

OREGON INTERNATIONAL PORT OF COOS BAY
Coos Bay, Oregon

REGULAR COMMISSION MEETING
Thursday September 21, 2006
7:00 p.m.
Coos Bay City Hall

Minutes of the Regular Commission Meeting of the Board of Commissioners of the Oregon International Port of Coos Bay, held Thursday, September 21, 2006 at 7:00 p.m. in the City of Coos Bay's Council Chambers.

ATTENDANCE:

Commission: David (Dave) Kronsteiner, President; Caddy McKeown, Vice President; Brady Scott, Treasurer and Commissioner Jerry Hampel. Absent: Daniel (Dan) Smith, Secretary.

Staff: Jeff Bishop, Executive Director; Martin Callery, Director of Communications and Freight Mobility; Donna Nichols, Director of Finance and Administration; Don Yost, Harbormaster; Kathy Wall, Management Analyst; and Bob Thomas, Port Counsel.

Media and Guests: Elise Hamner, *The World*; Gordon Young, Channel 14; Marvin Caldera and Jenny Gumm, James Davison (Retired), Local 12 I.L.W.U.; Robert Westerman, Jimmy Forester, Niq Breninl, Jon Miller, Shelby Hodge, Dan Sartar, David Bradley, I.B.E.W. 932; David Foord; Helen Franklin; Dan Smith, Trevor Smith, Oregon Resources Inc.; Joel Smallwood, Don Blom, Rod Danielson, Coos Bay School District; George and Eva Ahuna; Steve Jones; John Griffith, Coos County Commissioner; Drew Emmett, Coos Bay Pilots and Coos Bay Towboat Company; Michael Armstrong; Bill Hatch; Al Collins; John Hill, Orca Divers; Tom Scheideman, Weyerhaeuser; Rosalee Ra; Monica Schreiber, Pacific Green Party; Bill McCaffree; Ann Keizer; Phil LaGesse; Ken Messerle, Coast Consulting; Ron Opitz, SCDC; Dennis Phillips, Campbell's Cliff; Michael Hancock; Louis Petrone, Roger Kaldahl, Lou Christian, Local 290 Plumbers and Steam Fitters; Frank Williams; Camby Collier; Mary Margaret Muenchrath; Linda Huntley; Tom Huntley; Scott Frasier; Dana Gaab; Bittin Dugan; Kathy Gorda; Jody McCaffree; Erik Festin and Angela Phillips.

1. CALL TO ORDER:

The meeting was called to order at 7:01 p.m. by President Kronsteiner.

2. INTRODUCTION OF GUESTS:

President Kronsteiner he said that we would dispense with introductions for this evening because of number of guests.

3. CONSENT ITEMS:

Upon a motion by Commissioner McKeown (second by Commissioner Scott), the Board of Commissioners approved the August 17, 2006 Regular Commission Meeting Minutes and the August/September invoices totaling \$211,182.42.

4. MANAGEMENT REPORTS:

A. Executive Director:

Jeff Bishop's report included a power point presentation which began with a review of the Port of Coos Bay's current Board of Commissioners appointed by the Governor and his requests of the new Board – to hire an Executive Director, and to chart a course. Two planned long term goal planning workshops established Vision and Mission statements. Jeff gave a brief overview of the Port's risk model, economics of our area, and a history of industry in our area. His presentation included benefits of maritime commerce and the decline of vessel calls. He then went over the timeline of liquid natural gas (LNG) history in Coos Bay as follows:

- September 2003 - Jordan Cove Energy Project (JCEP) principals consider Coos Bay
- June 2004 - Jordan Cove secures option on site at Roseburg Forest Products
- August 2004 – Project announced
- November 2004 – JCEP files “Notice of Intent” with Energy Facilities Siting Council (EFSC) identifying single tank project on Roseburg property using a berth adjacent to the existing Roseburg Chip dock
- January 2005 – EFSC holds public meetings
- January 2005 – New pipeline is proposed by Jordan Cove
- June 2005 – Project enlarged to two tanks
- August 2005 – Federal Energy Act
- August 2005 – Port becomes directly involved through “slip” negotiations
- Spring 2005 – West Coast Utility interested in Coos Bay for a second LNG import terminal
- Second terminal much larger than Jordan Cove – over 200 vessel calls per year
- Company has extensive resources
- Company has a reputation for acquiring large acreages and leaving surplus fallow
- Why was the Port interested in LNG in the first place – leverage
- Large energy source capable of leveraging other industry
- Created significant maritime activity but not to the exclusion of other activity
- Primary employment
- The second terminal would have: not provided leverage; would have been an “end to a means” not a “means to an end”; would have provided limited diversification
- 2005 – Federal Energy Act limited local control
- Both LNG facilities would have been on private property with little to no local control
- No guarantee that both terminals would not have been built
- Port took steps to limit the number of terminals by controlling the site
- Port also protected the site for future industrial development
- Jordan Cove agreed to move sites

- Jordan Cove agreed to allow the Port to leverage their development to secure a large portfolio of industrial land
- Jordan Cove agreed to allow the Port to leverage marine facilities to pursue a general purpose cargo terminal
- Jordan Cove agreed to submit to a leased berth with local control
- The lease requires Jordan Cove to pay taxes
- The lease requires Jordan Cove to pay fees to offset costs of services
- The lease is binding on Jordan Cove and its successors

Mr. Bishop then outlined the option agreement with the purchase of Weyerhaeuser property as follows:

- Port entered into an option agreement with Weyerhaeuser for a purchase price of \$25MM
- 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 is required
- Port will negotiate Prospective Purchasers Agreement (PPA) with State of Oregon.

The Port borrowed \$10MM from Umpqua Bank and \$15MM from the State of Oregon. Both of these loans have debt service. Both of these loans are guaranteed by the existing revenues of the Port and are not general obligation debt, which must be authorized by the voters. The Port entered into an option agreement with Jordan Cove Energy Partners with the following options; an option to buy 147 acres; an option to lease a berth area and a non-binding exhibit to serve as a guide to future negotiations. The monthly charge for the option is \$120,000.

The Port's option with Weyerhaeuser is for 1,300 acres. JCEP has an option to acquire 147 of those acres. JCEP also has an option to lease an area to build a berth on 48 of those acres which leaves a net balance of 1,105 acres. The combination of JCEP purchase and prepaid lease for the berth would be \$11MM which would be used to pay off the \$10MM bank loan and purchase environmental insurance.

With the remaining real estate portfolio of 1,105 acres and the remaining loan due from the State of Oregon for \$15MM, the Port has options for repaying the loan. The Port could repay from proceeds of land sales or from the property tax paid by JCEP. JCEP is further required to back this loan with a commercial letter of credit.

There are zero financial implications to the existing Coos County taxpayers as a result of the Weyerhaeuser property purchase.

Mr. Bishop then went into further detail describing the financial implications of the JCEP. The 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 taxes. The Port of Coos Bay and the

Coos County Urban Renewal Agency – North Bay District approved an Intergovernmental Agreement whereby the Urban Renewal District pledged approximately \$1.5MM annually toward the state loan, which would meet the debt service.

Mr. Bishop continued his power point presentation describing existing LNG terminals in the U.S. as well as worldwide; safety records of LNG; safety features in equipment and technology; major LNG incidents; hazards versus risks; and the approval/disapproval process including the agencies that must be involved; and economics and employment associated with the proposed project.

The Port of Coos Bay will be providing case studies at future Commission meetings; an analysis of five locations in the U.S. that have had LNG facilities built. These analyses will outline the social and economic impact of the expansion of the communities before; during and after the facilities have been built. He began with Cove Point, Maryland on Chesapeake Bay. Mr. Bishop described the safety issues; the safety zone; community concerns; Chesapeake Bay fisheries impacts; recreational and local impacts; and local government support.

Mr. Bishop continued his presentation with the Port of Coos Bay's long term goal planning and value statements in that leveraging the Port's resources with multiple and varied partners are the key to the long-term success of our community. He then went on to describe the Port's project called "The Oregon Gateway". The Port of Coos Bay is proposing to partner with the JCEP to construct a two-berth waterway adjacent to the lower Coos Bay deep-draft navigation channel to accommodate a single LNG tanker berth and provide a single berth for a multi-purpose cargo facility. This waterway would be on the eastern edge of the Weyerhaeuser property commonly referred to as Henderson Ranch. Approximately 85 percent of the development costs would be paid by JCEP, while the Port will be responsible for the balance to develop the cargo facility. Leveraging the waterway development maximizes the overall benefit to the community in infrastructure and jobs. The Port is in communication with a marine engineering and construction firm to establish project costs and timelines.

He then went on to explain the China connection – China is the 6th largest trading nation; will be 2nd by year 2010 and has a population of 1.3 billion. He described the mainland China container growth; current and future routes for Asia to the U.S.; the dramatic increase in U.S. maritime trade; trans-loading; transportation including land, water, rail; Oregon's freight flows; Pacific Northwest intermodal strategies; Oregon's state rail plan; southwestern Oregon's rail connections; and proposed transportation capacity improvement projects.

He ended his presentation describing the implication for Coos Bay with regard that the leverage is critical and there is a race for the opportunities. Oregon's linkages are critical. ConnectOregon I and (hopefully) II will provide statewide investment in Oregon's intermodal infrastructure.

B. Deputy Executive Director:

The Deputy Executive Director was absent.

C. Director of Communication & Freight Mobility:

Martin Callery wanted to touch on a couple items. The Port's updated web site has been launched and kudos to Holly Tavernier, Kathy Wall, Donna Nichols, Andrea Wall for their input and work.

ConnectOregon I will have funding provided by the \$20MM State sale of bonds. Measure 48 may limit future bond sales. ConnectOregon II will review intermodal activity.

A proposed option for replacement of the Isthmus Slough Bridge and redevelopment of the U.S. 101/Coos River Highway intersection is being forwarded to the Oregon Department of Transportation (ODOT) for the start of the Environmental Impact Statement process. The cost of the project is estimated at \$95MM. There are no funds sources available in ODOT at this time. There may be a future federal earmark with the (Transportation Equity Act) TEA process due in 2008.

D. Harbormaster:

Harbormaster had nothing to add to his report.

E. Director of Finance and Administration:

Donna Nichols said she had nothing more to add to her report; she would answer any questions. She added that Holly Tavernier will be scheduled to present the Port's updated website to the Commissioners at the October Regular Commission Meeting.

5. PUBLIC COMMENT

Commission President requested that we complete Action Items A and B prior to Public Comment due to the number of guests signed on for public comment.

6. ACTION ITEMS/REPORTS:

A. End of Year Federal Dredge Report

John Craig presented the past years dredging season report. Dredging was done at the bar entrance, river mouth 2, river mouth 12 to 15 and Charleston. In the 15 days at the bar entrance ESSAYONS removed 498 thousand yards - just under the annual average of 500 yards. The authorized depths are between 47 – 51 feet; it is in real good shape. River mouth 2 and 12 was dredged by the Corp dredge Yaquina; the average is 200,000 yards; this year they dredged only 67,500; not much material and it is very clean. River Mile 12-15 is in good shape with depths at the turning basin at 33 and 34 feet; the Coos Bay Docks were not dredged and they haven't been for two years; it is one of the most expensive areas to dredge. The Executive Director pointed out that we did lose a vessel opportunity there this year. John stated that it will cost approximately \$2.5M in equipment move and time to clean that up location.

The Corp attempted to put together a three part contract with Charleston, Winchester Bay and Port Orford for dredging; the contract was for a clam shell dredger; we had no bidders; there were concerns with the Coast Guard; those issues were addressed; it was re-bid and had a one bidder response – 40% over Government estimates - so they let it go; no dredging this year – hopefully some Congressional dollars may be able to put something together for next year.

Commissioner Brady Scott said thank you for the opportunity to experience the dredge process on the ESSAYONS. It was a great experience. Commissioner Caddy McKeown said to please keep the North Jetty in the Corps vision.

B. Update on CB School Radio Tower

At the July 20th Commission meeting, the Board approved the request to use Port property in Eastside for a new tower. The Board authorized the Executive Director to enter a long term, no cost, lease agreement with Coos Bay School District on the Eastside parcel of land. Following that decision, Port staff heard from some citizens of Eastside who were not comfortable with the site selection. On September 14th, Dr. Karen Fischer Gray and Mike Gaul met with the neighbors in Eastside to hear concerns and present an alternative Site 3, for their consideration. Don Blom, School Board member as representative, and Rod Danielson and Joe Smallwood of the School District were interested in any site; however, Site 3 is the preferred site. The utilities are a little farther away - a bit more expensive - but within budget.

Upon a motion by Commission McKeown (second by Brady Scott) the Board of Commissioners approved the addition of Alternate Site 3 for consideration by the Coos Bay School District.

Comments: The Commission questioned how the electricity and phone lines would be installed and were told by the school district representative that it would be completed with underground wiring. Commissioner McKeown said she was grateful for everyone's efforts. Commissioner Scott was pleased that the Port could help out.

5. (Continued) PUBLIC COMMENTS:

The Commission President thanked the guests for their interest in the Port and welcomed them to our meeting. He then made a few comments to clarify the purpose of our public comment and explained how it relates to our agenda. It is an opportunity for people to come in and comment on issues of the Port from previous meetings; items which are on the agenda; or items which are part of an ongoing project. It is not a question and answer period. We are happy to receive questions and to answer them which we are doing on the website. We are very happy to have written questions or comments sent via mail, email or fax to the Administration Office.

The President also said, since there are so many guests signed on for public comment, we will allow 4 minutes for each person.

Dennis Phillips: Thanked Jeff Bishop for his presentation – having more jobs may not make a better place. He would like to make a couple of points. He asked if the Port was familiar with

M.K. Hubbert; Hubbert's Peak theory and Dr. Colin Campbell's Cliff for LNG and suggested research be done on these two gentlemen. Hubbert's mathematical theories on natural gas supply and demand and at what point would the supply be exhausted. Mathematics should be completed on jobs and Hubbert's theory of gas supplies peaking at 2026 and then dropping off drastically. Numbers could be better or worse. He suggested presentations at local libraries. Michael Hancock: Is new to area. Last 5 years lived in Arizona; is prosperous by tourism; he questioned the Oregon coast being industrial? Why not market tourism; the coast is clean; he suggested looking at another perspective; he says we are stinking thinking; looking at a short term fix and that you will ruin your place. Good presentation, but research shows this is nothing more than a California project. They rejected it. People need to understand. Presentation should be pro and against. Coastal Zone Management Act says the State can veto this. The natural gas goes to California and they use all the gas. You need to tell both sides of the picture.

Louis Patrone: Has been here since 1970; is pro LNG and said thanks for a new future.

Roger Kaldahl: Is here representing 45-50 local construction laborers and families; feels the (LNG) plant is the beginning of a future for family wage jobs, members believe plant is a beginning, future for families and neighbors.

Lou Christian: Business agent on behalf of the Plumbers and Steamfitters Local 290; this project will add other projects and more infrastructure; provide the ability for future expansion; these types of projects see more projects; the members support the LNG project. Members are extremely interested and very much support the LNG project.

David Foord: Lived here all his life; people don't want any industry anymore; they want everything to stay beautiful; they don't see these families working two jobs at Wal-Mart or McDonalds; they made their bucks and now don't care about others; now our big employers are the casino, hospital, and County governments. It's kind of sad that those are our big employers. Last Tuesday's editorial addressed the meth problem. We need good family wage jobs. We need some kind of industry; this could be a good step.

Robert Westerman: On behalf of the International Brotherhood of Electrical Workers Local 932; the electrical union supports JCEP and requests the Port (of Coos Bay) to bring this project to our area.

Helen Franklin: Is from North Bend serves on the Coos Soil and Water Conservation District Board; they have no issue with LNG. As a recreational user on the North Spit, she has no LNG issues. As an aside, due to high winds, there has been sand movement over the jetty; she suggests that the Corps of Engineers might want to take a look.

Marvin Caldera: He distributed a letter dated February 3, 2006 to the Commissioners and wanted to reaffirm I.L.W.U Local 12's stance on LNG; the members voted November 9, 2005 for full support of LNG and the Port's multiuse dock on North Spit.

Jenny Gumm: She commented that it was a great presentation; good and bad facts were pointed out; there are issues and concerns on both sides. She commented on the letter ILWU wrote to Congressman DeFazio; copies were distributed to Commissioners; the letter supported longshoremen and the LNG project; we have an opportunity here for a multi purpose cargo terminal; new industry and family wage jobs. They did receive a positive response for Congressman DeFazio. We've had a lot of people leaving; whether you are for or against LNG, get the facts; she has gone to forums that presented false facts. Get the facts for yourself. We need to go out there and get the facts for your self. If you want it (LNG) get the facts; if you don't, don't put out false facts. She suggested people go to the Bandon forum and correct false information so people can make a good decision. She supports the project.

James Davison: He is a member of Local 40, the pensioners of Local 12; just back from a convention in Tacoma including several longshoremen; the club includes 8,200 families represented by Gary L. Brown, a longshoreman from Tacoma who teaches classes in homeland security, meets regularly with the Senate, Congress and Attorney General. He just finished writing a bill on port homeland security; suggests the Port of Coos Bay get a hold of him. He is very knowledgeable; he protects workers, construction and electricians. He knows what's safe and not safe; call him he will come down. All other major ports on west coast have containers, this port has no money; Tacoma will get over 40% of the business; LNG is taking up a small amount of space for \$25M; "woo'em and bring'em in here"; if you don't Coos Bay will die; think about what's coming up and plan for the future.

Steve Jones: He is a member of citizens against LNG, and he is a builder; director of non profit organization - OCEAN of Oregon – regarding misinformation; comes from government reports; all information comes from government reports; no misinformation comes from citizens against LNG; regarding Bandon forum Jeff stated that Port will not be there for that one, but may be able to attend future forums. Complimented Camby for putting these forums together. Williams declined presence at forum. Camby Collier spoke up and stated that she asked California gas & elect instead. Mr. Jones commended the Port Commission for opposing the pipeline through private property; he thinks DeFazio, North Bend City Council, everyone is working toward an amicable end of this project.

Frank Williams – Commented that you will still be surprised how many people are still misinformed. That the LNG vessels will stop fishing, crabbing, and low tide clam digging; will stop the 4 wheelers access – lots of scare tactics. You (Port) have done a good job, what you've said tonight, there should be nothing but growth; carry on; don't be discouraged. What they are saying is that the 700 kids won't have jobs.

George Ahuna - Apologized to Frank, wants to see his kids come back, he was misinformed, gas is deadly scary, but he wants his kids to live here.

Camby Collier – Stated that she distributed flyers to different commissions. She requested these forums as a private citizen, working with John Muenchrath. She said it is difficult with so many meetings to arrange times and people to speak at them; would like to fill the empty spot for Bandon; the idea of the forum was to get around the County; people just know bits and pieces. Jodie McCaffrey is not part of this project, was not considered as panelist initially. Camby clarified that she and John as private citizens put these on. She commented on who might be at future panels as panelists, with power point presentations, then questions. People in the community can feel like they got something done. She has talked with Cal Grimmer, NW Natural, the Coast Guard, the Army Corp of Engineers, and more neutral type people.

Drew Emmett – Commented on great presentation to Jeff; he is office manager of CB pilots; on behalf this project he said it is something we endorse; it will enhance our area; manageable risks have been taken in past with single hulled gasoline tankers passing through the upper bay; Glenbrook Nickel with 40 – 50 rail cars of propane parked across Benetti's Restaurant on highway 101; the wood ship Mulberry is coming into port; it is a 700 ft. vessel; very close to what a small LNG vessel would be; will be at Roseburg dock Oct 10th. The vessel has similar characteristics, and we are already receiving ships into the port that are similar in size. Thank you Bob Braddock for sending the pilots to Rhode Island LNG simulator training; They made a mock up of Coos Bay on video; paid for program; worked with different size vessels and wind conditions. My kids and nieces all live outside this area because of no work.

Mary Margaret Muenchrath – Citizen concerned against LNG project; has done lots of reading and done her best; attended meetings she could attend. She says the figures change; not to say the gentlemen are disillusioned but she's heard a number of jobs from 20-40, 40-50, 50-60 construction workers, number of jobs changed and it's on tape; information tonight, past commissioners have been quiet; is concerned with eminent domain; invasion of land; how many of you have 36' pipe in front of your house; maybe we're seeing two different pictures; democracy is being threatened; hard earned land and homes, very poor communication between commissioners. I'm glad to see everyone here, don't get me wrong that we don't want this area to change; love nature and fishing and using beautiful land; it's very important to us.

Longshoreman may not have opportunities, but maybe not LNG; we're going to see a change that won't be rectified; population growth to 80,000. I don't want to see this kind of growth.

Bill Hatch – Commended Port; bring more industry and commerce; providing jobs and bringing kids home.

Michael Armstrong – Citizen, retired law enforcement here to state that he is in favor of LNG and JCEP; as a professional he has educated himself on the pros and cons and comparables with other risks. After research his conclusions pose no compelling evidence that LNG poses no other danger than being a victim of an accident, criminal act or struck by lightning. Positive outweighs negative and he fully supports the projects.

Al Collins – He stated that he is greatly appreciative of Port's presentation. Has been a critic of the Port in the past; web site will answer a lot of questions of impact on LNG; website is fine for people that reach website. It would be a good idea for the questions and answers to be printed in local paper for people that don't have access to computers. He commended the Commissioners for their work.

John Hill – He thanked Commissioners for looking into the future restoration of Coos Bay to 2025. He wants to talk about fear and guerilla dust. He came from California to retire; wants to see this area progress - come on we're 30 years behind, let's go! He worked as master diver on a squadron of 12 nuclear submarines in San Diego; commented that submarine base with facilities and infrastructure and development all around; nuclear power plants; none of those millionaires moved because of they were there; was in Sidney, Australia with same result; all of us are environmentalists, this is a clean industry.

Scott Frasier – Has been an Eastside resident 20 years; almost all his life; is here requesting the Port to being a good neighbor; just found out about the radio tower; he went around and talked to neighbors; Tom and Linda Huntley passed flyers informing people about what's happening. Huntley's found out on television. Commissioner McKeown commented that this has been a very public process and was surprised that neighbors fell through the cracks. Mike Gaul and Karen Gray, Coos Bay School Superintendent have been working on this for a few months. Scott requests that we do a better job being a good neighbor.

Dana Gaab – Citizen who worked at Fun Festival booth; said he talked with a lot of people in various states of knowing about the issue, some new a lot; some didn't know much at all; they wanted to know what they could do about it; proponents of the proposal asked why are you against LNG? He said it is not a good idea to set up potential disaster in my community. Heat energy contained in a container; commented on statistics of comparable measurements; LNG is not coming to town; it's time, past time, for visionary elected leadership of the port.

Bittin Dugan – She is new to town; about a year; thank you for your presentation; is a pretty complex issue; her husband got a job so they moved here and she hopes to raise her children here. The project financially sounds great, but she was curious on what the dollars got; what it

really looks like; what construction jobs if not happening for 3 years – 2 years college; what does that mean? Executive Director responded that there will be certified permanent positions that require certified training. Ms. Dugan said sounds good, but really how many jobs will young adults get; she had tsunami questions; if the renewable energy is only available for 20 years, how will it provide jobs for us? Why can't people in town vote on it? She looks forward to hearing more answers; said it will be interesting to see what happens.

Kathy Gorda – She was born here in 1960 and her husband is a longshoreman; he works out of town; they have small children. All college graduates live out of town; this could be a catalyst in bringing jobs; I'm thrilled.

Ron Opitz – Addressed the Chairman, Commissioners and Staff; compliments on the presentation and commended us on how we are will working as partnerships with other groups with the maritime revitalization; thank you for continuing to support and work with JCEP; it's obvious tonight for people who are standing up for jobs, children and families – not just unemployed. He visited with union trades and small business; it's a beginning; an economic trend we have to look at it as an opportunity. Mr. Kirby has used scare tactics with closures of airports; Mr. LeTellier has corrected Mr. Kirby's comments more than once. Boston is a very strong union community; we have to get to the truth with families, unions, jobs and children; express true commitment for making this thing happen.

Ann Keizer – Coos Bay land owner in Glasgow; thanked the Port on the pipeline stance; but not much has changed. Williams Pipeline Company came on their property without permission. They were gone, the pipeline people called and asked; they didn't respond because they were gone, and still the pipeline people went on their private property. They have a locked gate and gravel road; the people trespassed and cut a path. She questioned their integrity; Williams said they were sorry; similar to Kentuck. Can you understand our frustration; we don't have a good feeling about this? Is there anything you can do? Are you dealing with a company with no integrity? Executive Director quite candidly scolded them; quite frankly gave JCEP an A for effort and Williams a D for dumb He asked have you had any reimbursement? Ms. Keizer said no, just want them to not do what their doing. Executive Director said that if we could have dealt with another company we would have.

Bill McCaffree – He is very opposed to LNG for a lot of reasons, we don't need that facility here; it will give California a lot of opportunities that we don't have. We need electricity - a non union business; we need to take a real hard look at this. He has been a union member and worked union all his life. We can do better, our citizens can do better, spin off jobs from manufacturing will create more jobs with rail, how many real jobs are we guaranteed with this project? Not very many. You people are appointed by government. I'm for union jobs, but against LNG.

Eric Festin - Retired engineer and resident of Coos Bay; he has a long range view of Coos County as tourism; beautiful countryside; public trust and resource; south slough; a tourist destination that shouldn't be exploited. Mega culprit culture building activities that don't relate to our much loved area, he asks that his idea be considered.

Angela Phillips - You couldn't pay me enough to do your job. She is new to area. You can't breath in Tacoma; good air hear; her kids can breathe here; there is growth coming here; it may not be in big ships and in the idea of change we need to stay focused on how we want to change, Do we want to be industrial? It's a beautiful area; people come to Port Townsend because of the boats in the harbor, and they survive quite well that way. Maybe money being put in this could be put in another energy resource.

Jody McCaffree – She is opposed for many reasons. Name one place in U.S. that doesn't need jobs; manufacturing overseas; we do have a problem, and at some point it's going to hit. It was a good presentation; could have focused on other things. The Port had to have the barge slip to get jobs; T-dock had to have for jobs; there were no jobs; we have natural gas and nothing has happened yet. She is surprised at union people in support of this. She has no problem with the cargo terminal; the Port paid to have the cargo terminal feasibility study which stated costs and infrastructure that we don't have. My request government needs to analyze risk and reward by independent source for LNG. The reason they (the other LNG Company) didn't come here was because they couldn't get the gas contracts with the other countries. LNG is more expensive than domestic supply. She supports a feasibility study.

6. (Continued) ACTION ITEMS/REPORTS

C. Update on Moffat Nichol Professional Service contract

At the July 20, 2006 Regular Commission meeting, the Board of Commissioners approved a professional service agreement with Moffat & Nichol for permit and engineering services regarding the Pacific Gateway Project. Amendment number one is broken down into two new task orders for information that will be required in the permitting process. Task order number one is a biological evaluation and essential fish habitat assessment in the amount of \$26,000. JCEP will be responsible for 85%, or \$22,100 with the Port responsible for 15%, or \$3,900.

Task order number two is for legal research and the drafting of the Coastal Zone Certification document which accompanies the permit application. Based on the size, nature and complexity of this project, Moffat & Nichol are recommending that the document be authored by a land use attorney. Estimated cost of this task order is \$6,000 to \$7,500. JCEP will be responsible for 85% with the Port responsible for 15%. There are funds available in the Special Projects Fund for the Port's portion of these expenditures. Commissioner McKeown moved (second by Commission Hampel) for approval of amendment number one, which includes both task orders to the Moffat & Nichols Professional Services Agreement.

D. Marina Projects – Information on Guano Rock Paving and D-Dock

This action item was deferred to next month because of the lateness of the meeting and this is an information only item.

NEXT MEETING DATE – October 19, 2006

ADJOURN: 10:10 p.m.

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