

MINUTES  
PORT OF ASTORIA  
REGULAR COMMISSION MEETING  
OCTOBER 16, 2007  
PORT COMMISSION CHAMBERS

Vice Chairman Larry Pfund called the Regular Meeting to order and took roll call.

Commissioners present: Larry Pfund, Kathy Sanders, Bernie Bjork and Bill Hunsinger.

Staff present: Ron Larsen, Rita Fahrney, Colleen Browne, John Hord.

CHANGES TO AGENDA. Ron Larsen reported two new items for the agenda: Appointment of a commissioner as liaison for the Commission and the Port Attorney and addition of Resolution 2007-36, loan with OECD for Lektro facility.

MINUTES: Workshop Meeting, September 4, 2007; Workshop Meeting, September 11, 2007 and Regular Meeting, September 18, 2007. Commissioner Sanders moved to approve the minutes of the aforementioned meetings. Commissioner Bjork seconded the motion. Commissioner Pfund requested the minutes of the September 11, 2007 workshop under "Port of Astoria Management Report Review" be amended to reflect discussion was held on the need to work towards getting port file systems better organized. Commissioner Sanders amended her motion to include Commissioner Pfund's addition. Commissioner Bjork so amended his second. The motion carried unanimously. Ron Larsen noted that staff members are currently working on different portions of the filing system and outside assistance will be sought for remaining organization needed if it cannot be completed in-house.

VOUCHERS FOR THE MONTH OF SEPTEMBER 2007. Staff responded to commission questions concerning specific vouchers. Commissioner Bjork moved to approve the vouchers for the month of September. Commissioner Sanders seconded the motion. The motion carried unanimously.

PRESENTATION - SEA SCOUTS. Toby Dyal explained the Sea Scouts are a youth organization attached to the Boy Scouts. The Scouts have a couple of boats they are refurbishing for their sailing/boating program. The Coast Guard Auxiliary & Power Squadron provides educational materials for the Scouts. Mr. Dyal requested the Port consider assisting the Sea Scouts by providing free haul-out service and/or moorage for their boats. Some discussion followed. Ron Larsen will have Mr. Dyal discuss with staff his request for assistance.

2007-33 SEASIDE AQUARIUM AGREEMENT. Ron Larsen explained this is an agreement with the Seaside Aquarium for placement of a billboard on property located near the airport. The Port has had a long-term agreement with the Aquarium for the billboard. This agreement provides for CPI adjustment and is for a three-year period with two additional three-year period options. Larsen further explained the agreement has a clause for relocation in the event the property being used has been identified to have a higher use possibility. Commissioner Bjork moved to approve Resolution 2007-33 Seaside Aquarium Agreement. Commissioner Sanders seconded the motion. The motion carried unanimously.

2007-36 APPROVING LOAN WITH OECDD FOR LEKTRO, INC. Ron Larsen reported in August he received authorization from the commission to apply for a loan from OECDD for completion of the Lektro project cost overruns. OECDD has agreed to grant a loan. He explained there are two parts to the loan, one is a Strategic Reserve Fund in the amount of \$858,00 that is a forgivable loan associated to job creation and the other loan is from Special Public Works Fund for \$850,000. Larsen explained the terms and conditions of the loans and that after the first year, Lektro will begin paying the port ground lease revenue. Vicki Goodman, OECDD, explained the procedures to be done to complete the transactions and execute the agreement. Additionally, Port Counsel, Andy Jordan, has reviewed the documents and will be providing "Opinion of Counsel" that outlines the Port's authority. Some discussion followed. Vicki Goodman reported she will personally oversee the program. Commissioner Sanders moved to approve Resolution 2007-36 Approving Loan with OECDD for Lektro, Inc. Commissioner Hunsinger seconded the motion. The motion carried unanimously.

2007-34 LEKTRO ADDENDUM. Ron Larsen recapped the information presented on his staff report regarding the addendum to Lektro's lease. Commissioner Hunsinger questioned the small amount of monthly base rental increases over the first nine years and next five years, voicing concern about the loan being so quickly acted on. Vicki Goodman responded the Port will receive larger and larger amounts of income as the loan proceeds are paid down. Eric Paulson, Lektro Inc., explained this process has been ongoing for a year with the Port. He had a \$1 million dollar loan from the State then; however, when port issues and negative publicity about the financial state of the Port arose, the state withdrew the loan to review the Port's financial condition. It has taken to this point to get the progress to where it is, ready for final approvals of documents. The Governor, the OECDD director, and top levels from the State were involved, with the end result being Lektro's loan was authorized for \$850,000. A new roof was not planned, but is now included with the additional loan funds. Mr. Paulson stated the Port will have a refurbished building with a new roof and Lektro payments have increased from \$5,500 per month to \$20,000. Commissioner

Bjork moved to approve Resolution 2007-34 Lektro Addendum to Lease. Commissioner Sanders seconded the motion. The motion carried unanimously.

The Regular Meeting was called to recess in order for documents to be signed by all parties involved in the Lektro project, and was reconvened a short time later.

2007-35 PIER TWO WAREHOUSE – FIRE DAMAGE REPAIR. Ron Larsen reported Resolution 2007-35 is for the purpose of repairing the fire damaged building on pier two. The fire damaged the roof and sprinkler system so that the condition of the building is dangerous, the roof no longer protects the structure from rain. The fire sprinkler system is back in operation. The Resolution declares that an emergency exists prompting execution of an emergency contract for construction and repairs. Additionally, Astoria Fire Marshal, Mike Jackson, has written a letter detailing the urgent need for the repairs that are creating a compromised level of protection and potential liability concerns. Ron briefed the commission members on the terms and repairs of the construction contract. The Port has a \$1,000 deductible. The contract is for \$271,963. He requested approval of the resolution declaring an emergency and to authorize him to execute needed documents. Some discussion followed. Commissioner Sanders asked about changing item 5.3 to reflect 20 days for payment of invoices rather than 10 days. Ron explained how the invoices will be processed. Commissioner Hunsinger asked if DA YANG had provided proof of coverage. Larsen responded DA YANG stated they did not have fire insurance. The Port's insurance company will pay for the contract repairs and re-bill DA YANG. Commissioner Hunsinger moved to approve 2007-35, declaring an emergency, exempting contract from competitive bidding and authorizing the acting director to execute related documents. Commissioner Sanders seconded the motion. The motion carried unanimously.

2007-37 INFRASTRUCTURE INVENTORY LIST. Ron Larsen reported Resolution 2007-37 has been prepared for commission approval, stating the Port's needs and will be provided to OECD for consideration for future funding sources. Commissioner Hunsinger inquired where the funding amounts came from. Larsen responded they came from a previous list of Needs & Issues. Some brief discussion followed. Commissioner Hunsinger moved to approve Resolution 2007-37 Infrastructure Inventory List. Commissioner Sanders seconded the motion. Vice Chairman Pfund added this is a six-year list or "nutshell" of projects the Port would like to pursue. The list gives the state paperwork and lets them know what the Port's needs are for future possible funding sources. Commissioner Hunsinger's motion carried unanimously.

## CALENDAR

- A Representative from Senator Smith's office will be in Astoria October 26<sup>th</sup>, available to meet with staff and commission members at 10:30 a.m.

- Training session as part of the Oregon Ports Group conference for a new commissioner will be available November 6<sup>th</sup>. Commissioner Sanders will attend.
- The workshop scheduled for November 6, 2007 will be rescheduled for November 7<sup>th</sup>.

## REPORTS

Finance. Colleen Browne reported the possibility that a portion of the funds contained in the Port's B.I.R. Fund (\$265,000) might be available for operational use. The part being looked at is the Unrestricted Timber/Property tax revenue portion. Staff is confirming the possibility. She is working on CPI increases for and updating standard lease files.

Staff: Ron Larsen briefly reported on the possibility that the Port may be able to collect fees for vessels at anchor.

Commission.

Commissioner Bjork reported briefly on the Oregon Ocean Policy Reserve meeting. There are very many concerns being voiced about proposed Marine Reserves with strong opposition by the fishing communities. Commissioner Bjork also, as a newly-appointed member of the Cruise Committee, went to the Port to help with each cruise ship visit. He noted the vendors state they don't make much money; however, it is a good experience for passengers. At the OCZMA meeting, OCZMA went on record against Marine Reserves, with a resolution being prepared by the Director.

Commissioner Hunsinger stated he has spent a good deal of time researching leases and agreements at other ports. He is also gathering information on Port practices for having a truck tariff item. He explained where he has and is traveling to obtain information and that he has spent a lot of hours on phone calls as well.

Commissioner Sanders attended a Lower Columbia Solutions Group meeting where Lora Eddy presented a baseline study of possible dredge disposal solutions. Commissioner Sanders also attended the Clatsop Economic Development Resources meeting. They have hired an interim director. She and Commissioner Bjork attended the Oregon Ports Group meeting in September. Sanders also attended two inaugural cruise ship call events.

Commissioner Pfund also attended a cruise ship inaugural visit function. The captain and crew were very cordial.

PUBLIC COMMENT. Vice Chairman Pfund called for public comment. None was given.

**OTHER BUSINESS:**

Appointment of Commission Member for Attorney Liaison. Ron Larsen recalled conversation from members of the commission of the need for a commission member to be liaison between the Port's attorney and the rest of the board. Commissioner Hunsinger so moved. Commissioner Bjork seconded the motion. Discussion followed on how to approach issues that need to be brought to the attorney and the role of the liaison. Commissioner Hunsinger's motion carried unanimously.

Commissioner Hunsinger made a motion to not pay attorney, Lane Powell for one month to await an opinion being gathered from the Port's attorney on an issue. Brief discussion followed. Staff will wait for the attorney opinion before payment is made. Commissioner Hunsinger withdrew his motion.

Commissioner Hunsinger asked Mr. Larsen for an update on property Da Yang is using that is not part of their leased area and urged staff to ensure Da Yang contains their property in their leased areas. The area they are placing equipment is not safe. There was discussion of charging Da Yang for the additional space they have been using. Some discussion followed. Chief of Security, John Hord, reported he will place barricades to restrict access to certain areas of pier two that should not be used. Commissioner Hunsinger motioned to charge Da Yang \$500 per month for the past six months for violation of his lease. Ron Larsen advised he will consult with the attorney on how to approach the violation. Hunsinger's motion died for lack of second.

There being no further business, the meeting was adjourned.