jordan Cove decides to sell the terminal
  - The Port has the right to repurchase the site in the event the project does not move forward
- The agreement with Jordan Cove has the option for the Port to participate in the construction of the single berth
- The agreement has an exhibit entitled Investment Agreement and an exhibit entitled Services Agreement
- Neither of these exhibits are currently binding on the parties (because the documents say they are not binding)

#### Investment Agreement

- Should Jordan Cove and the Port agree - the Port would build the marine structures in the slip area. Those discussions are ongoing.

The only area out of the 1,300 acres that we are talking about is the 48 acres, which is divided into three different sections; the LNG berth, the waterway and the Port berth.

The reasoning behind this opportunity is economy of scale.

- 85% of the marine structures that would have to be constructed if the facility was to be a single berth facility, would be constructed, no matter what, by LNG. Of that the Port would give 50% utilities, so there is an automatic economy of scale with two.
- This would offer significant savings to the Port for the construction of a second berth. We are talking about the overall investment; it buys down the buy-in cost of the project, reducing the risk model and making it more affordable to buy in and possibly do the project. It is not as high a standard to finance the project and will create a sound foundation for the development of a multi-purpose terminal

The Parsons Brinkerhoff study that was done was targeted specifically to break bulk and not containers.

Services Agreement based upon common services

- The reasoning behind this opportunity is economy of scale
- 100% of the marine services provided at the marine terminal would have to be paid by Jordan Cove. Any other user at the facility offers an opportunity for Jordan Cove to buy down their operating cost in a proportionate amount if someone else would use the same services.
- This would offer a tremendous competitive advantage to the Port in marketing a new terminal to other users
- The Port's interest in serving as the master contractor in these services is being able to control costs to shippers and shipping lines through management of comprehensive tariffs

Financial Implications

- Both the Investment Agreement and the Services Agreement if enacted would require Jordan Cove to pay for their fair share of costs
- Both of the agreements, if enacted, would require guarantees and letters of credit from Jordan Cove

Any Connection?

Project April is different in that the client we are talking to has an interest in all of the area that includes the property the Port originally intended to build a multi-purpose cargo terminal.

- Project April is independent of the Jordan Cove Project
- Jordan Cove would benefit from the container terminal via reduced operating expenses from common infrastructure
- The same could be said about Project April
- But neither requires the other - nor do they seem bothered by the other

Conclusions

- Either project could happen, neither could happen, perhaps both could happen
- The agreement with Weyerhaeuser does not require Jordan Cove to execute - however, Jordan Cove is currently paying the option costs

- Problems would exist in the event that the Jordan Cove Project stopped paying the option fee before Project April has reached a decision on whether to move forward or not.
- If alternative funding is found that problem goes away
- SB 21 is solely contingent on a commitment from Project April – no state funds would be made available to the Jordan Cove Project
- Income Taxes paid by employment created directly and indirectly from Project April would exceed the funding created by SB 21 after several years of build-out operation
- Dredging the Channel would be good for all waterborne craft, which includes LNG.
- Dredging the Channel improves safety; a deeper bar means a safer bar.
- Jordan Cove Project has NO input into Project April and specifically no contractual rights to the design of any marine structures at the container terminal
- No successful company will make a decision to site a project that costs hundreds of millions of dollars without considerable due diligence
  - They will not rely on comments or allegations made by individuals or even the Port without independent verification
  - Methods for independent verification are extensive – the larger the project the more extensive the effort to verify – the cost of a mistake is too substantial to overlook even the smallest of details
- Project April remains speculative ~ far from a certainty
- Our client has told us that certain threshold issues must be resolved before the project can go further
  - Must be able to get the ships in and out at any time
  - Must be able to get the cargo in and out of the hinterland efficiently and at a competitive cost
- Any myriad of issues could stop the project from proceeding
- Projects like this are fluid – the only guarantee is that things are likely to change

There has been a lot of speculation about if the situation is real or whether or not the Company is sincere, and, yes, we have probably wondered that too – we also verify to the best of our ability.

Proposed Pacific Connector Pipeline: Jeff had the opportunity to meet with Williams Pipeline people and preview the route they intend to submit to FERC when it is finally filed. The end route is 230.9 miles; to date, Williams has received permission to survey 96.1% of that route. There are a total of 332 property owners; Williams has received permission from 89.5% of those lands to survey. Of the 230 miles, 34% are public ownership; 66% in private ownership; the Port has 2.2 miles of property included. Of the property owners in the smaller size parcels, 10 acres and below, there were 76 land owners involving 5.5 miles of right-of-way. The route did access bay route through Coos Bay; not through Glasgow. The Port will be watching Williams and keeping an eye on that process and making sure that they follow what they have said. Jeff commends Williams for the communication that they have developed in the last few months and the Port is pleased with response we are getting.

The President asked if the Port would know what the Corps of Engineers input would be on the pipeline route anytime soon. The Executive Director said no, that will probably come out in the actual process; he said that he is not sure whether we will know at the beginning, middle or end of the process what the Corps comments are.

## B. Deputy Executive Director

Mike reported that he has been doing a lot of in state and out of state travel meeting with Federal and State agencies on maritime commerce.

On March 20<sup>th</sup>, Mike testified before the Oregon Board of Maritime Pilots to request them to start a pilot training program in Coos Bay. Currently there is one active pilot in Coos Bay and one licensed backup pilot on the Columbia River. Mike wants to get this process started so we can be ready when our ship traffic increases.

On March 26<sup>th</sup>, Mike testified before the Pacific Fisheries Management Council (PFMC) in support of our local salmon fleet, and the options to get them on the water and fishing. All three options proposed by PFMC provide more opportunity than the commercial fleet has seen in the last several years. Any one of them would provide ample opportunity for the fishermen to catch fish.

Mike attended an ODF & W meeting, March 16<sup>th</sup> regarding bubble fishing in State waters. The area may be extended giving more opportunity for the fishermen to be on the water. On March 23<sup>rd</sup>, Mike provided a project update to Urban Renewal Agency on the North Spit projects.

In the Marina, Bob's Sport Fishing, Betty Kay Charters, Coos Bay Trawlers and Seahawk Seafood have all exercised their renewal options of their lease agreements.

Staff has started the process to fill the vacant Harbormaster position.

And lastly, Mike would like to publicly recognize Mark Knox and his staff from Knox Refrigeration in Portland, Aaron Simons, maintenance foreman and his maintenance crew for their tireless efforts over the last two weeks to get the ice plant up and running so ice would be available for the salmon season. They brought the project in about 6 days ahead of schedule.

## C. Director of Communications and Freight Mobility

Martin Callery arrived at the meeting late after giving a presenting to ILWU. He gave the Commission an update on ConnectOregon 2 saying that it has gone through several Transportation Committee meetings both in the Senate and House. A lot of people are working on it and just this week Martin got the revised Oregon Department of Transportation administrative rules that they are proposing for round two. There are changes; part is due to the Legislators wanting more accountability on some of the projects. It is not a significant rewrite but they are looking for additional documentation and they have set some stiffer performance criteria. Some discussion of increasing the funding for ConnectOregon 2 from \$100,000,000 has occurred however, Martin thinks that has gone by the wayside; it is likely it will stay at \$100 million.

Martin has spent a lot of time in Portland and Salem on those issues and issues related to the projects he is working on in communications. He was also told today that his voice made it on CBS national news radio; someone else in the audience said he made Fox news nationally also; he was talking about the nuisance sea lions in the marina area.

D. Director of Finance and Administration

Donna Nichols had nothing to add to her report and there were no questions.

5. PUBLIC COMMENT:

Frosty West: Frosty said he wanted to continue with the proposal he made several months ago. He has done more research and thinks his figures should be accurate. He would like the Port Commission to consider this proposal very seriously. He went on to discuss his proposal and to ask some questions of the Commission. He feels his proposal would bring in about \$33 million a year to Coos County. Copies of the proposal were passed out to the Commissioners.

Jody McCaffree: Jody said that the people are not agreeing to the Williams proposed route. Mr. Bishop inserted, that is not what he said. He said that the people whose properties are involved have agreed to the studies; he did not say they agreed to the pipeline.

6. ACTION ITEMS/REPORTS:

A. Update on New Carissa, Steve Purchase, Deputy Director DSL

Mr. Purchase had a conflicting meeting at the last minute. He said if he could get away, he would try to make it late; he did not make it before the meeting was adjourned.

B. Draft Charleston Marina Complex Master

The Port budgeted this year to develop a Charleston Marina Complex Master Plan. The old plan was 14 years old and outdated. The Port contracted with Crystal Shoji, Shoji Planning and Steve Major of Dyer Partnership to provide professional services for the plan development. The process included interviews, town hall meetings and a working steering committee representing all factions of the Charleston community.

Crystal Shoji and Mike Erickson, of Dyer Partnership, presented an overview of the draft plan to the Commission. The final Master Plan will be on the Commission's May 17<sup>th</sup> meeting agenda for further discussion and possible action. In order to maintain the "living" nature of the plan, Port staff will propose a process for ongoing amendments and revisions which will be driven through ongoing community involvement. In conjunction with the Charleston Marina Complex Master Plan, a financial plan for the Marina Complex will be proposed as one of the year's projected goals. It will be completed by Port staff.

No action is required of the Commission tonight. Mike Gaul is asking the Commission and the Advisory Committee to review the plan and return with comments by April 30<sup>th</sup> to him or Martin Callery. The Charleston Advisory Committee will have another meeting the first week of May to put together their recommendation for the Commissioners.

Crystal Shoji presented an overview of the plan called *Experience the Fishing Village!* She said there were three Town Hall Meetings and five steering committee meetings and some interviews used in developing this plan.

The objectives are as a tourist destination with support to maintain the recreational and commercial fishing industries, the economic base of the community, the culture and traditions and unrefined ambiance with interesting activities and beauty. Infrastructure and facilities need improvement; partnership opportunities identified; assessing the carrying capacity of the land and resources and considering the needs of various populations and user groups. The plan encourages pedestrian activity by providing walkways, lighting, pocket parks, native landscaping, improving drainage and interpretive and directional signing. There would be areas to encourage private enterprises like an open-air fish market, fish sales on the dock and a fish cleaning station with refrigeration. The plan is to build on the fishing village ambiance; “brand” Charleston; and maximize partnering with other groups. A variety of lodging and meeting opportunities would be available and visitor education and interactions would be promoted.

The long-term vision is to reconfigure the Marina over a 20-year period by building on pilings over the water creating additional land space and providing options for retail and service businesses.

The 5-year vision is to provide a pedestrian elevated walkway; parking reconfiguration; expand storage facilities; expand RV meeting room; weather protection for fish filet stations and resolve waste handling issues; and improve roads, docks and drainage. Private enterprise would be encouraged and partnerships strengthened.

The shipyard vision is to add family-wage jobs; expand vessel construction; repair and maintenance services; and continue to provide options for operators to work on their own boats. The 5-year plan calls for increased shoreside capacity; improvements to Troller Road; additional restroom facilities; and continuing infrastructure improvements.

Mike Erickson presented Dyer’s part of the plan with more complex maps and drawings, pointing out specific changes which could be done in each part of the plan to carry out the objectives. He had graphs showing the usage of commercial versus private/recreational use as a starting point and showing where the most viable areas of development would be. Mike walked through each area of the plan and gave estimated costs during each phase of the projects described; gave examples of where partnering with the County or private industry might work; and gave suggestions of grants which might work for various projects.

At one point in the presentation Mike addressed the idea of knocking a road through near the post office in the Marina Complex to relieve congestion. He felt that it would impact the people trying to launch their boats, especially during the busy summer months so it would not be a good idea in his opinion. Commissioner Hampel commented that he would like to look harder at this scenario. He thinks maybe it could work and feels that it is one thing the Advisory Committee requested as an option.

As Mike Erickson finished his presentation, Commissioner Hampel commented on the fact that the Committee really wanted more moorage and more storage in the shipyard. He asked if there was a

place to add another leg on one of the existing docks in the shipyard. Mike said that it shouldn't add too much cost and would probably work.

Again, Mike Gaul said that he would like comments before April 30<sup>th</sup> and then the Plan would be revisited at the May 17<sup>th</sup> Commission Meeting for further discussion or possible action.

#### C. Appointment of Budget Officer and Approval of Budget Calendar for FY07/08

A requirement of the budget process is Commission appointment of a budget officer for next year's fiscal year budget process. In the past, the Port's Executive Director has served because of his experience. The Budget Calendar must also be approved for scheduling and publishing of legal notices. Because of the cancellation of the last Commission meeting and required timelines for advertising, the calendar was approved by a phone poll of the Commissioners and was ratified earlier in this meeting.

Upon a motion by Commissioner Smith (second by Commissioner Hampel) the Board of Commissioners approved the Executive Director as the Budget Officer for next year's fiscal year budget process and the approval of the Budget Calendar.

#### D. Approval of Chapter 14 Personnel Manual

During fiscal year 1996/1997 the Port's policy manual was reviewed and updated. During the last two fiscal years, staff has been in the process of again updating the policy manual, chapter by chapter. Chapters 1 through 13 have been approved by commission for revisions and changes. Chapter 14 is the last chapter. Port staff has rewritten Chapter 14 utilizing the Special Districts Association of Oregon's personnel policy and also the Bureau of Labor and Industry requirements. Port Counsel, Bob Thomas has reviewed the draft. The policy was presented to the Board at the January meeting for discussion and review; all employees have had an opportunity to review and comment on it; staff has made some clerical corrections and clarifications. The changes and corrections were given to the Commission and shown with highlighting and strike-throughs where applicable.

Upon a motion by Commissioner Scott (second by Commissioner Smith) the Board of Commissioners approved the Chapter 14: Personnel Policy.

Comments: Commissioner Smith said he thought the policy was well written and would like to share some areas with the Hospital Human Resources department for possible inclusion in their policy. President Kronsteiner agreed that it was very well written and complimented staff for a job well done.

#### E. Reappointment of Dan Smith to Urban Renewal Agency Board

Dan Smith has served on the Coos County Urban Renewal Agency Board (CCURA) for two years and that term will expire on May 31, 2007. The normal term is two years. The Coos County Board of Commissioners approved the re-appointment at their Board meeting on Marcy 7, 2007 for two years expiring May 31, 2009.

Upon a motion by Commissioner Scott (second by Commissioner Hampel) the Board of Commissioners approved the re-appointment of Dan Smith to the CCURA Board.

F. Approval of Resolution FY-06/07-9 Workers' Comp. for Volunteers

The Oregon State Workers' Compensation Division is under new leadership and they are demanding strict compliance with all workers' compensation laws. Oregon law designates specific requirements that must be followed in order for local governments to cover volunteers. SDAO requested that affected districts comply so that volunteer coverage will continue to be offered through their workers' compensation coverage. ORS 656.031 states that workers' compensation coverage will be provided to volunteer workers as defined and listed on a Volunteer Election Form which will be updated annually and as necessary through the workers' compensation insurance program. The Port's Board members are covered for administrative and clerical functions (class 8742B) while performing their authorized duties as appointed officials. The Port's Board is currently listed on the Port's policy, but not with the detail now required. These new requirements provide improved detail for covering all categories of volunteers for local governments. A resolution is required for authorization to extend Workers' Compensation coverage to the Oregon International Port of Coos Bay Commission Board members.

Upon a motion by Commissioner Smith (second by Commissioner Hampel) the Board of Commissioners approved Resolution FY 06/07-9, extending Workers' Compensation to Port Commission Board Members.

**OREGON INTERNATIONAL PORT OF COOS BAY**

**RESOLUTION FY06/07 – 9**

**RESOLUTION FOR COMMISSION AUTHORIZATION  
EXTENDING WORKERS' COMPENSATION COVERAGE TO VOLUNTEERS OF THE OREGON  
INTERNATIONAL PORT OF COOS BAY.**

**BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE OREGON INTERNATIONAL  
PORT OF COOS BAY AS FOLLOWS:**

Pursuant to ORS. 656.031 workers' compensation coverage will be provided to the class of volunteer workers as indicated below and listed on the attached Volunteer Election Forms.

**Board Members:** Public Officials on unpaid boards will be covered only for administrative and clerical functions while performing their authorized duties as appointed officials.

A roster of active board members will be kept monthly for reporting purposes and submitted to Special Districts Association of Oregon quarterly or more frequently upon request.

Now, therefore, be it resolved by the Board of Commissioners of the Oregon International Port of Coos Bay to provide workers' compensation coverage as indicated above.

ADOPTED BY THE Board of Commissioners of the Oregon International Port of Coos Bay this 11th day of April, 2007.

\_\_\_\_\_  
David Kronsteiner, President

\_\_\_\_\_  
Dan Smith, Secretary

ATTEST BY the Executive Director this \_\_\_\_\_ day of April, 2007.

\_\_\_\_\_  
Jeffrey Bishop, Executive Director

G. Perkins Coie Change Order #1

The Port of Coos Bay entered into a professional service agreement with the law firm of Perkins Coie to address land use compliance on the Port's 404 permit. The original fee estimate, based on zoning requirements at the time was \$100,000. Jordan Cove reimbursed the Port 85% of this amount and the remainder came from the Special Projects Fund. Because of the magnitude of the project, and the

identification of additional zoning districts within the Coos Bay Estuary Management Plan that will require land use actions, Perkins Coie is requesting a project change of an additional \$100,000. The Commissioners were presented in their packets with a request from Perkins Coie which identifies the work to be completed and the associated fee estimates. The change order will be 100% reimbursed by Jordan Cove Energy and Jordan Cove has reviewed and provided their authorization for change order #1. This is for the slip and access channel.

Upon a motion by Commissioner Smith (second by Commissioner Scott) the Board of Commissioners approved Perkins Coie Change Order #1.

Comments: Jeff Bishop wanted to clarify some points. The agreement the Port has with Jordan Cove (JC) authorizes the Port to pursue the development of the slip with a 85/15 cost share basis, allowing the Port to get 50% of the benefit for 15% of the cost. But, with the advent of Project April and some of the discussions that are ongoing, the likelihood that we would construct a berth at that location is somewhat fuzzy. The agreement with JC does not specify when we have to pay the 15 % cost share. In fact it affords the Port the opportunity that later on, if we choose to bow out and then get back in, there may not be reasons to continue to pay the 15% given that we have the potential for a different project. This reflects a change in policy and how we deal with these contracts. If putting 100% of the cost on JC; reserving and tracking what the cost share would have been had we continued to participate; then later we would have a fair and accurate accounting of the 15% from a cash flow standpoint. Because of this, Jeff felt it prudent at this time to exercise our options under that agreement and choose to pay the 15% later.

#### H. Business Development Center Lease/ Management Agreement

In February 2002, Southwestern Oregon Community College (SWOCC) entered into a lease agreement for office space at the Business Center for use by their Business Development Center. In February 2004, SWOCC Business Development Center and the Port entered into a services agreement where the Business Development Center helped manage the Business Center. Both of these agreements expired in February of this year. Due to the current work load of Port staff and because SWOCC is going through organization changes, both staffs felt it would be prudent to extend the current agreements for one year, and renegotiate a longer term agreement at that time.

Upon a motion of Commissioner Hampel (second by Commissioner Scott) the Board of Commissioners approved a one-year extension of the Business Development Center Lease and Management Contract.

#### I. Suspension of Interest Charges on 2006 Moorage Deferment Program

In May 2006, the Board of Commissioners approved the commercial salmon fishermen Moorage Deferment Program due to Federal regulation closing 700 miles of coastal salmon fisheries for the 2006 season. During this deferment program, interest charges did not accrue. At the January 2007 Port Commission meeting, the Commissioners approved the staff recommendation to end the 2006 Moorage Deferment Program, effective February 1, 2007. At that point the unpaid moorage customers would again begin accruing interest charges on their unpaid balance. On February 20<sup>th</sup> the Deputy Executive Director and the Director of Communications and Freight Mobility met with approximately

35 commercial salmon fishermen. At that meeting a request was made to suspend the interest charges until the fishermen were provided ample time on the water to pay their bills. There were three options proposed by Pacific Fisheries Management Council (PFMC) for the 2007 commercial salmon season. All of them provide more opportunities than the fleet has seen in a number of years and will help to bring their accounts current. Port staff continues to work with those customers who were severely impacted by the Federal decisions. Based on known options, there should not be a need for a new deferral program in 2007. Staff supports the request by the fishermen.

Upon a motion by Commissioner Hampel (second by Commissioner Smith) the Board of Commissioners approved the suspension of interest charges on the 2006 Moorage Deferment Program for those commercial salmon fishermen who qualified.

#### J. Charleston Ice Dock Transfer Agreement

As reported to the Commission at their July Commission meeting, last summer at the start of the commercial salmon fishing, Charleston Ice ceased operations due to financial hardships. Those hardships were brought about by Federal fishing regulations imposed over the past few years. Port staff negotiated with Charleston Ice owner Pat Houck, to open the facility for the remainder of the 2006 season by forgiving the lease payment and paying the utility costs during this period. Charleston Ice was open from July 5, 2006 to November 1, 2006 but has been closed since. The Port recently replaced the condenser at the facility which was not operable and made structural repairs to support the floor at a cost of \$22,000. This work was authorized to make sure there was ice available to the commercial fleet at the start of the season in early April. The Port will then lease back the operations to Pat Houck at \$300 a month plus utilities for a three-year term. At the end of three years, the lease agreement will be open to new negotiations. While the agreement provides for the landlord to maintain the building and equipment, it also provides a lease cost mechanism to keep ice available to the commercial fleet. Maintaining the commercial infrastructure in Charleston is critical to the commercial fishing fleet. Port Staff has negotiated an agreement with Charleston Ice to transfer ownership of the building and equipment to the Port of Coos Bay. The Port will be responsible for repairs to the equipment and building and Pat Houck will pay the insurance and utility fees.

Upon a motion by Commissioner Scott (second by Commissioner Hampel) the Board of Commissioners approved the agreement which includes the transfer of the Charleston Ice building and equipment to the Port of Coos Bay, cancels the existing ground lease, and provides a new operations lease agreement

Comments: Commissioner Scott asked about the value of building and equipment. Mike Gaul said it was being insured for \$250,000. John Chaney told Mike that the building might not be worth quite that much, but it is insured to cover a complete rebuild, should it be necessary along with the equipment.

#### K. Resolution FY 06-07-8 - Approval of Expenditure from Depreciation Funds

With the approval of the agreement between Mr. Pat Houck and the Port, repairs to the facility needed to be completed. The last time the equipment was inspected was over a year and a half ago. Initial

repairs to the condenser unit were estimated to cost \$15,000. Additional costs included crane service associated with the condenser repairs as well as repairs to the footprint of the structure. Port staff is requesting spending authority not to exceed \$25,000 for the required repairs associated with the condenser unit. There are funds available in the Depreciation Fund and since the agreement includes the transfer of the building and equipment to the Port, this is appropriate use of the funds. A resolution is required for authorization to spend the funds.

Upon a motion by Commissioner Hampel (second by Commissioner Scott) the Board of Commissioners approved Resolution FY 06/07-8, authorization for expenditure not to exceed \$25,000 from the Depreciation Fund which was not scheduled this budget year.

Comments: Commissioner Smith asked if we knew the final cost yet. Mike said that there were a couple of small things not in yet and he will come back to the Commission with it as soon as he can; the costs would not exceed the \$25,000.

**OREGON INTERNATIONAL PORT OF COOS BAY  
RESOLUTION - 8  
FISCAL YEAR 2006/2007**

WHEREAS there is a need for formal Commission authorization for an additional expenditure of funds from the Depreciation Fund not scheduled this budget year; and

WHEREAS there are sufficient funds in the Depreciation Fund for the expenditure; and

WHEREAS the purpose of this expenditure is for equipment repairs at the Charleston Ice Dock facility in the Marina Complex; and

WHEREAS the need for these repairs is to get the equipment running for the upcoming shrimp and salmon seasons; and

WHEREAS the total estimated amount for this project is \$25,000; and

WHEREAS staff is requesting an additional expenditure from the Depreciation Fund not-to-exceed \$25,000 for project cost overruns and contingencies.

THEREFORE BE IT RESOLVED by the Board of Commissioners of the Oregon International Port of Coos Bay, under the terms and conditions of Section 294.311 of the Oregon Revised Statutes, that the Finance Manager of the Oregon International Port of Coos Bay has approval to spend additional funds in the amount not-to-exceed \$25,000 from the Depreciation Fund for equipment repairs at the Charleston Ice Dock facility.

APPROVED and ADOPTED by the Board of Commissioners of the Oregon International Port of Coos Bay this 11<sup>th</sup> day of April, 2007.

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David Kronsteiner, President

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Daniel Smith, Secretary

L. Godfrey & Yeager Sand Removal Contract

At the December 13, 2006 Regular Commission Meeting, there was a consensus of the Board of Commissioners to move forward on the proposed contract. The staff was directed to bring a draft contract back to the Board when it was completed. A copy of the draft contract is included in the Commission packet. Godfrey and Yeager will pay the Port \$.30 per yard of sand removed from the property on the North Spit. Godfrey and Yeager will not lower the elevation of the land below the flood plain; they will not create or permit any slopes which may be hazardous; they will hold the Port harmless for any claim, liability or damage caused by their work. Port Counsel has reviewed the contract. Mike Gaul said there has been a review of the site and a survey has been done. There will be no impact to trees. He also pointed out that this was not an exclusive contract; other contractors can make contracts with the Port for sand removal.

Upon a motion by Commissioner Smith (second by Commissioner Scott) the Board of Commissioners approved the Godfrey and Yeager Sand Removal Contract and authorization for the Executive Director to sign the contract on behalf of the Port.

7. OTHER:
8. INFORMATION ITEMS:
9. COMMISSION COMMENTS:
10. NEXT MEETING DATE -Thursday, May 17, 2007
11. ADJOURN: 8:50 p.m.