

OREGON INTERNATIONAL PORT OF COOS BAY
Coos Bay, Oregon

COMMISSION MEETING
Thursday, October 18, 2007
7 p.m.
Coos Bay City Hall

ATTENDANCE:

Commission: David Kronsteiner, President; Caddy McKeown, Vice President; Dan Smith, Secretary; Brady Scott, Treasurer. Commissioner Jerry Hampel was absent and excused by the President.

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; Aaron Simons, Interim Marina Facilities Manager; Bob Thomas, Port Counsel; Kathy Wall, Management Analyst; Andrea Wall, Executive Assistant.

Media and Guests: Elise Hamner, *The World*; Gordon Young, Hans & Ann Van Dyke, Channel 14; John Hill; Bob Braddock, Jordan Cove Energy; Jennifer Gumm, ILWU; Frank Williams, ILWU retired VP; Camby Collier; Drew Emmett, Coos Bay Towboat/Pilots; Jody McCaffrey; Knute Nemeth; Geno LaRochelle; Shanley Geddry, Mary Geddry; and Marvin Smoot, Roseburg.

1. **CALL TO ORDER:** The President called the Regular Commission meeting to order at 7:03 p.m.
2. **INTRODUCTION OF GUESTS:** The audience members were asked to introduce themselves.
3. **CONSENT ITEMS:**
 - A. Minutes: September 20, 2007 Regular Commission Meeting Minutes
 - B. Approval of September/October 07 Invoices Totaling \$451,638.75

Upon a motion by Commissioner McKeown (second by Commissioner Smith) the Board of Commissioners approved the minutes of September 20, 2007 Regular Commission Meeting and the September/October 2007 invoices totaling \$451,638.75.

4. **MANAGEMENT REPORTS:**
 - A. **Executive Director:**

Mr. Bishop said he spent the entire week in Washington D.C. working on rail issues. He was engaged in meetings with Sen. Smith's office, Sen. Wyden's office, Rep. DeFazio's office and meetings with the Surface Transportation Board (STB), which is the body which regulates railroads. There was also a meeting with the Federal Rail Administration and he received preview information on the report they will be publishing. Mr. Bishop said that unfortunately, he is not at liberty to discuss this information until the report is published. Mr. Bishop did benefit from having a long and very productive sit-down with the Federal Railroad Administration. At the last Commission meeting, Mr. Bishop received authorization to retain Troutman Sanders, which he has done. Troutman Sanders is an international law firm with an office in Washington D. C. and they specialize in appearing before the STB. On Monday, Troutman Sanders invited him to a presentation at the STB on various issues facing railroads. One of the biggest

discussions was on the developments centering on equity funds and hedge funds, either outright buying railroads or becoming major stockholders in publicly traded railroads. There was a presentation from an equity fund called the Children's Investment Fund (TCI). It is called the Children's Investment Fund because they divert a portion of their profits to children's charities. They were very frank and candid in their presentation. Their goal is to get the STB to change its rules so railroads can get a much higher return on their assets by more freedom in closing marginal assets that are costing money and also in the way the STB allows railroads to calculate their depreciation base; and whether it's on whatever the actual current investment value is vs. replacement cost. If you were to try to envision rebuilding the rail infrastructure system in the U.S., replacement costs would be quite astronomical. This gives them the ability to create performers that create a much high rate of return. The railroads want the authority to "force change" in the management of rail systems. This whole issue of equity funds is whether equity funds should be involved in infrastructure. It is whether or not their perspective is on a long term return or whether they are looking for short term return. TCI maintained that they looked at things from a very long term perspective. Mr. Bishop is not sure the other equity funds do that. TCI is the largest stockholder of CSX, which is a large eastern U.S. railroad. This week TCI openly published a letter to CSX telling them how they thought they should start doing their business differently to maximize their returns.

In meetings with Sen. Smith, Sen. Wyden and Rep. DeFazio, there was no question in Mr. Bishop's mind that they are doing what they can. They are meeting with government officials; and they have had some conversations with Class I railroads. However, they have not had any direct contact with Rail America. Mr. Bishop said he also met with the Governor's Washington D.C. office.

Mr. Bishop said this whole process is somewhat disheartening. His entire career he has heard that there is Congress, the President, and the Federal Reserve; then there are the railroads. He finds this pretty accurate. The system is very favorable to the railroads especially in light of the deregulation. There are many people battling those issues; the states of North Dakota and Montana are two. The railroads are looking for better, faster, cheaper, more volume and trying not to serve local markets. What is frightening about this is that Mr. Bishop thinks the equity funds believe they are serving the local markets too much. Many folks think the railroads are not serving enough. Mr. Bishop is heading back to Washington D.C. next week for a hearing at the Surface Transportation Board.

There is extensive information for the Executive Session tonight regarding other actions that the Port is involved in and Mr. Bishop anticipates requesting action at the conclusion of the Executive Session.

Mr. Bishop also spent time on research of Fortress Investments, which is the equity fund that now owns our railroad. He received some suggestions from outside parties to look into certain areas. Steve Marks had a conversation with the Treasurer's office and discovered that the State of Oregon actually owns 3% of Fortress Investments; that is what we believe but we do not have proof. As a result of that information, staff is recommending tonight passing of Resolution 07/08-04. This resolution basically calls upon the State of Oregon to divest itself from Fortress Investments Group LLC. The resolution was read into the record as follows:

**OREGON INTERNATIONAL PORT OF COOS BAY
RESOLUTION 2007/2008 - 04**

A Resolution Requesting the Oregon Investment Council, the State Treasurer, and the Governor to divest the State of Oregon's 3% ownership in Fortress Investment Group LLC.

Whereas, the Coos Bay Branch Line of the Central Oregon & Pacific Railroad from Coquille in Coos County, Oregon, to Junction City, in Lane County, Oregon, is a vital link for commerce between the Central Oregon Coast and the national rail system; and

Whereas, the State of Oregon recently provided \$4 million in ConnectOregon funds to improve infrastructure on the line in the Coos Bay area with the expectation of rail service being available on the line in the future; and

Whereas, the existing rail freight users were not kept apprised and informed about the reliability of service on the line by the owners and operators of the line - Central Oregon & Pacific (CORP) Railroad, RailAmerica and Fortress Investment Group LLC; and

Whereas, service on the Coos Bay line was abruptly, without warning or expectation, terminated due to undetermined rail tunnel structural safety issues, which both CORP and RailAmerica were aware of for a considerable period of time; and

Whereas, CORP and RailAmerica have failed to present a plan to correct the problem and restore rail service or to remedy and mitigate the economic impact on rail users or the economy of the affected Oregon communities; and

Whereas, the Oregon International Port of Coos Bay perceives this to be willful and misleading abuse of Oregon communities and the business partners of the rail operator that depend on rail service in order to engage in commerce, and deliberate disregard for the State of Oregon's public investments in CORP rail infrastructure, which is wholly unacceptable;

Therefore be it resolved that in order to protect the Central Oregon Coast economy and the businesses that depend on continued operation of the Coos Bay Branch Line of the Central Oregon & Pacific Railroad and the State of Oregon's direct investments in the CORP rail line, the Oregon International Port of Coos Bay requests that the Oregon Investment Council, the State Treasurer, and the Governor divest the State of Oregon's 3% ownership in Fortress Investment Group LLC.

Be it further resolved that this action is warranted to protect the State of Oregon's public investments in private rail service between Coquille and Junction City, and that a reasonable means exists to prevent this action through development of a viable business plan demonstrating the commitment and funding for necessary rail infrastructure improvements in a timely manner.

APPROVED and ADOPTED by the Board of Commissioners of the Oregon International Port of Coos Bay this 18th day of October, 2007.

David Kronsteiner, President

Daniel Smith, Secretary

Mr. Bishop went on to say that we want to incorporate into the record tonight the fact that the Port did sponsor a ConnectOregon application last funding cycle for tunnel improvements as did CORP; CORP failed to defend those applications. Ironically, both of those applications were for considerably less money than CORP says it will take to fix the problems. This is general information that leads us to believe that it is appropriate for the State to take this action and it is certainly appropriate for the Commission to ask the Governor and the State Treasurer and the Oregon Investment Council to divest itself of this ownership in Fortress Investment Group LLC.

Mr. Bishop added for the record, Fortress Investment is a \$43 Billion fund.

President Kronsteiner asked for one correction in the resolution as read by the Executive Director. He asked that in the sixth paragraph down, the wording in the first sentence be changed to “perceives this to be willful and misleading.....”

Upon a motion by Commissioner Smith (second by Commissioner McKeown) the Board of Commissioners approved the adoption of Resolution 07/08-4, a resolution requesting the Oregon Investment Council, the State Treasurer, and the Governor to divest the State of Oregon’s 3% ownership in Fortress Investment Group LLC. with the wording change as stated above.

Mr. Bishop added a point of clarification, by doing this you are not divesting the State of Fortress; you are petitioning another body to take action; you do not have any authority to direct how those funds are invested.

Commissioner Scott asked if the State is really aware of their investment. Mr. Bishop said the Governor’s office has been notified that the Port was expecting to take this action but that doesn’t necessarily mean it is in the best interests of the State. Investments are for the purpose of producing return and it is not our place to determine whether or not the State is getting the best deal. The Port is letting them know that they think it is inappropriate for the State to be investing this firm; it is a symbolic action.

President Kronsteiner asked Mr. Bishop “is Congressman DeFazio pushing to pass legislation for re-regulation of the railroads?” Mr. Bishop said he has not heard that; however, he feels that you can glean from Congressman DeFazio’s public comments his attitude is that he favors re-regulation. The Chairman of the Overall House Transportation Committee, Rep. Oberstar, is the one who submitted the bill, called the Railroad Improvement Act. It is technically about re-regulating the rail and Congressman DeFazio is on record as supporting it. Congressman DeFazio has issues with the expansion of equity funds into the ownership of what are normally considered to be public assets; highways and rail systems. These were traditionally operated as a public utility as opposed to a private investment and that seems to be occurring with more frequency. Congressman DeFazio has some serious concerns with it.

Mr. Bishop said it was an interesting question as to whether the Port wanted to take a position on re-regulation. He knows, at the hearing on Tuesday, the issue will come up and while they may have the votes to enact legislation, they do not have the votes to override the President’s veto.

President Kronsteiner added that he has been watching Mr. Bishop and his staff these last weeks and he is impressed with the amount of work that is getting done; the effort; the time that is being put in and he wants to commend all of them; he said he is proud of the way staff are going after it. Thank you.

B. Deputy Executive Director

Mr. Gaul said that Johnson Rock completed the paving of the Orcas dock parking lot and the Coast Guard is very happy with the paved parking.

Nehalem Dredge has mobilized to the Charleston Marina and is getting their materials together. The project looks to be about three weeks if the weather holds.

Aaron Simons, Interim Charleston Facility Manager and Kathy Wall, Research Analyst represented the Port at a conference for the State's Organization of Boating Access (SOBA). The Port was a recipient of a National Award for the Charleston Launch Ramp Replacement at that conference. Aaron and Kathy will be back later in the agenda to give a presentation to the Commission.

On October 16th, staff met with the customers and concerned parties of the draft Live-aboard policy. The draft was sent out in September to all of the Port's moorage customers. The Port requested that questions or comments be returned; eight e-mail/letters were received with comments or suggested changes. At the meeting on the 16th, about 15 people were in attendance; the Port received some good comments and some requests for change at that meeting. The draft policy will be taken to the Charleston Advisory Committee in early November to finalize it. Folks will have a chance to comment at that meeting and the scheduled November Commission meeting.

Last week, Mr. Gaul represented the Port at the Pacific Northwest Waterway's annual conference in Vancouver, WA. There was a very busy agenda, including a Special Permitting Meeting with the U.S. Army Corps, the EPA, NOAA Fisheries and U S Fish and Wildlife. They tried to work through a joint resolution committee toward an agreement as to why permits are being perceived to be unreasonably late. This committee should help move things along.

Mr. Gaul stated that he also had the opportunity to meet Col. Miles, the Deputy Division Commander of the Corps of Engineers (COE). General Martin is being moved next month to a new assignment on the East Coast. Col. Miles will become the Interim Division Commander; then he will be relieving Col. O'Donovan this summer when Col. O'Donovan goes to Afghanistan. Mr. Gaul said he had a good conversation with Col. Miles and he had a chance to brief him on all the Port's projects. Col. Miles will be down here in the near future for a visit.

Donn Mann, the General Manager from Port of Newport was elected as President of PNWA for the coming year. Mr. Gaul was re-elected to the Board. At the conference, Mr. Gaul introduced Jessica Hamilton, the Governor's Natural Resource policy advisor, and she gave a presentation on the Governor's vision in the process of Marine Reserves.

Mr. Gaul's last comment was that he would be sending a packet of information to the Commission from PNWA. It would be mailed out tomorrow.

C. Director of Communications and Freight Mobility

Mr. Callery said that over the last month he has been traveling quite a bit primarily related to transportation issues. On September 24, Jeff and Martin attended the Southwest Oregon Trade and

Transportation work group. That is Rep. Morgan's Task Force that worked so hard in the Legislative Session for support of the Oregon Gateway Project. Rep. Morgan is bringing that group back together to continue that work.

On September 25, he and Jeff supplied an update on the Oregon Gateway project to the Coos Bay Maritime Council and the Port's Technical Advisory Committee.

On September 26 & 27 he was at the Pacific Northwest Association of Rail Shippers. During that meeting there were many questions about the CORP embargo, the Port's projects and what is happening with the rail service here.

Mr. Callery then went to the Oregon Rail Users League meeting and provided updates on rail and port projects. He had a meeting with Bill Burgel of HDR Engineering on some projects the Port is working on with them. On October 5th he had a meeting with the Coos Bay rail line shippers.

Earlier in the month he was at the OEDA conference where the Governor's staff started talking about the agenda they have for sustainable and renewable energy. There were quite a few presentations on the various types of renewable energy, wave energy, wind, solar, bio mass, geo-thermal etc. and how we need to find a common ground to get some of these things done.

Mr. Callery then had a meeting with the ODOT Freight Mobility Unit to discuss plans for the upcoming activities of ConnectOregon II. He was made the Chair of the projects sub-committee again. His committee will be looking at all of the projects except transit.

Mr. Callery has been working with the Bay Area Chamber of Commerce Transportation Committee and then he just returned from an Oregon Freight Advisory Committee meeting where they talked about ConnectOregon II. They also talked about the STIP (Statewide Transportation Improvement Program) program. The State is currently in the 08-11 STIP, which has already been approved and adopted; however, right now ODOT is looking at a \$162,000,000 shortfall in funding. So, throughout the various advisory committees in the State including SW Area Commission on Transportation, the modernization component of that STIP will be going back for another look at what projects can be scaled back; what projects can be cancelled or moved out to a future STIP. Coincidental with that is the department is also planning for the 2010-13 STIP. The Freight Advisory Committee is very concerned about the impacts on freight mobility since we are a trade dependant state; that is how Oregon creates jobs and sustains our economy and a viable transportation system is critical. Over the next several months, we will be looking at ways to cut back some of the projects, revise them, move them into another STIP or find alternative funding for them.

In addition, Mr. Callery has done quite a few media interviews over the last 30 days both here and throughout parts of the State.

David Kronsteiner asked if the STIP was funded by the Transportation Equity Act. Martin said that every biennial budget that the State passes, there are Federal funds in ODOT's overall budget. So right now we are in the SAFETEA-LU transportation package, there was a discussion at the OFAC meeting about the fact that it is not too soon to start talking about the next reauthorization of that bill. From a statewide level we are looking at what projects need to be funded at the Federal level; can we get Federal planning

for some of the projects of statewide importance. OFAC wound up having most of the conversation focused on the Columbia Crossing, which is the proposed bridge to either replace or supplement the existing I-5 bridge. That funding has been described as between 2-4 billion dollars. The State just received a \$15 million grant to start looking at some of the environmental impacts of an additional corridor across the river. I-5 has been designated a corridor of national significance. That is why the ODOT Bridge was able to get this \$15 million in Federal funding. The Oregon delegation, working with the Washington delegation, will definitely be looking at Federal funding for that project and others throughout the state.

David Kronsteiner said that the Transportation Equity Act was supposed to return a large amount to the State of Oregon. Was the \$162,000,000 shortfall for this biennium? Martin said that it was for the defined period of the STIP, 2008-2011. It is an estimated shortfall at this point based on the revenue the State is generating primarily through the gas tax. What's happening is that the gas tax, even though we are probably driving the same number of miles we have in the past with much more fuel efficient cars, the revenue associated with fuel tax is not as great as it was. ODOT has a special team looking at alternative funding for transportation system improvements.

David Kronsteiner asked if the Isthmus Slough Bridge was showing up on the STIP yet. Martin said no, but it may show up on the 2010-2013 as a D project (Developmental project). That is a bridge that will likely require us as a community to come together and seek a Federal earmark and Federal funding package. It may be best to split it into two different Equity acts. ODOT has it on the radar.

D. Director of Finance and Administration:

Ms. Nichols commented that the Oregon State Legislature asked the Oregon Economic & Community Development Commission to gather information on Oregon's needed infrastructure improvements. All agencies are to get their projects entered online by October 30th. Then the three county boards of Coos Curry Douglas Regional Investment Board will meet November 20th to review and recommend the top projects from each area. OECDD will prepare a report and funding request for the February 2008 session. This project is similar to the Needs & Issues project where the State wants to have an inventory of all proposed projects so funding can be planned. For the Oregon Ports Group, Ms. Nichols contacted several smaller ports to see if they needed help getting their projects listed. At the November Commission meeting she will bring a list of projects.

Ms. Nichols also pointed out the two graphs attached to her management report. One shows the Multiple Year Revenue Comparison at the Charleston Marina Facilities and the other shows the RV Park Occupancy from 1994 through 2007. These graphs show that business is good. Overall moorage and RV Park revenues continue to grow which is why we look at more and other ways to serve our customers. The wireless FishNET service has been well received and there are plans for future expansion of service. The current on-going installation of video surveillance, partially funded by a Special Districts safety grant, makes customers feel more secure and the Live-aboard policy will also enhance the safety of the users of the facilities.

E. Interim Marina Facilities Manager

Aaron Simons gave an update of the days events with the high winds. Staff was very busy tying up boats and docks that came loose and then they were called by the Coast Guard to respond to an oil spill from a transformer that came down in the high winds. Aaron and his crew contained the spill and mopped up.

The Coast Guard was very appreciative. One of the Commissioners asked if the spill was in the Marina. Aaron said no it was outside the marina area, but he felt that it might be able to get into the channel and maybe the estuary. It was best for the port staff to help.

5. PUBLIC COMMENT:

Jennifer Gumm: Jennifer read a letter from ILWU 12 Longshoremen in support of the Oregon International Port of Coos Bay's plans to build a vessel slip and marine terminal. A copy of the letter was received for Port files.

Frank Williams, VP of the ILWU, retired: He feels that there are people saying things that are not true in the comment segment of these meetings. He worked the waterfront for 40 years. He heard at one of the meetings someone asking why we weren't using the docks we have. He says that these docks we have here are dilapidated; they are worn out. We can't put the kinds of cranes on them we need for the new ships. The port being talked here is for the Port of Oregon, not just the Port of Coos Bay. It is the only place you can put a 51' deep port. He continued talking about wanting living wage jobs and he said it is better for the Port to have its say than to have these projects be private industry. In private industry we have not had a say; it is better to keep the hospitals going; and there is plenty of room for fish, crabbing, clamming and ships too. Mr. Williams was very supportive of what the Port is doing.

Camby Collier: She said she has met hundreds of people against the LNG and so far only person that she knows that is against jobs. She is against siting the LNG terminal so close to schools and hospitals. During her research on LNG, her main concern has been the Water Suitability Assessment. She has been waiting 1 ½ years for this report. She was in touch with the Coast Guard and this report was turned in on September 4th with the Williams and Jordan Cove Energy Projects. On December 4th, the public will be able to read the Water Suitability Assessment. In her research she was directed to London and Sigtto which is International Gas Tankers and Terminal Operators. They are very keen on the safety position for any gas tanker and they have publications on how do site selection and design for LNG ports and jetties. Through reading this report, she does not think our channel is big enough for risk management of this project. She went on stating other information from this report which she felt was relevant to not siting the LNG terminal here.

Mr. Bishop commented that he read the report she is talking about. At our jetty, the channel is 1100 feet wide at the entrance jetties. There are no jetties being proposed at the actual terminal site, they are building a slip. The report Ms. Collier was siting centers on the design standards for jetties. Mr. Bishop went on to say that when they talk about the 300' wide channel, they are talking about the point of the narrowest restriction. There are places where the bay is much wider than 300'; and there are places where it is much deeper than 37'.

Jody McCaffree: She thanked everyone who participated in the Coos County hearings. She offered her services to the Commission to speak on some of the issues of the Jordan Cove project. She says she cannot say what she has to say in 5 minutes. She went on talking about the Senate Bill 21 hearings on the channel deepening. Her testimony was about the infrastructure that is needed and what is needed to be in place before money is spent on the cargo terminal. She asked for copies of the agreements between the cargo terminal people and the Port. Mr. Bishop said that the Port does believe that they have met the criteria established for the 1st funding cycle of the money; they have not met the criteria for the 2nd and 3rd

funding cycles. He said what is omitted from Ms. McCaffree's presentation is the way the money is broken down into different phases and how each phase has its own set of triggers; and each set of triggers is slightly different. The first phase is \$5 million and that is for this biennium. In order to achieve that, the Port has received an authorization from the Assistant Secretary of the Army to initiate the 203 Process. We have done that. Secondly, because of the competitive market our client is involved in, they regard certain financial aspects of the deal to be private until they are completed. Any agreement that we execute is going to fall under the terms and conditions of the non-disclosure. Mr. Bishop said he cannot even comment as to whether we have such an agreement.

Mr. Bishop continued by saying we have not initiated any work on the project at this point until we get those clearances. Those are also critical in order for us to get a determination of tax free status on the project. We are waiting for an opinion on the Bond counsel. Those things are still a work in progress and there are indeed triggers that are specifically linked to the container project having nothing to do with LNG. Mr. Bishop said that we cannot provide Ms. McCaffree with the copies. She asked how we can give this information to others. Mr. Bishop said that we can provide this information to the State – the agreements are very specific on who we can provide information. Ms. McCaffree said they moved Senate Bill 21 into a House Bill and added a bunch of other things and there was not public comment and it passed.

Mr. Bishop disagreed with her; there were a lot of public hearings. He went on to say that there was no difference between Senate Bill 21 and House Bill 5036; Senate Bill 21 was cut and pasted into the House Bill. He added that the conditions and hoops that the Port has to go through were in direct relation to the public hearings and comments and suggestions made by yourself and other citizens. Ms. McCaffree continued and asked about agreement authorizations at the last meeting. Mr. Bishop said that the Commission authorized staff to execute agreements. Those agreements have not been executed until all the requirements of House Bill 5036 have been met.

6. ACTION ITEMS/REPORTS:

A. Update on Jordan Cove – LNG Project – Bob Braddock

Bob Braddock came to the meeting to give a short update on the Jordan Cove Energy project. The main thing that has transpired is that on September 4, 2007, Jordan Cove (JC) and the associated pipeline both filed requirements to the Federal Energy Regulatory Commission (FERC) for approval of the facility. The importance of the September 4th date is that it culminated the period of time that began in May 1, 2006 when JC initiated the actual environmental protection act of review of the project. Over the last 18 months, the developments of various resource reports that evaluate the impact of the project on both socio-economic and environmental economic issues have been generated. These reports have been circulated through various Federal and State agencies, and are also available in the libraries for the purpose of review and critic. Mr. Braddock said that there were a total of three drafts over the 18 month period. Those draft documents produced the final documents of the September filing. The documents include both public versions and what is considered the critical energy infrastructure version which is only circulated to the key agencies that have oversight. The reason is that so many items in the documents are considered critical energy infrastructure and are not available to the general public. They tend to be sensitive such as drawings of the details of design of facilities. As of 9-11 you cannot get drawings of BPA power lines; you can go out and look at them but you can't get a map off of the internet. These documents form the basis by which the FERC, as well as the cooperating agencies, the USCG, COE, EPA,

BLM and the US Forest Service, will produce an Environmental Impact Statement (EIS). The EIS will encompass the pipeline, the upland facilities and also the Port's multi-user slip. The reason it includes the slip is because JC will be using it; if JC is using it, it becomes linked to their project for the purpose of environmental impacts. What the EIS does is, it addresses an area from 6 miles out at sea, through the waterway to the terminal, out along the pipeline route to the termination at Malin, Oregon. JC anticipates in the next two weeks that FERC will issue their schedule. FERC has already notified JC that their applications are "deemed complete". When FERC issues the schedule, JC anticipates that FERC will issue a draft EIS at the earliest in January; it could be a month or two later. Following the issuance of the draft EIS, 5 ½ months later they will issue a final EIS. During the intervening 5 ½ months FERC will hold hearings for review, critique, public comment, and agency comment to get all the input before they produce the final EIS. When the final EIS is issued FERC has 60 days in which to make a decision. The decision made will be to approve or deny the application. That includes the entire application of the pipeline and the terminal; one will not be approved without the other. Considering those timelines, the earliest approval could be September 2008 but it could be delayed. Parallel with that, JC is going through local land use issues, conditional use permits for the upland facility through Coos County; they are going through the Coastal Zone Management Act at the State level and they are running through the Waterway Suitability Act process. Mr. Braddock said that to gain approval, FERC must have a positive report from the USCG, which is their Waterway Suitability Report and must also get a certification from the State who oversees the Coastal Zone Management Act. This is the timeline. Mr. Braddock said that as they get closer to the final, he will come back with another update.

B. New Port Commission Chambers and Meeting Room

The Port moved its offices to the Hub Building and began leasing from the Hub Partnership in 1993. The initial lease of 2,591 sq. ft. included the existing offices, hallway and what is now Rep. DeFazio's office (formerly that office was used as a conference and meeting room). In March 1995, the Port expanded its lease to 3,775 sq. ft. to include the current conference room. The previous conference room was leased to Congressman DeFazio's local representative, Ron Kreskey. Additionally, the office across the hall was leased and an office within the Port's offices was leased to Chris Clafin, OECD officer. These leases helped to offset the expense of the expansion.

Prior to the current Board of Commissioners, Commission meetings were held in the Port's larger conference room. Other organizations also use the conference room for meetings. The current Commissioners wanted a more formal meeting room so the Port started using the City of Coos Bay's Counsel Chambers.

With the increased activities and the need for more space, Mike Crow of Crow Clay proposed a remodel of the Child Advocacy Center on the second floor of the Hub Building for the new Commission Chambers. This space would add 1,711 sq. ft. and would include a large open formal meeting room and a smaller executive session conference room as well as additional office and storage space. The Port's present location in downtown Coos Bay is very convenient for many consultants, business prospects and others that attend meetings in the Port's office. It also provides the Port with the ability to host events for the area's development.

The Port has considered purchasing a piece of land or dock for their office facilities; however, they have not been able to find a location with the ease of access and convenience that downtown provides. The

estimated cost for the remodel is \$38,000. The Port staff is proposing to pay for the improvements at their completion instead of amortizing the cost plus interest through lease payments. There are sufficient funds in the Depreciation Fund.

The Port currently pays \$.8627/per sq. ft. for 3,775 sq. ft. The expanded space will total 5,486 sq. ft. and cost \$4,732.77/mo or \$56,793 annually. The Hub Partnership is requesting a five-year renewal lease.

The Executive Director read a memo from Commissioner Hampel, addressed to Commission President David Kronsteiner and Executive Director Jeffrey Bishop, which stated Commissioner Hampel's 'No' vote for the record. (A copy of his letter follows.)

Oregon International Port of Coos Bay

P.O. Box 1215 • Coos Bay, OR 97420-0311

Date: October 15, 2007

To: David Kronsteiner, President; Board of Commissioners
Jeff Bishop, Executive Director

From: Jerry Hampel, Commissioner

Subject: Proposed Meeting Room in Hub Building – Statement and Vote for the Record

I want to go on record and have my “no” vote recorded as part of the record in opposition to the proposal to lease additional space in the Hub Building for a Board of Commissioners meeting room.

My opposition is based on the following points:

- Port offices and meeting rooms should be on Port land and should be owned by the Port District. Renting and/or leasing is not a good long-term investment.
- I do not believe there is a compelling reason to change our current meeting procedures or location. The required investment is too much to simply make things more convenient for Port staff.
- The proposed expenditure would be better invested in any of the following projects:
 - Additional moorage to satisfy the growing demand represented by the increasing number of vessels on Charleston Marina waiting list (100+)
 - Creating more short-term work area and long-term storage space in the Charleston Shipyard
 - Dredging, docks and other Port property improvements
 - Debt reduction for the Port District

The costs of the proposed meeting room lease over a five-year period averages approximately \$1,000 per meeting. I simply cannot support this expenditure.

Upon a motion by Commissioner Scott (second by Commissioner Smith) the Board of Commissioners, acknowledged the objection of Commissioner Hampel but approved the lease amendment with the Hub Partnership and the cost of improvements for the new Commission Chamber and Meeting Room.

C. Technical Advisory Committee Reappointments

The Port's Technical Advisory Committee was established by Ordinance No 129 in February 1991. The purpose was to advise the Port Commission and staff on various activities related to leases and deeds, and compliance with Federal, State and local environmental laws and regulations.

Committee members represent the specific community segments of:

- Environmental protection
- Industrial Operations
- Science
- Tourism
- Citizen-at-large

Three of these positions expired on September 17, 2007:

- Position 1, Scientific Industry - 2 year term
- Position 2, Environmental Protection - 4 year term
- Position 5, Citizen-at-large - 2 year term.

Staff contacted the three representatives of these positions and they have all said that they would like to continue in their service to the Technical Advisory Committee for another term.

Upon a motion by Commissioner McKeown (second by Commissioner Smith) the Board of Commissioners approved the reappointments to the Technical Advisory Committee of Position 1. Dr. Steve Rumrill, Position 2. Dr. Jon Souder, and Position 3. Timm Slater, each for another respective term.

D. Launch Ramp Award

Last year the Port of Coos Bay completed the rebuilding of the six-lane Charleston Marina Launch Ramp in partnership with the Oregon State Marine Board, the Oregon Department of Fish & Wildlife and the Department of Land Conservation and Development.

The funding for this high priority project was as follows:

- | | |
|---|-----------|
| • Oregon State Marine Board | \$263,090 |
| • ODFW - Federal Sport Fish Restoration | \$183,978 |
| • DLCD - 306.A Program | \$ 50,000 |
| • Port of Coos Bay | \$101,315 |

This project was recognized for an award by the State's Organization for Boating Access (SOBA) which is a national boating association. The Port was selected to receive an award in the Large Project Access Category. The Port's project was nominated by the Oregon State Marine Board staff.

Aaron Simons and Kathy Wall attended the SOBA Annual Conference in Idaho on October 6, 7 and 8. They provided a power point presentation on the project to the attendees. They were told at that conference the quality of workmanship by the project contractor, West Coast Contractors, was instrumental in the Marine Board staff nomination.

Mr. Simons and Ms. Wall both said that they made many good contacts at the conference. In particular, the State Marine Board said they would be willing to help us with our Best Management Practices project and possibly the new restrooms in the inner bay.

Mr. Simons presented the plaque to the Commission and both he and Ms. Wall thanked the Commission for the opportunity to participate in the conference.

7. OTHER:

8 INFORMATION ITEMS:

A. Business Center Newsletter- October 2007

9. COMMISSION COMMENTS:

Commissioner McKeown thanked Mr. Bishop and his staff for all of their efforts.

10. NEXT REGULAR COMMISSION MEETING DATE -Thursday, November 15, 2007

11. ADJOURN: The meeting was adjourned to Executive Session at: 8:45pm

12. RETURN: To Open Session: 8:55 p.m.

After coming back from the Executive Session the following motion was made:

Upon a motion by Commissioner Smith (second by Commissioner McKeown) the Board of Commissioners passed a recommendation to file a suit against Central Oregon and Pacific Railroad for damages of Breach of Contract on the North Spit rail spur lease.

13. ADJOURN: The Regular Commission Meeting was adjourned at 9:01 p.m.