

MINUTES
PORT OF ASTORIA
REGULAR MONTHLY MEETING
APRIL 17, 2007
PORT COMMISSION CHAMBERS

Chairman Don McDaniel called the Regular Meeting to order and took roll call.

Commissioners present: Don McDaniel, Jim Bergeron, Bernie Bjork with Larry Pfund running late. Dan Hess is excused.

Staff present: Ron Larsen, Esther Jones, Ken Smith, and Colleen Browne, the new bookkeeper, and Port Attorney, Heather Reynolds.

CHANGES TO AGENDA. Chairman McDaniel called for changes to the agenda. Mr. Larsen announced there would be Resolution 2007-06 added to the agenda, item 8a Clatsop Cruise Hosts, Inc. and 8b consideration nominating McDaniel to serve as commission representative to the group.

Also, Sheila Holden will be arriving late and will work into the meeting once she arrives. Commissioner Pfund arrived late.

MINUTES: Workshop Meeting, March 13, 2007; Regular Meeting, March 20, 2007. Commissioner Bergeron moved to approve the minutes of the aforementioned meetings. Commissioner Bjork seconded the motion. The motion carried unanimously.

VOUCHERS FOR THE MONTH OF MARCH 2007. Commissioner Pfund reported he reviewed the vouchers for the month of March and has one question. The legal assistant, administrative and port property issues on page 1. Larsen offered to pull the voucher. He moved for their approval. Commissioner Bjork seconded the motion but had another question. On page 2, the equipment rental expense of \$1650 also needed clarification by Mr. Larsen. The expense is a monthly rental of an Air BP truck being leased while ours is in the shop and only a single expense. Also, the Complete Septic service expense associated with the Oregon Responders' sewage removal that is part of their contract when they were moved to their new location due to dredging issues. After all questions were answered, the motion carried unanimously.

BUDGET

APPOINTMENT OF BUDGET COMMITTEE MEMBERS - Chairman McDaniel called for discussion. Mr. Larsen continued by explaining the item. Two budget committee members', John Lansing and Rosemary Baker-Monaghan terms are

ending that need to be filled. There are two people who have submitted letters of interest and resumes. Discussion followed, Pfund noting the need for "new blood" in the committee. The two individuals are: Ed Wegner and Clarke Powers. Chairman McDaniel's preferences are Lansing and Wegner. Commissioner Bergeron nominated Mr. Lansing and Mr. Wegner. Commissioner Bjork seconded the nomination. Commissioners McDaniel, Bergeron and Bjork were all in favor of nomination, Commissioner Pfund voted "nay". Motion carried with majority vote.

REVIEW BUDGET SCHEDULE – Interim director Larsen went over the dates associated with adopting the 2007-2008 process. The three important dates are:

- First budget committee meeting, May 23, 2007
- Budget hearing and public comment, June 12, 2007
- Adoptions, enactments, and appropriations, June 19, 2007

ASSIGNMENT OF LEASE – ASTORIA BAY, LLC. – A routine assignment of lease to buyers interested in purchasing the Pier 1 building occupied by several tenants including the Port of Astoria's marina office. The purchase is pending payment of overdue lease payments, property taxes, and "punch-list" items that need to be resolved. Before voting, Chairman McDaniel called for public comment.

The following public comments are not written verbatim, but intended to reflect the substance of matters discussed.

- Stuart Sinclair brought to everyone's attention that the Pier 1 building's final inspection by the city of Astoria's planning department did not pass. The temporary occupancy permit has expired, stating the tenants were in the building "illegally". Sinclair added the occupancy of the commercial building is illegal. He offered paperwork from the city's planning department he had brought to the meeting.
- Bill Hunsinger agreeing with Mr. Sinclair reminding the commission of his thoughts on the need to research before signing of a lease in a quick manner. Urging the commission to take into consideration the public's opinion before signing.

Chairman McDaniel asked port's attorney Heather Reynolds if there is anything prohibiting the assignment of the lease without a legal occupancy permit. She explained the item being requested for transfer tonight is strictly a "ground" lease transfer to Astoria Bay only, not a lease back for services. Going to the title company for closing, it will not be executed or recorded until all pending details mentioned above are satisfied. Adding the transfer could also include the occupancy permit being in place.

Continuing with the public comment:

- Ted Thomas added now is a good time to “table” the item in turn restoring public trust in the community.
- Dennis DeLaHunt, broker for Select Properties, one of the agents representing the new buyers, introduced himself. Making sure the item is a “routine” ground lease transfer, he added the buyers have a strong financial background enabling them to “step in” and solve any problems. He also offered the occupancy permit to be included in the agreement.

McDaniel mentioned a specific clause of most port leases stating the port cannot unreasonably deny transfer to another qualified individual. Reynolds then added that this lease is different. The port may withhold or condition consent transfer. In determination of factors, the agency can consent assignment. With a couple of the items in place, the only thing out there is the business experience.

DeLaHunt continued with a long list of the buyers’ accomplishments, financial ability, and plans they have for the property.

After more discussion, on whether to research or table the issue, Chairman McDaniel called for a motion. Commissioner Bjork asked if there could be a problem with holding off for a month or so. Reynolds warned that in doing so the loan might close before then risking the opportunity to have a credible agency assume the lease.

Commissioner Bergeron made motion to assign the ground lease under certain provisions. Larsen asked the commission for permission to sign the assignment on contingent of the sale, payment of any past-due invoices owed to the port, outstanding property taxes due. Bjork seconded. Chairman McDaniel asked for clarification. It did not include the occupancy permit. McDaniel called for any further discussion.

Commissioner Pfund added: a lot of things listed, such as a water problem and doors and their seals. The water is not only coming in through the doors. Continuing his description, water is coming in through the sidewalk and slab of the building on the south side. Infested with black mold three feet up the sheet rock. Serious rot issues with the building should be concerning any interested buyers. Questioning whether the building will be “standing” very long due to rot and perhaps bug infestation taking over. Encouraged everyone to go over and look it over.

Going on with other issues:

- Electric service for the fuel tanks; in the contract as the builders' responsibility. Port needing to ask state for money.
- Occupancy permit expired
- Building not completed to standards (code)
- No repairs done for months; port paying for most of the repairs

Pfund agreed to lead a group to tour the building, all being contingent upon the sale of the building. Commissioner Bjork agreed to go too. Bergeron added he would be willing to have an extra meeting to quell everyone's concerns. Chairman McDaniel called for the vote of the motion made previously. Commissioners McDaniel, Bergeron, and Bjork voted yes, Pfund opposed. Dan Hess is absent. Motion carried with majority vote.

PARKING LICENSE AGREEMENT – ASTORIA BAY, LLC

Commissioners approved a parking license for the building. It expanded the existing 42 spaces to 45, as required by the city building codes. Conditional on the sale of the building goes through to new owners. The motion authorizes the director to sign the agreement. Commissioner Bergeron made the motion to approve the agreement, Bjork seconded the motion; all in favor of the vote. No opposition.

PRESENTATION – Sheila Holden of Pacific Power in conjunction with Energy Trust of Oregon presented Jay Bornstein, owner of Bornstein Seafoods a check in the amount of \$126,797 representing the money his processing plant has saved in technological improvements making it more efficient.

R & O 2007-06 CLATSOP CRUISE HOSTS – Approval of \$12,000 from the cruise committee budget to a new corporation, Clatsop Cruise Hosts, Inc., formed by the volunteers. Consisting of a seven-member board, five community members, the port executive director (or anyone on staff he designates) and one commissioner. Commissioner Bjork made the motion to approve, and Jim Bergeron seconded.

Board member Bergeron made a motion to appoint Don McDaniel to serve as the commissioner to serve on the Clatsop Cruise Hosts, Inc.'s board of directors. McDaniel already attends the meetings and has welcomed many of the visits. Bjork seconded. The vote carried unanimously.

CALENDAR SCHEDULE -

- Sunday, April 22 – first cruise ship visit
- May 15th – Regular meeting and election night
- Budget meetings on schedule as previously reported

REPORTS:

Finance: Colleen Browne, the Port of Astoria's new bookkeeper introduced by Ron Larsen at the meeting. A positive balance on the books compared to last year!

STAFF REPORTS

Ron Larsen reported: The Pacific Producer still at the dock. Should have been gone as of last night; a motion will be back in the courts at noon tomorrow to begin the process of filing if the vessel is not removed at that time.

COMMISSION REPORTS

Larry Pfund had no report.

Jim Bergeron to attend an Ocean Policy Advisory committee meeting tomorrow on (non fishing) marine reserves. He would like to have more local people to be involved.

Bernie Bjork attended Columbia Forum dinner. Bill Wyatt, executive director at the Port of Portland spoke on dredge issues. Mr. Wyatt praised the Port of Astoria for their entrepreneurial spirit attracting cruise ship visits.

He also attended the Oregon Coastal Zone Management meeting. Expecting to hear more information the following day on the governors No Fishing Marine Reserve and the action he received by the state of Oregon's Attorney General enabling him signing power without input of the Oregon Ocean Policy Advisory council and local coastal stakeholders.

Other topics the next day included the Danish container shipping firm Maersk had chosen Coos Bay over Portland and the Lower Columbia including Astoria. Lots of port land, shorter travel distance, and the Columbia River's depth restrictions all were decision factors.

Don McDaniel reported on meetings with officials on dredging issues. Letters and talks could help get federal support. Also attending Oregon Ports meetings working on common issues. Some concerns about funding assisting ports and communities. Money and budgets a major part. Jim Bergeron added the Western Fish Boat Owners have had their meetings in Astoria for the last three years. Good reception at Englund Marine hosted by the processors. Fishermen especially like the haul out facility here. McDaniel continued explaining house bill 2950 going through legislature requiring all port commissioners to go through training course before assuming duties. Senate bill 737 eliminates mixing zones, which are outfalls with pollutants that go in to the river. It makes it easier for businesses and municipalities to rid their areas of pollutants when it all goes into the ocean. It would require them to find other ways to get rid of the pollutants.

More discussion followed on the NW Oregon Works (NOW) conference he attended concerning economic development.

Commissioner Bjork introduced three fishermen, Bob Williams of the F/V Piky, Blair Miner of the F/V Columbian Star, and Paul Kujala of the F/V Cape Windy asking the commission to support Pete Leipzig to the appointment to the open position on the Pacific Fishery Management Council (PFMC). Commissioner Bergeron made a motion to support Mr. Leipzig for the position; Larry Pfund seconded the motion, which carried unanimously.

OTHER BUSINESS: none

PUBLIC COMMENT. Chairman McDaniel called for public comment. *The following public comments are not written verbatim, but intended to reflect the substance of matters discussed.*

- Lori Durham: forfeit of \$322,000 in order to afford dredging. How does the port plan to get out of bankruptcy? Larsen explained at the time, it looked like that, pending grant money. The port has a cash flow problem, not in a bankruptcy state. Status of the fuel dock: contractors' estimate it will be running first of May.
- Kathy Sanders: is the money above (a grant) to do dredging work in the east basin included in the positive cash flow? No, completely different, say Larsen.
- Stuart Sinclair: Sinclair questions commissioner Bjork's judge of character of Taggart, although being a few months behind in lease payments, during discussion in a meeting when a lease amendment passed last year for the Taggart building, realizing "mistakes happen". A substantial break was given to Taggart in his lease payment based on utility costs. He also wondered how we are measuring costs of water since there is no water meter in the building. Saying the port is paying for water in the building twice. He questioned the legality of the lease amendment. Larsen added the water meter had been ordered. Billing will occur to correct. Installation of the meter will be owners' expense.
- Kathy Sanders: is Dr. Park returning to negotiate the Koreans' investment April 25th? No, since the group will be traveling to talk. First, the lease agreement will have to be drawn, in turn will have go through many hands to look at the 30-page land lease. Will the lease include a "low-cost housing" section since the project will be bringing in minimum wage jobs? Possibly a fund could be set-up for the issue with the market escalating? Larsen added it is a good idea and up to the community and commission. More discussion followed on opinions of certain citizens and future consideration in leases.

- Bill Hunsinger: questions legal payment arrangements for payment. Looking at the current balance due to attorney fees, taking into consideration the cash flow of certain months of the year, is the port at it's lowest point financially? Larsen reminded this is not a "cash flow" item, though the agency is low in the area. Is there still a "rainy day" fund account still available? No, answered Larsen. The only money is the balance presented tonight. More discussion followed on information Hunsinger had received about the balance of the special account.

Questioning whether Peter Gearin was fired or retired, the amount of money he received is still unsure. What was quoted in the paper and what it really was, not understanding, he approached Chairman McDaniel on researching paper work and the details on whether the agency had done the "right thing"? McDaniel answered the paper not being accurate, and continued the contract was carried out correct. He also clarified that Gearin's situation was a termination, not a retirement. Amounts were discussed, though, still being a matter needing to be researched in more depth. Two different retirements: one from the organization and a PERS retirement. Gearin being under a separate contract, Hunsinger still asked for further research.

- Ted Thomas: quoted a 300-year old quote by Shakespeare. To the commission, he goes on to say a resolution of "past grievances" has not been seriously prosecuted. He proposes to call such people who deny the truth to others, liars and fools. Enlightening the group tonight, with even more accusations of un-rest at the port from a list of grievances, including integrity and credibility.

With no further business, the regular meeting was adjourned.