

OREGON INTERNATIONAL PORT OF COOS BAY
Coos Bay, Oregon

REGULAR COMMISSION MEETING

Thursday, July 19, 2007

7:00 p.m.

Coos Bay City Hall

ATTENDANCE:

Commission: David Kronsteiner, President; Caddy McKeown, Vice President; Jerry Hampel, Commissioner; Commissioners Dan Smith and Brady Scott were absent.

Staff: Jeffrey Bishop, Executive Director; Mike Gaul, Deputy Executive Director; Martin Callery, Director of Communications and Freight Mobility; Donna Nichols, Director of Finance and Administration; Bob Thomas, Port Counsel; Floyd King, Charleston Marine Facilities Manager; Aaron Simons, Maintenance Supervisor; Kathy Wall, Management Analyst; Andrea Wall, Executive Assistant.

Media and Guests: Carl Mickelson, *The World*; Gordon Young, Channel 14; Marvin Caldera, ILWU 12; Craig Young, OIMB; Anne Donnelly, Coos County Historical Museum; Ron Stuntzner, Stuntzner Engineering; Jody McCaffree; Camby Collier, Steve Jones; Steve Marks, Marks Network.

1. **Call to Order:** The President called the meeting to order at 7:03pm
2. **Introductions:** The President asked the audience to introduce themselves.
3. **CONSENT ITEMS:**
 - A. Minutes: June 21, 2007 Regular Commission Meeting Minutes
 - B. Approval of June/July 07 Invoices Totaling \$352,480.09

Upon a motion by Commissioner Hampel (second by Commissioner McKeown) the Board of Commissioners approved the June 21, 2007 minutes of the Regular Commission Meeting and the June/July invoices totaling \$352,480.09.

4. **PRESENTATIONS:**

A. South Slough Presentation – Ron Stuntzner, the Governor’s appointed representative for the Port to the South Slough National Estuarine Research Reserve

The South Slough was the first National Estuarine Research Reserve in the country; there are now 27. The South Slough is the only one in Oregon. It was established in 1974 through Oregon statute and there are about 4800 acres of ownership in the reserve. The title of those properties is under the Division of State Lands (DSL). It is governed by statutes via administrative rules and through National Oceanographic and Atmospheric Association (NOAA) CFR’s. Money for the South Slough comes from the State, NOAA and grants. The budget is approximately \$2.5 million dollars. There are eight Commissioners, representing several entities, including the Port, DSL, Marine Biology, Tribal, and Public-at-large. The South Slough adopted a new 10-year Strategic Plan in the last six months. The three main elements of that plan are Education, Research and Stewardship. The education program is extensive; the research covers a lot of ground establishing references and benchmarks; and the South Slough wants to extend their stewardship program outside the boundaries of the estuary. The South Slough staff is reaching out with their expertise and getting involved in a lot of projects. The estuary also contains many hiking trails, paddle trails, and the South Slough provides guided trips. Mr. Stuntzner continued saying that he is hopeful to see the South Slough developing new community partnerships; increasing their community involvement; participating in restoration projects and mitigation. He hopes that down the road they will be able to partner with the Port and provide expertise and advice on future projects.

Mr. Stuntzner informed everyone that the new interpretive exhibit at the South Slough has a Grand Opening on this Saturday.

The Commissioners thanked Mr. Stuntzner for his participation and for keeping the Port informed of the activities of the South Slough.

B. Coos County Historical Society Presentation on New Museum – Anne Donnelly,
Executive Director

Anne Donnelly thanked the Port first for the use of the Port's conference room, it is greatly appreciated. She then thanked the Commission for the opportunity to share the museum's vision. Anne went on to give the Commission an update on the proposed museum. She feels like this project is really an economic development project for the Upper Bay. It will bring more pedestrian traffic to the Upper Bay and public interaction with the commerce along the waterfront.

When the project first started, the museum was going to be downtown in the Visitors Center and it was a lot smaller project than it is now. With an opportunity for a new site on the Coos Bay waterfront, which the City of Coos Bay has provided, the project was able to grow and it became a broader project. Anne said a museum creates or encourages human interaction; it is a service not just a place to store things. She feels that by locating the museum on the waterfront, there is an opportunity for redevelopment along Front Street which has been vacant for many years. The new museum will be at the junction of Front Street and Hwy 101 and will be highly visible from the highway. There is an option on the property to the north of the museum to build condos, retail stores and restaurants and this all came about because of the siting of the museum. To the south is Sause Bros. with their working tugs.

The museum is working with an architect from Seattle and this firm has found a way to expand the original smaller museum into the bigger concept. A larger museum has been designed; however, the Historical Society feels it is prudent to only build what they can afford at this time so the plans show areas of expansion for when they can afford it. Anne went on to show pictures of the designs and what they expect to have in each area. She talked about the siting of the building so it wouldn't block water views; provided a wind block to the south side where there is a plan for a public plaza. It is hoped there can be exhibits in the outdoor plaza and the Historical Society proposes moving the farmers market to the plaza also. There is a meeting room designed so it can be accessed from the outside and meetings can be held after the museum closes while the exhibit rooms can be locked down. The area where the museum is to be built is zoned as a "Historical District" so the new building will evoke turn of the century architectural style. Hopefully, some of the tall ships will eventually be able to tie up at a reconstructed wharf in front of the building. Anne shared that one of the most exciting things about this whole project has been working with some of the areas smaller museums. She sees the new museum as a sort of gateway for all of the museums in the area. Anne went on describing a research library being housed in the second story of the museum. The Society has wonderful ledgers from the 1800's and over 70,000 old photographs which are being cataloged right now.

The Coos County Historical Society is now in the silent phase of fund-raising which means they are collecting community support with fairly large gifts and they are almost ½ way to their goal. When they reach the ½ way mark, they will begin approaching foundations and corporations. The foundations and corporations like to know that the community wants and supports the project before they themselves are involved. The Historical Society is getting participation from a very broad cross section of the community and interest groups.

Commissioner McKeown said that it is a very exciting project. She asked if there were any timelines for starting construction. Anne said that her hope would be to break ground in the latter half of 2009.

Commissioner McKeown made a motion (seconded by Commissioner Hampel) for the Port to commit to a pledge of \$10,000 for this project and to hopefully to do more in the future. The motion passed unanimously.

C. Oregon Institute of Marine Biology (OIMB) Project Presentation – Craig Young

Craig Young said he was here to describe a project called Charleston Marine Life Center, a small museum/aquarium display. There is such a display already however, it was built in the 1970's by the Rotary Club; it is very small and does not receive very much participation. This display is on Port property. OIMB is hoping to do something for Charleston that will help with community development and draw tourists off the highway and into the wharf area of Charleston. One of OIMB's provisions in their lease with the Port is to provide some sort of a display during the summer. Mr. Young said there is running sea water pumped under the street for live tanks at the site and he spends a lot of time working on the display and getting students to man them. However, there are very few people who actually come to see them.

Mr. Young said that there is a dock close to the facility where fishing vessels unload their catch. It is exciting to watch the process both by day and night on almost every day of the year. He also said that OIMB has a very large collection of marine mammals and marine birds, material used primarily for teaching. OIMB has one of the best groups of marine biologists anywhere on the west coast. They understand and can explain what is happening so he feels that an improved display could provide a great service and tourist draw to the Charleston area.

The presentation went on with some slides of the pavilion as it is now and then come concept drawings of what it could be in the future. Mr. Young said that right now it is not very attractive; has no protection from the wind; and is an uncomfortable place to be. People do not take time to look at the exhibits. The fundraising phase to upgrade the whole exhibit; expand it; do some landscaping; and make it a pleasant and informative, fun place to visit is just starting.

One of the concepts is to replace the chain link fence with windows which would provide protection from the wind for visitors and exhibits alike. There would be several different areas in the pavilion; fisheries and aquaculture; marine mammal exhibits, local habitat (darkened for aquariums); rocky shores tide pool touch tank and maybe a dock house for teaching.

Mr. Young has solicited letters of support from various organizations in the community. Support from the community, from local parks and businesses well as outside sources has been good. The U of O will support this project with construction help. There will also be support from Oregon Sea Grants.

OIMB's request to the Port involves three things.

1. Permission to proceed with plans to construct the proposed facility on leased Port land.
2. A letter of support that can be used for additional fundraising efforts.
3. A financial contribution, perhaps in the form of a matching or challenge grant, as substantive evidence of the Port's enthusiastic support.

The Executive Director had some questions regarding the exhibits and when the construction would start. Mr. Young said he hoped construction would begin at the end of 2008 after he finishes some current projects. That would be in the Port's FY08/09 budget phase.

Commissioner McKeown asked about the parking issues and if there would be staff on site with the new exhibit. These things were still in discussion according to Mr. Young; however he did say he hoped the exhibit would be mostly self-guided.

Commissioner Hampel asked about the status of the fish ladder and if it would be opened for the new exhibit. Mr. Young said probably not as it is not used for salmon anymore.

There was a motion by Commissioner McKeown (second by Hampel) to direct staff to proceed on drafting a lease appropriate to developing the OIMB project called Charleston Marine Life Center. The Board of Commissioners voted to approve that motion.

Jeff Bishop said that he liked both projects, the Coos County Historical Society Museum and the Charleston Marine Life Center, and he would like to have time with staff to review them and look for ways to partner with these organizations and to also go over the Budget to see where the Port can participate. He hopes to have something for the Commissioners by their next meeting.

5. MANAGEMENT REPORTS:

A. Executive Director:

Floyd King, the new Marine Facilities Manager was introduced and the Commission was told that Mr. King would speak to them later in the meeting.

Mr. Bishop then continued with his report. He wanted to try to clarify some of the terms used in public and in written reports by the Port. He feels that some people are still confused between the LNG and container projects and the terms of channel and waterway projects.

The channel is an existing infrastructure which is federally authorized and maintained. The Port is the official sponsor of that project and the holder of the dredging permit. The waterway that we speak of and the one we have a permit application in for, is the common area in the slip between the two berths. It is not the federal channel. It is not open for public use; it is in essence a driveway off of the existing channel. Technically it is correct that the LNG project needs to dredge from the existing channel to the berth they are proposing to build. But, when the Port talks about the container project and the dredging needed to be done; that dredging is in the public infrastructure of the channel that goes to the ocean that is necessary for the ingress and egress of vessels. This is the dredging that is part of House Bill 5036.

The second item the Executive Director wanted to discuss was a rehashing of comments said by him early in his tenure here. When the Weyerhaeuser transaction was first started it was said in The World and the Commission minutes that the Weyerhaeuser purchase was contingent on siting the LNG facility. That was correct at the time. The only customer we had that was proposing to compensate the Port, which in turn would allow us to compensate Weyerhaeuser, was the LNG project. But the agreement that we have with Weyerhaeuser does not stipulate anywhere in it that the Port is precluded from purchasing that property. The LNG option is a source of funding that enables us to do that. We have the ability to close on that deal if someone else was to come along and offer us \$25 million to do another transaction.

Mr. Bishop commented that both the LNG and the Weyerhaeuser agreements are on the Port's website and have been for a long time. Anyone who wants to can read them.

Mr. Bishop continued saying that Senate Bill 21 did not pass, however, the contents were rolled over into House Bill 5036 which became the general lottery bill of legislation that funded a number of projects in the Portland area and the Coos Bay dredging project. All of the restrictions that were contained in the Verger Senate Bill 21 survived into House Bill 5036. As a result there are a considerable number of restrictions on the funds and it will eventually require our client to post a letter of credit to pay back the State if the project does not happen. Because we will have to wait for the State to issue the lottery bonds, the Port may have a period of time when there is some cash flow issues related to funding consultants working on the 203 process.

Mr. Bishop recognized Steve Marks of Marks Network. Mr. Marks has helped the Port quite a bit on the 203 process. He will be coordinating some of the technical issues of the dredging process. Port staff will probably put together a more detailed presentation of the 203 process and timeline when negotiations are finalized. Mr. Bishop thanked Steve for all of his help.

The Executive Director continued. The Port has received a lot of attention as a result of the projects we are working on and we have received a number of invitations to speak to service organizations both here and throughout the state. Martin Callery and the Executive Director will be hitting the speaking trail quite a bit in the next several months.

Mr. Bishop reported that the Port did have a maiden voyage the first of July which is pretty rare. Roseburg Forest Products launched the *Glorious Peony*. The man who owns the ship owns 32 ships at about \$32 million each.

There is potential for a Request for Proposal (RFP) for two research vessels looking for moorage. In order to be prepared for that, Mr. Bishop would like to hire a firm to prepare a RFP. The Port is going to solicit proposals from firms so they can compete for becoming the home port of those research vessels. (It will be 4-5 years before these vessels are ready to moor)

And lastly, Mr. Bishop said that there has been considerable press regarding money allocated to the dredging project and contracts signed over the last few months resulting in a number of comments and calls regarding the Port's cash position. Mr. Bishop wants to remind people that there are many strings attached to these funds and they are dedicated to certain projects. There are limitations on what the funds can be used for. It will look impressive on the balance sheet but the funds are only for the intended use.

B. Deputy Executive Director

Wave Energy: Mike Gaul spent some time on June 27th in Salem and the 28th in Newport testifying in the Department of State Lands Rule Making governing placement of ocean energy conversion devices, on, in or over State owned land within the territorial sea. Mike's testimony centered on three issues:

1. The need for both the fishing and wave energy industries to be flexible.
2. The rules must consider current uses and economic impacts; avoid taking away prime fishing grounds.
3. There must be involvement by the local fishermen and coastal communities in the decision making process for siting wave energy parks.

Mike's final recommendation was that the State establishes an Oregon Fisheries Wave Energy Committee similar to the successful Oregon Fishermen's Cable Committee which worked so effectively during the Ocean Undersea Cable experience.

On July 10th, the new Marine Facilities Manager and Mike went to Reedsport to attend a meeting sponsored by Ocean Power Technology (OPT). They are proposing to put a wave energy park in Gardner. It is a project sponsored by the Port of Umpqua which in October 2006 was designated a Governor's Solution Team Project. But this is a project that is not without controversy. The plans are to put this park 2.5 miles off shore, right in the middle of prime crabbing ground. Both Floyd and Mike testified that night. Mike's testimony centered on the same testimony that he provided to the Department of State Lands; support alternative energy but also support for the commercial fleet. There were FERC representatives at the meeting. The outcome of the meeting was that they decided to put together a negotiating committee. Mike thinks it will be a good thing and he will be present at those meetings to track what is happening. It's a battle that the Port will be in for a while. Not only does it affect our commercial fishermen, but it also could affect our ocean disposal sites for dredging; transport lines, and prime crabbing ground.

The US Fish & Wildlife service has required a sediment transfer study for the dredge material disposal plans associated with beach nourishment of the slip access 404 permit. The work is being done by Moffett Nichols through the David Evans contract and the cost is \$58,000. Jordan Cove has authorized the spending authority. Because of the time sensitivity needs to get this work done, Mike authorized the work to proceed. He plans to come back with a formal action on his authorization at the August Commission meeting.

Kudos to Peter Friedman and his staff. The President's proposed budget for federal maintenance dredging for Coos Bay is \$3.9 million dollars; that is about ½ of what the Port used to get. The Senate Appropriations Committee maintained the President's number. The House Appropriations Committee last week, with strong support from Representative DeFazio and his staff, added \$3 million dollars back to our numbers and it is now at \$6.9million. That would provide funds to dredge most of the bay and provide some money for some engineering. We don't have a done deal yet but the House and Senate Conference Committee will meet later this summer to finalize the budget. Staff will be in phone discussions tomorrow with Peter Friedman discussing strategies for keeping and applying the additional funds. This is another fine example of Peter DeFazio and Peter Friedman working on behalf of the Port of Coos Bay.

The Executive Director added: This money was for maintenance dredging; it is not for our current proposed project.

A local resident George Tinker has been elected by his fellow board members to be this year's Chair of the Oregon State Marine Board. It is nice to have a local man as chair of that board. We will be working very closely with him over the next year.

Mike said he was going to give the new Marine Facilities Manager a "bye" tonight on his first Commission meeting management report; however, there were a couple of happenings during his first week on the job so Mike asked him to report on them.

Commissioner McKeown asked about the status on the barge slip. Mike said that the sheetpile was on a train headed this way. They hope to be in construction by the end of the month. The COE permit has not been issued but it is sitting on Tina Monical's desk to be issued. She is waiting for DEQ to provide the 401 water quality certification. They expect that to happen shortly.

President Kronsteiner asked about the money coming from Congress for dredging. He understood that \$750,000 was earmarked for the jetty and wanted to know if it was enough money to do what was needed. Mike said that that was the money identified in the beginning for engineering money needed to look at design. After that, you go after the appropriations. Mike said that we had \$500,000 last year which we lost because of change in power.

Commissioner Hampel made the comment that most of the commercial fishermen were not opposed to alternative energy; they just don't want their fishing cut. Mike said that many of the fishermen spoke in Reedsport. The Port thinks there is flexibility to move the wave energy out of prime fishing areas. There are seven groups now up and down the coast for wave energy and these areas are designated as no recreational or commercial fishing or boating.

C. Director of Communications and Freight Mobility

Late last month, Martin had the opportunity to go to the Coos County Planning Commission and testify in support of the Oregon Resources project - marine industrial usage of the existing marine industrial site, (former Glenbrook processing site). He did not testify on the mining operation since that was outside of the Port District.

At the invitation of Marvin Caldera, Martin had the opportunity to brief the Central Labor Council on several of the Ports projects. Marvin asked Martin to come back and keep the Labor Council updated as often as possible.

Martin and Kathy Wall went to the “change of command” ceremony for the ORCAS and they were able to meet both the departing CO and the new CO. Martin offered to provide the new CO a briefing on Port projects. The CO said that he would be contacting Martin; he is very interested in what the Port is doing.

The Southwest Area on Transportation had a meeting which Martin and Jeff attended. Martin gave a power point presentation on the Oregon Gateway project.

Mike and Martin met with the US Fish and Wildlife Service, Greg Smith, to answer questions about the container facility and the waterway associated with the LNG project. They answered all of their questions and made sure that USF&W realized these were two separate projects.

In the next four weeks, the annual Seafood Festival will happen and Martin is working with the Charleston Merchants Association on it. In the area of communications, Martin has done quite a few media interviews over the last couple of weeks. He had the opportunity to start planning for the Port’s communications program in support of the Section 203 process for the channel deepening project. It is an ongoing project and Brian Bell and Madeline Turnock are coming next week to start flushing the program out. There was a brainstorming session in Salem last Tuesday and a lot of issues were brought to the table. Now the group can start formulating messaging and communications tools that they will use. The next day Martin made the same presentation to the U.S. Army Corps of Engineers Section 203 meeting.

On July 19th, Martin got a call from the Public Affairs Director of ODOT Region III. There will be a bill signing on the next ConnectOregon bill (the additional \$100 million dollars) and they want a waterfront shot for representing the Southwest Oregon Region. Martin gave them a shot of the *Glorious Peony*, so there will be a big banner hanging behind the Governor with the Port of Coos Bay represented on it.

In the next two weeks we will be finalizing the OECDD ports report. This is a report where all the ports got together to identify needs of the various ports throughout the State. Port staff had the opportunity to go back and help Steve Kale do a lot of editing. It seems to be in good shape now.

D. Director of Finance and Administration:

On the home front, Donna said that Joanna Volz from the Business Center had her baby, a girl named Allyson. Martin Callery will be celebrating 15 years with the Port with a bar-b-q on the 23rd in Charleston. The RV Park has 100% occupancy currently. Donna is involved with Coos Bay Kiwanis Club and they are having their annual Salmon Bar-B-Q on Sunday, August 5th.

Donna continued saying the financials are in good shape at year end. The audit process is started and she is hoping for an early audit report.

E. Marine Facilities Manager

Floyd King thanked the Commissioners for giving him the opportunity to work in Charleston. He is excited about the job and happy to come here and support his wife at the College. He said that he has found out quickly that the staff in Charleston is exemplary. Aaron knows the facility inside and out and has been, and will be in the future, an immense help to Floyd in his learning about running the facility. Shortly after Mr. King walked through the door on his first day, there was an oil spill in the Marina. Within minutes the Coast Guard was notified, baffles were in the water, booms were put out and it was cleaned up. He was very pleased with staff response; everyone knew what they were doing and did it quickly and efficiently.

Then there was some excitement with a boat sinking. Unfortunately, Mr. King did not get the message Sunday night, however, on Monday morning he found Mr. Gaul already on the dock; the Coast Guard response team from Portland was on their way; salvage divers were on site; barges, cranes and environmental tech were in place. Basically by about 5pm, the boat was floating and it was out of the water by 6 or 7pm. Mr. King was able to speak to the emergency response team and they said that there would be a number of citations issued but they also said that this was one of the cleanest and most efficient operations they had seen on a salvage operation in a long time. So Floyd went back to what he said before, this team is very capable of making things happen. The third thing that happened the day after the sinking was that they discovered another vessel badly listing. Floyd authorized boarding the vessel, got it pumped out and got the vessels bilge pump working to make sure there wasn't a second disaster. Again the speed of which the team worked to make that happen was pretty incredible.

Floyd finished his report saying they are going to kick-start some of the things that have been started but stalled, such as the Clean Marina Certifications system and some of the issues in the Shipyard. Next month he will have more to report.

President Kronsteiner said that this Commission is very pleased with all of their staff and he is glad that a new person like Floyd, coming on board, sees and understands this.

6. PUBLIC COMMENT:

Marvin Caldera said that his ILWU, Local 12 sent letters to Senator Joanne Verger and Representative Arnie Roblan expressing their appreciation in their tireless work and commitment in passing Senate Bill 21 and securing funds for dredging the Port of Coos Bay channel. He read the letter and provided copies of them to the Port and Commissioners for our files.

Marvin also asked some questions about Wave Energy and what it does to the fishing industry. He feels that the Port really needs to look at this situation closely.

President Kronsteiner inserted before starting the Action Items that Commissioners Scott and Smith were both doing business outside of the area and they have been excused from this meeting tonight.

7. ACTION ITEMS/REPORTS:

- A. Appoint Oregon Coastal Zone Management Association (OCZMA)
Representative/Alternate - Mike Gaul

As a member of OCZMA, the Port 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 member of staff. This representative will attend OCZMA meetings and functions, typically quarterly, during the fiscal year. In the absence of the designated representative, the alternate will assume the duties. Commissioner Scott currently serves as the designated representative and the Port's Deputy Executive Director serves as the alternate.

Upon a motion by Commissioner McKeown (second by Commissioner Hampel) the Board of Commissioners designated Commissioner Scott again as the representative to OCZMA and Mike Gaul as the alternate.

- B. AFDL-2 Drydock Bid Awards - Mike Gaul

At the February 15, 2007 Regular Commission Meeting, the Port Commission approved Resolution FY06/07-6 for the disposal of surplus property known as AFDL-2 Drydock. The resolution specified that if the drydock could be

sold, the Port and Sause Bros. would split the proceeds equally. If the drydock was disposed of, the full cost of the disposal would be to the Port.

History:

The drydock was acquired through the surplus system in 1981 at no cost to the Port. At that time, the drydock was being operated by Marco Shipyard. The Port did not have \$250,000 to repair and tow the drydock to Coos Bay so the Port entered into an agreement with Sause Bros. and Mid-Coast Marine to accomplish the relocation. Sause Bros. and Mid-Coast Marine jointly operated the drydock under a corporation they formed called Southern Oregon Drydock, Inc. Southern Oregon Drydock entered into a five-year lease agreement dated February 1982 with the Port. The understanding was that at the termination of the lease, title to the drydock would revert to Southern Oregon Drydock. However, the original plan was never completed due to the bankruptcy of Mid-Coast Marine and the resulting re-organization. Beginning at the first renewal option, a lease rate was established at \$24,000 per year with CPI increases beginning annually at the start of the second renewal term. Sause Bros. has leased the drydock for over 25 years at the total lease return to the Port of over \$574,000.

The current term of the lease ended January 31, 2007 and Sause Bros. decided not to renew it. However, Sause Bros. stated that the Port and Sause Bros. entered this agreement as partners and they would go out of the agreement as partners. Dale Sause committed to keeping the drydock insured and moored at Sause Bros. property at no cost to the Port until a buyer was found or until disposal took place. Dale also acted as the Port's agent in seeking a buyer for the drydock. John C. Murdock surveyed the drydock on May 4, 2007. In June, Port staff issued a Request for Proposal for the sale of the drydock. The successful bidder was required to make payment within 72 hours of the sale award and be responsible for the movement of the drydock.

The Request for Proposal received a huge amount of interest. Proposals were opened at 3 p.m., Thursday, July 12, 2007. The high bidder was Columbia Drydock, LLC in the amount of \$502,000. Principals from Columbia Drydock are prepared to travel to Coos Bay on Friday, July 20, 2007 to complete paperwork and make payment.

Discussion: The Executive Director wanted to make it very clear that the Port agreed to split the proceeds 50/50 with Sause Bros. and that will happen. He went on to express the Port's gratitude to Sause Bros. for all of their work on the drydock.

Upon a motion by Commissioner McKeown (second by Commissioner Hampel) the Board of Commissioners awarded the sale of the AFDL-2 Drydock to Columbia Drydock, L.L.C. for the bid amount of \$502,000.

C. Perkins-Coie Change Order #3 - Mike Gaul

At the June 21, 2007 Regular Commission meeting, the Port Commission approved Change Order #2 to the Perkins Coie Land Use representation contract. It was in the amount of \$80,000. Port Commission was informed at the time that staff would return with Change Order #3 in July. Change Order #3 would take the process up to and including the September 17, 2007 County Public Hearing. Information included in the Commission packet for this meeting outlines the work that was completed on the City of Coos Bay application to determine that mitigation was an allowable use in the city zoning district and work yet to be completed for the County Land Use hearing.

Perkins Coie is requesting a contract increase of \$120,000 which would bring the total value of the contract to \$400,000. The additional funds are totally 100% reimbursed by Jordan Cove Energy. To be very clear on this increase, just like Change Orders #1 and #2, the additional \$120,000 is 100% reimbursed by Jordan Cove Energy. The funds are not public tax dollars on Port operating revenues. Jordan Cove Energy has provided their authorization for the proposed increase.

Discussion: The Executive Director stated that it pertains to the area he referenced in his report, waterway to slip to the berth of the LNG facility but it is not associated with the channel or any aspect of the container project.

Upon a motion by Commissioner Hampel (second by Commissioner McKeown) the Board of Commissioners approved Change Order #3 to the Perkins Coie Land Use Contract in the amount of \$120,000.

8. **OTHER:**
9. **INFORMATION ITEMS:**
 - A. July Newsletter - Business Center
10. **COMMISSION COMMENTS:** There were none.
11. **NEXT MEETING DATE:** Thursday, August 16, 2007
12. **ADJOURN:** Adjourned to Executive Session at 9:05 p.m.
13. **RECONVENED OPEN SESSION:** 9:25 p.m. to make a motion.

Commissioner McKeown made a motion (second by Commissioner Hampel) to authorize staff to extend for a period of 90 days the exclusivity agreement on the marine terminal development on surplus property within the Weyerhaeuser property purchase. The Board of Commissioners voted to approve the motion.

14. **ADJOURNED:** The meeting was adjourned at 9:30 p.m.

By: _____
David Kronsteiner, President

By: _____
Dan Smith, Secretary