

PORT OF ASTORIA MINUTES
WORKSHOP SESSION
JANUARY 17, 2006
PORT COMMISSION CHAMBERS

Chairman Jim Bergeron called the Workshop Session to order and took roll call.

Commissioners present: Jim Bergeron, Glenn Taggart, Dan Hess and Don McDaniel. Larry Pfund arrived during the meeting.

Staff present: Peter Gearin, Bill Cook, Ron Larsen, Rita Fahrney and Port Attorney, Heather Reynolds.

Others present: See sign-in attendance sheet.

STAFF REPORTS.

Ron Larsen reported the following:

- The next Airport Master Plan meeting will be February 8, 2006. This is the last meeting until general public meetings are held.
- Lektro plans a grand opening of their new facility for February 24th. The Governor will be invited and Congressman Wu plans to attend.
- Water system improvements are nearing completion in Warrenton and the line is now undergoing testing.
- There continues to be a delay in delivery of the fuel tanks, now due to weather. They should be shipped by the end of the month and will then be installed.
- He is working with City of Newport in efforts to secure air service. An airline has indicated interest in serving Astoria and Newport and has invited him to meet with them at their office on the East Coast. The airline has cluster services and is not concerned about remote site service. He hopes to report further information at a future meeting after he has met with them.

Bill Cook reported the following:

- The boat ramp project at the East Basin is underway. The work is done in coordination with the tides.

- Final funding came through to complete the East Basin breakwater. Work should be completed by the end of June.
- Next year the Port will participate in the annual "Sportsman Show" to emphasize services available at the Port's Marine Service Center for sportsmen fisheries. There was some discussion on updating the display.
- For future appropriations, the Port will be requesting the Corps of Engineers consider a feasibility study to dredge the Port's face berths. While it is unknown if this is a possibility, it is worth an inquiry. Cook also reported he may not make the trip to Washington D.C. as there is no defined mission. Peter Gearin added staff is assessing the best way to approach future trips to D.C.

Peter Gearin reported the following:

- The local power company is installing additional needed electrical service to the Port area at no cost to the Port, due to additional revenue the power company will see with increased use here.
- Dirt has been moved to a new containment area on pier three. Run-off is being contained with bales of hay and silt screens. The new area has also been "hydro-seeded". Staff is discussing dredging with City of Warrenton of their facility.

PORT OF ASTORIA CENTRAL WATERFRONT DISTRICT MASTER PLAN

Todd Scott, with the City of Astoria, was introduced. He is involved in the master planning underway with the Port. Discussion was held on zoning in the port central waterfront district and what is allowed under the S-1 and S-2 zoning. Mr. Scott summarized different allowed uses under each zone. He emphasized the importance of maintaining the Piers area as water-dependent, industrial/commercial activities, with residential zoning eastward of the maritime piers. Scott explained goals and objectives associated with the group involved with the Master Plan as follow:

1. Preserve and enhance the character of the area.
2. High quality with design guide
3. Improve the pedestrian environment
4. Improve circulation for transportation
5. Define gateways
6. Create/maintain retail establishments

Discussion continued on ODOT projects undertaken locally, and future traffic due to projects. Staff reported additional waterfront will be available when the Red Lion property is better utilized.

The Conference Center progress was discussed and the future of the Red Lion Inn, in association with the Port's current Central Waterfront Development Master Plan and with respect to future planning. Peter Gearin explained the cost originally was estimated at \$6 million because the committee wanted a first-class, upscale facility. It was too expensive. In order to get the cost down, it has to go on hard surface, back over the water will cost more, causing need for additional Urban Renewal funds. He further added, discussion of the Master Plan will help staff get commission guideline on reaction to mixed use of both residential/commercial projects within the boundaries of the district. Further discussion followed on the future of the Red Lion.

The Port's current Lease Policy was discussed. There is concern by developers who build on Port property that the building is sitting on property not owned by the developer. The Port has never, historically, used this policy of not selling to take away buildings from tenants. There was discussion on 10% return on value. Certain sophisticated developers will not agree to this return, and more generally would favor 6% to 7% return. Ron Larsen recalled there is a clause in the policy that allows the Port to accept less. In addition, there is also a clause that allows the Port to sell land under certain circumstances. Different options for lease policy and return on value were discussed.

CALPINE LEASE UPDATE. Chairman Bergeron reported he asked Port Attorney, Heather Reynolds, to address Calpine's Bankruptcy as it pertains to the Port's lease of land to Calpine. Heather distributed a memo to the commission addressing the bankruptcy and explained there is a provision of the US bankruptcy code that says if you have a clause in your lease that provides for termination of the lease upon filing of bankruptcy that clause is "unenforceable". That provision of the Port's lease is unenforceable due to bankruptcy law. Occasionally a parent company will file a bankruptcy and the subsidiary company doesn't and you want to use that bankruptcy clause. In this case all filed for bankruptcy, leaving no chance that any leases would not be affected by the bankruptcy. They get an automatic stay protection prohibiting legal action against a company who has filed a bankruptcy. While the Port could request a relief of stay, Ms. Reynolds said attorney costs for this action could run \$15-30,000 and it is remote that the Port would prevail. Some discussion followed on other legal information that pertains to the Port and Calpine in regard to the bankruptcy filing.

There being no further business, the meeting was adjourned.